

DRAFT RED HERRING PROSPECTUS

Dated [●], 2006

The Draft Red Herring Prospectus will be updated and become Red Herring Prospectus upon RoC filing
Please read Section 60B of the Companies Act, 1956

100% Book Building Issue**SUNSTAR OVERSEAS LIMITED**

(The Company was incorporated on 06th January 1995 as Sunstar Overseas Limited, under the Companies Act, 1956, and received its Certificate for Commencement of Business on 31st January 1995.)

Registered Office: 4119/7, 1st Floor, Naya Bazaar, Delhi - 110 006.

Tel No: (011) 2393 0560; Fax No: (011) 2392 3233

Corporate Office: 24B, Alipur Road, Civil Lines, New Delhi - 110 054.

Tel No: (011) 2399 4383-87; Fax No: (011) 2399 4326

Website: www.sunstaroverseas.com; Email: ipo@sunstarmail.com

Contact Person: Ms. Kiranpreet Gill, Company Secretary and Compliance Officer

Public Issue of 56,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] lacs by Sunstar Overseas Limited ("Sunstar" or the "Company" or the "Issuer"). The Issue comprises of reservation of 2,80,000 Equity Shares aggregating Rs. [●] lacs for permanent employees (Employee Reservation Portion) on a competitive basis and the "Net Issue To Public" of 53,20,000 Equity Shares aggregating Rs. [●] lacs. The Issue would constitute 34.96% of the fully diluted Post Issue Paid-up Capital of the Company.

**Price Band: Rs. [●] To Rs. [●] Per Equity Share of Face Value of Rs. 10 each.
The Issue Price is [●] times of the Face Value at the Lower End of the Price Band and [●] times of the Face Value at the Higher End of the Price Band**

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited, by issuing a press release and by indicating the change on the websites of the Book Running Lead Managers ("BRLMs") and the terminals of the member of the Syndicate.

This Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the Equity Shares of Sunstar Overseas Limited (the "Company"), there has been no formal market for the Equity Shares of the Company. The face value of shares is Rs. 10/- and the issue price of Rs. [●]/- per share is [●] times of the face value. The Issue Price (as has been determined and justified by the Book Running Lead Manager and Sunstar Overseas Limited as stated herein under the paragraph on the Basis for issue price) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK



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 risk involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors beginning on Page [●] of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Sunstar Overseas Limited, having made all reasonable enquiries, accepts responsibility for, and confirms that this Draft Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue; that the information contained in this Draft Red Herring Prospectus 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 document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares issued through this Draft Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited (BSE), also the designated stock exchange and on the National Stock Exchange of India Limited (NSE). The in-principle approval has been received from BSE and NSE for the listing of the Equity Shares vide its letter dated [●] and [●] respectively.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
 <p>UTI Securities Limited 1st Floor, Dheeraj Arma Anant Kanekar Marg, Station Road Bandra (East), Mumbai - 400 051. Tel: (022) 5551 5999/5888 Fax: (022) 5502 3194 Website: www.utisel.com Email: sunstar@utisel.com Contact Person: Mr. Abhijit Diwan</p>	 <p>Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (west) Mumbai - 400 078. Tel No: (022) 5555 5491-94 Fax No: (022) 5555 5499 Website: www.intimespectrum.com Email: sunstar@intimespectrum.com Contact person: Mr. Vishwas Attawar</p>

ISSUE PROGRAMME**ISSUE OPENS ON:** _____**ISSUE CLOSES ON:** _____

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SECTION I - DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
"Issuer" or "Company" or "SOL" or "Sunstar" or "Sunstar Overseas Limited"	Sunstar Overseas Limited, a public limited company incorporated under the Companies Act, 1956
"We" or "us" or "our"	Unless otherwise specified, these references mean Sunstar Overseas Limited

ISSUE RELATED TERMS

Term	Description
Allotment	Issue of Equity Shares pursuant to the Issue to the successful bidders as the context requires
Allottee	The successful bidder to whom the Equity Shares are being/have been issued
Banker(s) to this Issue/Escrow collection bank	[•]
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount/Bid Price	The amount equal to highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid for this Issue
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be notified in widely circulated English national newspaper, a Hindi national newspaper where the registered office of the Company is situated
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in widely circulated English national newspaper, a Hindi national newspaper in the same place where the registered office of the Company is situated
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to purchase the Equity Shares of the Company and which will be considered as the application for allotment of the Equity Shares in terms of this Draft Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus
Bidding/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Guidelines on book building as explained under Chapter XI of the SEBI Guidelines
BRLM	Book Running Lead Manager to this Issue, in this case being UTI Securities Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process

Term	Description
Cap Price	The highest end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Cut-off/Cut-off price	This refers to any price within the price band. A bid submitted at cut-off is a valid bid at all price levels within the price band
Designated Stock Exchange	The Bombay Stock Exchange Limited
Designated Date	The date on which the funds are transferred from the Escrow Account of the Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement entered into amongst the Company, the Registrar to this Issue, the Escrow Collection Bank(s), and the BRLM for collection of the Bid amounts and refunds (if any) of the amounts collected, to the Bidders
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lowest end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue/Public Issue/IPO/Offer	Public Issue of 56,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] lacs by Sunstar Overseas Limited ("Sunstar" or the "Company" or the "Issuer"). The Issue comprises of reservation of 2,80,000 Equity Shares aggregating Rs. [●] lacs for permanent employees (Employee Reservation Portion) on a competitive basis and the "Net Issue To Public" of 53,20,000 Equity Shares aggregating Rs. [●] lacs. The Issue would constitute 34.96% of the fully diluted Post Issue Paid-up Capital of the Company.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Draft Red Herring Prospectus, as determined by the Company in consultation with the BRLM, on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of Bid, being 0% to 100% of the Bid Amount
Minimum Bid/allotment lot	[●] Equity Shares and in multiples of [●] Equity Shares thereof
Net Offer to public	53,20,000 Equity Shares of Rs. 10/- each, aggregating Rs. [●] lacs.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs.1, 00,000/-
Non Institutional Portion	The portion of the Issue being not less than 15% of this Net Issue i.e. 7,98,000 Equity Shares of Rs.10/- each available for allocation to Non Institutional Bidders
Pay-in Date	The last date specified in the CAN sent to Bidders
Pay-in-Period	This term means with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Being the price band of a minimum price (Floor Price) of Rs. [●] and the maximum price (Cap Price) of Rs. [●] and includes revisions thereof
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price
Promoters	Following mentioned below are the Promoters for the Company

Term	Description
	<ul style="list-style-type: none"> ▪ Mr. Naresh Aggarwal ▪ Mr. Rakesh Aggarwal ▪ Mr. Man Mohan Sarup Aggarwal ▪ Mr. Kapil Aggarwal ▪ Mrs. Rama Rani ▪ Mrs. Navita Aggarwal ▪ Mrs. Sadhna Aggarwal
Prospectus	The Prospectus, filed with the RoC containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the number of Equity shares being issued through this Issue and certain other information
Public Issue Account	In accordance with section 73 of the Companies Act, 1956, an account opened with the Banker(s) to this Issue to receive monies from the Escrow account for this Issue on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, Scheduled Commercial banks, Mutual Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Indian Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with Insurance Regulatory and Development Authority (IRDA), Provident Funds with minimum corpus of Rs. 25 crores and Pension Funds with minimum corpus of Rs. 25 crores
QIB Portion	The portion of this Issue being up to 50% of the Net Issue, i.e., 26,60,000 Equity Shares of Rs.10 each available for allocation on proportionate basis to QIB's of which 5% shall be proportionately allocated to Mutual Funds registered with SEBI
Draft Red Herring Prospectus/Draft Offer Document	This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are being issued and number of Equity shares being issued through this Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the RoC at least three days before the opening of this Issue. It will become a Prospectus after filing with the RoC after the pricing and allocation
Registrar/Registrars to the issue	Intime Spectrum Registry Limited
Retail Individual Bidders	Individual Bidders (including HUFs) who have not Bid for an amount in excess of Rs. 1,00,000/- in any of the bidding options in this Issue
Retail Portion	The portion of this Issue being not less than 35% of this Net Issue i.e. 18,62,000 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
Syndicate/Members of the Syndicate	BRLM and the Syndicate Members collectively
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue
Syndicate Member	Intermediaries registered with SEBI and Stock Exchanges and eligible to act as underwriters. Syndicate Member is appointed by the BRLM
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as a proof of registration of the Bid on the online system of BSE/NSE
Underwriters	Members of the Syndicate who are signatories to the Underwriting agreement

Term	Description
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date

CONVENTIONAL / GENERAL TERMS

Term	Description
Act or Companies Act	The Companies Act, 1956, as amended from time to time
Articles/ Articles of Association/ AoA	Articles of Association of Sunstar Overseas Limited
DP/Depository Participant	A depository participant as defined under the Depositories Act, 1996
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time being NSDL and CDSL
Depository Act	Depositories Act, 1996 as amended from time to time
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed there under
FIIIs	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI and as required under FEMA (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 and under other applicable laws in India.
F.Y. / FY / Fiscal / Financial Year	Period of twelve months ended March 31 of that particular year unless otherwise specified in the context thereof
FIPB	Foreign Investment Promotion Board
Government/GOI	Government of India
Indian GAAP	Generally Accepted Accounting Policies in India
IT Act/Income Tax Act	The Income Tax Act, 1961, as amended from time to time
Memorandum/ Memorandum of Association/MOA	The Memorandum of Association of Sunstar Overseas Limited
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Non Resident	A person who is not an NRI, an FII and is not a person resident in India
RoC	Registrar of Companies, NCT of Delhi & Haryana having its office at: B-Block, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi - 110 003
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time
Stock Exchanges	BSE and NSE referred to collectively

COMPANY/ INDUSTRY-RELATED TERMS

Term	Description
Auditors	The Statutory Auditors of the Company namely, M/s. R.K. Gulati & Co., Chartered Accountants
Articles/ Articles of Association	The Articles of Association of Sunstar Overseas Limited
Board / Board of Directors	Board of Directors of Sunstar Overseas Limited unless otherwise specified

Term	Description
Project	<p>The issue proceeds will be utilized for the following purposes:</p> <ul style="list-style-type: none"> ▪ Setting up of facilities for Organic rice ▪ Setting up of a packaging plant at Bahalgarh, Haryana ▪ Setting up of Power Plant for Captive Consumption ▪ The automation & modernization of the existing facilities at Bahalgarh, Haryana ▪ Office Block at factory at Bahalgarh, Haryana ▪ Adding new storage facility at Bahalgarh, Haryana ▪ To meet the additional working capital requirement ▪ To list the shares offered through this issue on BSE and NSE
Registered Office of the Company	4119/7, 1 st Floor, Naya Bazaar, Delhi - 110 006

ABBREVIATIONS

Term	Description
AGM	Annual General Meeting of the Company
A.Y./ AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CFT	Cubic Feet
CLB	Company Law Board
CDSL	Central Depository Services (India) Limited
DCA	Department of Company Affairs
DP	Depository Participant
EBITDA	Earning Before Interest Taxation Depreciation and Amortisation
EBRD	Export base rediscounting scheme
EGM	Extra-ordinary General Meeting of the Company
EXIM	Export Import Policy, 2002-2007
EM	Equitable mortgage
EOU	Export Oriented Unit
EPCG	Export Promotion Capital Goods
EPS	Earnings Per Share
ETP	Effluent treatment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed there under.
FIIs	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI and as required under FEMA (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 and under other applicable laws in India.
FVCI	Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
FI	Financial Institution
F.Y. / FY / Fiscal / Financial Year	Period of Twelve Months ending on 31 st March of the respective year
GOI	Government of India
HACCP	hazardous analysis critical control point
HUF	Hindu Undivided Family
IPO	Initial Public Offer
ISO	International Standards Organization
KVA	Kilo Volt -Amperes

Term	Description
KW	Kilo Watt
L/C	Letter of Credit
LAN	Local Area Network
MAT	Minimum Alternate Tax
MF	Mutual Fund
MMI	Man-Machine Interface
NAV	Net Asset Value
NCAER	National Council For Applied Research
NRIs	Non Resident Indians as defined under FEMA
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PBDIT	Profit Before Depreciation, Interest and Tax
PBIT	Profit Before Interest and Tax
PCFC	Packing Credit In Foreign Currency
PLC	Power Line Communication
RBI	Reserve Bank of India
RONW	Return on Net Worth
SCADA	Supervisory Control and Data Acquisition
SEBI	The Securities and Exchange Board of India
TPH	Tons per hour
TNW	Total Net Worth
USD	United States Dollar
VR	Valuer Report
WDV	Written down Value

SECTION II - GENERAL

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Draft Red Herring Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Sunstar Overseas Limited”, “Sunstar” unless the context otherwise indicates or implies, refers to Sunstar Overseas Limited. In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac” means “one hundred thousand”, the word “million (million)” means “ten lac”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off. Throughout this Red Herring Prospectus, all figures have been expressed in lacs.

Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated unconsolidated financial statements prepared in accordance with Indian GAAP and included in this Draft Red Herring Prospectus. Unless indicated otherwise, the operational data in this Draft Red Herring Prospectus is presented on an unconsolidated basis and refers to the operations of our Company. Our fiscal year commences on 01st April and ends on 31st March so all references to a particular fiscal year are to the twelve-month period ended 31st March of that year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in this Draft Red Herring Prospectus, see the section Definitions and Abbreviations on page [•] of this Draft Red Herring Prospectus. In the section entitled “Main Provisions of Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

Market Data

Unless stated otherwise, market data used throughout this Draft Red Herring Prospectus was obtained from internal Company reports, data, websites and industry publications. Industry publication data and Website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, we believe market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

FORWARD LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases like “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward looking statements”. Similarly, the statements that describe our objectives, plans or goals are also forward-looking statements.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the food processing industry in India and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and our overseas markets which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see “Risk Factors” beginning on page [●] of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the BRLM, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of trading permission by the Stock Exchange for the Equity Shares allotted pursuant to the Issue.

SECTION III - RISK FACTORS

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

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

A) Risks Internal to the Company

1. Risk relating to litigation

Our Company, its promoters and directors, group companies are party to various litigations. A summary of the litigations, in which we are involved, is mentioned herein below. For further details on these litigation cases please refer to the chapter 'Legal and other regulatory information' on page [●] of this Draft Red Herring Prospectus.

Litigation involving the Promoters/Directors

Criminal Laws:

- (a) The case titled as State vs Rakesh Aggarwal, pertains to injury/death to a labourer while plastering the wall in the premises of the Company.
- (b) In the case titled as Rakesh Aggarwal vs. State of U.P. and another at Allahabad High Court for recovery of Rs. 21,13,939/-. The petitioner namely Mr. Rakesh Aggarwal has approached Honourable high Court of Allahabad against FIR u/s 420 and 406 of the Indian Penal Code lodged by an employee of Wajid Sons Pvt. Ltd., Muradabad. In the FIR it is alleged that Mr. Rakesh Aggarwal has cheated M/s. Wajid Sons Pvt. Ltd. in connection with a transaction involving purchase of rice by M/s. Star Overseas From M/s Wajid Sons Pvt. Ltd. The Honourable Allahabad High Court has stayed the arrest of Shri Rakesh Aggarwal and the matter is pending. The case was last listed on 09th July 2004 and the next hearing is awaited.

Civil Laws:

- (a) In the case involving Prem Chand Sharma and Rakesh Aggarwal, the plaintiff Shri Prem Chand Sharma is seeking restraint order to the effect that he should not be dispossessed forcibly without due process of law from the property bearing No. LP 27 C, First floor, Pitam Pura, Delhi.
- (b) In the case involving Prem Chand Sharma and Rakesh Aggarwal, Shri Prem Chand Sharma alleged himself to be the tenant under Sh. Rakesh Aggarwal in respect of the property bearing No. LP 27C, First Floor, Pitam Pura, Delhi.
- (c) The case titled Vijender Singh Solanki vs. Rakesh Aggarwal, pertains to Toyota Corolla car bearing No.DL2FCE-0088, which was handed over to Shri Vijender Singh Solanki for sale and as he did not return the car nor sold the same a police station complaint was made against him by the Company. Shri Vijender Singh Solanki has filed a civil suit by alleging that he had purchased the car from the company and paid Rs. 4,80,000/- in cash and the remaining amount was to paid at the time of transfer of registration certificate. The court has granted ex-parte ad interim stay restraining Shri Rakesh Aggarwal from

interfering in the lawful possession of the car. The written statement and reply to the stay application have been filed by Shri Rakesh Aggarwal.

Litigation filed against our Company

Civil Laws:

- (a) The case titled Manoj Gaur vs. Sunstar Overseas Limited is a civil suit filed by the plaintiff for the recovery of Rs. 13,00,000/- with interest and damages on account of issuance of cheque to Mr. Manoj Gaur by Sunstar Overseas Limited & stop payment of the same.
- (b) The case titled Thai Airways vs. Sunstar Overseas Ltd & another is for recovery of freight charges along with interests and damages. The matter pertains to the delay in carrying the consignment from Delhi to Los Angeles, due to which the Company suffered losses. The amount of involved is Rs. 3,41,788/-.

Labour Laws:

There are 3 labour related cases involving our Company and pertaining to claiming illegal dismissal of services from our Company and claiming reinstatement/back wages. The estimated liability on account of these cases is Rs. 80,000/-.

Consumer Laws:

- (a) The case titled Mr. Labh Singh vs. M. D. Punjab Food Grains Corporation Ltd. & others, our Company is a co-defendant and the charge involved is for recovery of amount claimed Rs. 92,972/-. In this case the Company entered into contract farming for a particular quality of paddy at a certain minimum price which was not sown by the complainant and the Company refused to purchase that quality at the decided price for which the complainant has filed the case for the recovery of the difference amount.

Sales Tax:

For the assessment year 2002-03, Sales Tax assessment under Central Sales Tax Act, 1956 has been computed up to financial year 2002-03. Original demand raised was Rs. 8,57,663/-. In this case amount of Rs. 1,30,661/- was deposited and for the balance amount, statutory forms which were pending at that time has been deposited. Now no amount is outstanding for the assessment year 2002-2003.

Income Tax:

For the assessment year 2001-02 and 2002-03, assessment under section 143 (3) Income Tax Act, 1961, reopened for ascertaining the justification of claim by the Company U/s 80 IB of I. T. Act, 1961. Objections against the notice have been filed and the proceedings are in process at Delhi.

Provident Fund:

The case titled as Regional Provident Fund Commissioner v/s Sunstar Overseas Ltd., in which one contractor 'Divine Manpower and Security Services', providing security personnel to the Company, had not deposited the contribution with PF authorities. The Provident Fund Commissioner has alleged that the Company being the Principal employer is responsible for payment of provident fund dues. The total (approx) financial implication involved in the case is Rs. 7,00,000/-

Cases involving group Companies

I. Ved Kiran Steel Industries Private Limited

Labour cases:

Ved Kiran Steel Industries Private Limited, previously known as Precision SG Iron and Foundry Works Private Limited was running its manufacturing activities in Kossi (Uttar Pradesh). Due to Power and Labour problems the company closed its operations at the Kossi unit. After the closure of the unit services of all the workers and employees were terminated and against this decision some of the workers filed 30 cases under the labour laws, details of which are mentioned under the chapter 'Legal and other regulatory information'

For detailed information on these cases please refer to the chapter 'Legal and other regulatory information' on page [●] of this Draft Red Herring Prospectus.

2. **The Company is promoted by first generation entrepreneurs and the investors will be subjected to all consequential risk associated with such ventures.**

Mr. Rakesh Aggarwal and Mr. Naresh Aggarwal have been managing the Company successfully for over a decade. Further the Company has young and qualified directors like Mr. Rohit Aggarwal and Mr. Sumit Aggarwal, who have brought in the modern management techniques and dynamism in the functioning of our Company. The directors are ably assisted by professionals in key areas of Production, Procurement, Marketing, and Finance.

3. **Plant and Machinery orders not placed**

The Company has not yet placed orders for the Plant and Machinery required for proposed projects for which an amount aggregating Rs. 1554.20 lacs has been included in the cost of project.

The Company has already received quotations from the proposed suppliers and the orders shall be placed in due course of time. Since the vendors have existing relations with our Company and have been supplying equipments to our Company in the past, we do not envisage any difficulty in obtaining the delivery for plant and machinery in time. In this regard we have already paid Rs. 82.60 lacs to the vendors as advances for the plant and machinery to be purchased on the basis of the quotations received.

4. **Dependence on availability of paddy**

Our operations are dependent on the availability of paddy, which in turn is dependent on a number of factors, like rain water availability, irrigational facilities, insect manifestation, change in crop pattern adopted by the paddy farmers, on all of which the Company has no control. Occurrence/non occurrence of any of these factors may adversely affect the availability of paddy, thereby affecting our financial performance.

5. **Risk related to procurement of paddy**

Substantial part of paddy requirement for the whole year is procured in the 10-12 weeks starting from mid October. Any consequent fall of demand/prices in the international market to the extent of procurement not backed by firm orders, may adversely affect our financial performance.

As a matter of practice, during the course of procurement, we try to book the orders/make supply arrangements with our customers for the entire season after mutual discussions for

their requirements, based on average procurement prices in the season. This way we minimize the uncertainties/loss we may incur on procurement not backed by firm orders.

6. Risk from improper processing, storage and handling

In case there is any improper handling/storage of paddy we may incur significant damages, which may affect our profitability. Also we may face significant losses in processing, due to faulty setting of machines, resulting in damaged/broken rice grains.

Our Company has proper storage facilities in place for storing the paddy and we ensure that the storage area is well covered to take care of external factors like pests, vagaries of nature etc. Also our sophisticated machines are manned by experts, so as to limit the process losses. Besides, our stocks are adequately insured for any eventualities that may occur.

7. We also have to ensure that our product meet the stringent norms laid down for food items by various countries, to which we export. In case of any deviation on that front, we may face the risk of our entire consignment being rejected, or quality claims being lodged by our customers.

Our Company has world class processes conforming to various standards specified by international certifying agencies duly monitored through periodical audits. We have various quality certificates for ensuring set standards, details of which are given on page [●] of this Draft Red Herring Prospectus. Moreover our finished products are subject to physical and laboratory testing by independent agencies, designated by customers before shipment.

8. Stringent delivery schedules

In our line of business, timely delivery of consignments is the essence. There may be possible delays on account of lack of transportation, non availability of containers and congestion at the ports, due to which we may incur unforeseen financial losses and loss of further orders also from these customers / countries.

9. If our Company fails to comply with environmental laws and regulations or becomes subject to environmental litigation within the country or in the international markets that it caters to, the profitability may be adversely affected.

The products of the Company have, till date, not been subject to any environmental or other litigation. However, in the event that the Company is faced with litigation in any of the markets that it caters to, the Company may have to bear damages, which may impact the profitability of the Company.

10. Risks of retention of manpower

Our sustained growth depends on our ability to attract and retain skilled manpower as research and development is a key component of our business model. Failure to attract and retain skilled manpower could adversely affect our growth strategy. Any significant changes in the key managerial personnel, may affect the performance of the Company.

Our success depends on the continued services and performance of the members of the senior management team and other key employees. Competition for senior and experienced personnel in the industry is intense at present. The loss of the services of our senior management or other key personnel could seriously impair our ability to continue to manage and expand our business which may adversely affect our financial condition. We do not maintain any 'key man' life insurance for our management team or other key personnel.

11. Risks due to competition

The Company may face growing/new competition from existing players and new entrants. The performance of the Company and profitability may be adversely affected.

12. Loss making group companies

The following group companies/ventures promoted by the promoters are loss making:
(Rs lacs)

Sr. No	Name of the Company	Loss for the year ended 31 st March 2005	Loss for the year ended 31 st March 2004	Loss for the year ended 31 st March 2003
1.	Digvijay Steels Private Limited	32.70	-	-
2.	Digvijay Systems and Services Private Limited	0.29	0.18	0.21
3.	Star Track Fasteners Private Limited	0.23	1.34	-
4.	Maa Sarda Rail Nirman Private Limited	-	-	3.16
5.	VAE VKN Industries Private Limited	507.38	256.55	-
6.	Sunstar Exim Limited	0.18	0.13	0.14

13. Contingent Liabilities

The Contingent liabilities of our Company as on 30th September 2005, as certified by our statutory auditors are as under:

▪ Letter of credit for purchase of capital assets	52.00
▪ Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	352.33
▪ Bills discounted with Banks	4472.10
▪ Claims against the Company, not acknowledged as debts	26.00

14. Pending government approvals

The Company is yet to obtain the following renewals for our existing as business

Sr. No.	Approval / Consent	Authority	Status
1.	Factory Licence, Bahalgarh	Chief Inspector of Factories	Renewal applied for
2.	Factory Licence, Amritsar	Chief Inspector of Factories	Renewal applied for
3.	Contractors licence	Office of Labour Commissioner, Haryana and the licensing officer	Renewal applied for
4.	Various Trademark approvals	Trademark Registry Officer	As enumerated on page [●] of this DRHP
5.	Such other licenses/approvals as may be required by any central/state authorities	Central government/State government/municipal authorities	Application for the same shall be made in the due course of time.

The above permissions are in the usual course of business and we do not envisage any difficulty in obtaining the same from the respective authorities.

15. Risks associated with Companies/firms in the same line of business.

Our Managing Director, Mr. Rakesh Aggarwal, is a partner in M/s. Star International, in which he has a 60% profit sharing ratio. One of the objects of Star International is trading and exporting of rice, which may create conflict of business interest.

Although the objects of the partnership firm, states that they deal in rice and exports of rice, the objects of the firm were modified to include other trading items like steel and timber. The firm has not been dealing in rice and exports of rice, and is concentrating on trading in other commodities. Hence there is clear differentiation in the activities of our Company and the firm, and hence there is no scope for any conflict of interest.

16. Pending utilization in the project, the proceeds of the issue will be invested in non-productive assets such as government securities and short term bank deposits. This deployment may not result in adequate returns for our Company.

17. In case our Company is not able to fulfil its export obligation, there may be penalties/strictures imposed on our Company.

Our Company has an export obligation of Rs. 2268 lacs as per the EPCG (Export Promotion Capital Goods) licence scheme. As per the scheme, our Company has to fulfil export obligations to the tune of Rs. 2268 lacs with a time period of 8 years from the date of issuance of the EPCG licence. Our Company has already fulfilled its export obligations, and only the documents for redemption of LUT (Legal Undertaking) are to be submitted for completing the export obligation formalities.

18. Risk associated with implementing the project on time

The proposed project is currently in initial stages of implementation. Inability to complete the project as per the stated schedule of implementation may lead to cost/time overruns and may impact future profitability of the Company.

The promoters/directors of the Company have established the current manufacturing facilities within the time parameters as set for implementation and have adequate experience in setting up and running of such projects. Professionals in key areas have also been employed to oversee the setting up of the proposed project. Consequently, the Company does not envisage any difficulty in meeting the implementation schedule. Moreover we have provided Rs. 100 lacs as contingencies, in case there is any delay in implementing the project.

19. The project has not been appraised by any Bank/Financial Institution. Further, there will not be any monitoring of the project by any Bank/Financial Institution.

The funds requirement and funding plans are as per our own estimates, and have not been appraised by any bank/financial institution. The deployment of funds in the project is entirely at our own discretion and the same will not be monitored by any external agency. Our promoters and directors have experience in this line of business and we do not envisage any difficulty in meeting the implementation schedule and do not envisage any cost overruns.

B) Risks External to the Company

1. Increasing employee compensation in India may erode some of our competitive advantage and may reduce our profit margins.

Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparably skilled professionals,

which has been one of our competitive strengths. However, compensation increases in India may erode some of this competitive advantage and may negatively affect our profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to scientists and engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on our business, results of operation and financial condition.

2. Increasing global competition

We operate in a globally competitive business environment. Growing competition may force us to reduce the prices of its products and services, which may reduce revenues and margins and/or decrease market share, either of which could have a materially adverse effect on our business, financial condition and results of operations.

We aim to keep abreast with the dynamic business scenario and has broad-based its product mix. We, as part of its continuous R&D activities, have been achieving developments in areas of better process technology, improved process yield, sourcing of raw material at competitive price and development of new products/processes.

3. Any change in regulatory environment in relation to manufacturing within the country or for marketing our products within and outside the country will significantly impact our business. If we fail to comply with environmental laws and regulations or face environmental litigation, our results of operation may be adversely affected.

We keep ourselves abreast of the various developments in relation to the regulatory environment and gear ourselves in order to comply with such regulatory changes.

4. Non-availability gradual elimination of income tax benefits on exports will increase our future tax liabilities and decrease profits that we might have in future.

We currently benefit from the various income-tax exemptions and deductions in terms of the Income Tax Act, which are applicable for companies having export income. The Government of India has announced the gradual elimination of some of these benefits. Non-availability of these tax exemptions will increase our future tax liabilities and decrease profits that we might have in future.

5. Terrorist attacks and other acts of violence or war involving India, the United States, and other countries could adversely affect the financial markets, result in a loss of business confidence and adversely affect our business, results of operations and financial condition.

Terrorist attacks and other acts of violence or war, including those involving India, the United States or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

6. Our performance is linked to the stability of policies and political situation in India as well as the countries with which we have business relations.

The role of the Indian central and state governments in the Indian economy on producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly

relaxing restrictions on the private sector. The most recent Government of India, which was formed in June 2004, has continued policies and taken initiatives that support the continued economic liberalization policies that had been pursued by the previous governments. We cannot assure you that these liberalization policies will continue in the future. Protests against privatization could slowdown the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting technology companies, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

- 7. Any volatility in the exchange rate of any foreign currency vis-à-vis the Indian Rupee may affect our profitability. Moreover, of the total project cost, plant and machinery worth Rs. 466 lacs shall be paid in foreign currency, outgo of which may be volatile depending on the foreign exchange rate.**

Exports constitute approx 85% of our total sales; hence we would be significantly affected foreign exchange fluctuations. To some extent this volatility is taken care by the fact that we enter into contracts with banks for hedging against foreign exchange fluctuations.

- 8. Changes in trade policies may impact us.**

Any change in policies by the countries, in terms of tariff and non-tariff barriers, from which we import raw material and/or countries to which we export our products, may have an impact on our profitability. EU grants certain concessions to millers, who import brown rice from India. Any change in this policy may affect the export of brown rice from India.

- 9. Risks arising from changes in taxation policies, statutory taxes and other levies affect the cost of production and prices of our products. Any increase in any of these taxes or levies in the future, may have a material adverse impact on our business, results of operations and financial condition.**

- 10. No public market for the shares of our Company**

There has been no public market for the Equity Shares of our Company and the prices of the Equity Shares may fluctuate. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the prices at which the Equity Shares are sold in this Issue will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

- 11. The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.**

The Issue Price of our Equity Shares will be determined by the Book Building Process. This price will be based on numerous factors (discussed in the section "Basis of Issue Price" on page [●] of this Draft Red Herring Prospectus) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

- a) Quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- b) Changes in revenue or earnings estimates or publication of research reports by analysts;
- c) Speculation in the press or investment community;
- d) General market conditions; and

- e) Domestic and international economic, legal and regulatory factors unrelated to our performance.

Notes to Risk Factors:

1. Pre-Issue Net Worth of our Company as on 31st March 2005 is Rs. 7,037.58 lacs and as on 30th September 2005 is Rs. 7,515.13 lacs.
2. Size of the present issue – Public Issue of 56,00,000 Equity Shares of Rs. 10/- each issued at a premium of Rs. [●] for cash, aggregating Rs. [●] lacs. The face value of the Equity Shares is Rs. 10/- and the issue price is [●] times the face value. The issue would constitute 34.96% of the fully diluted post issue paid up capital of our Company.
3. The average cost of acquisition of Equity Shares of the promoters is given below

Sr. No	Name of our Promoters	Average cost of acquisition of shares (Rs.)
1.	Mr. Naresh Aggarwal	2.86/-
2.	Mr. Rakesh Aggarwal	2.86/-
3.	Mr. Kapil Aggarwal	2.86/-
4.	Mrs. Rama Rani	2.86/-
5.	Mr. Man Mohan Sarup Aggarwal	2.86/-
6.	Mrs. Navita Aggarwal	2.86/-
7.	Mrs. Sadhna Aggarwal	2.86/-

4. Book value of the Equity Shares of our Company as on 31st March 2005 and as on 30th September 2005 is Rs. 118.23 and Rs. 126.25 per share respectively.
5. The Company has issued 74,40,670 Equity Shares of Rs. 10/- each as bonus shares by capitalization of free reserves, details of which are mentioned in the notes to Capital Structure.
6. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with BSE, the Designated Stock Exchange.
7. Investors may contact the BRLM or the Compliance officer for any compliant/clarification/information pertaining to the issue. For contact details of the BRLM please refer to the front cover page.
8. All information shall be made available by the Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
9. There are no contingent liabilities as on 30th September 2005, except as mentioned in the Auditor's report.
10. Investors are advised to refer to the paragraph 'Basis for issue price' on page [●] of this DRHP before making an investment in this issue.
11. Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation. Hence, Bidders should carefully fill in their

Depository Account details in the Bid-cum-Application Form and also update their demographic details with their respective depository participant.

12. For details of liens and encumbrances on the properties and assets of the Company please see Section on Financial Statements on page [●] of this Prospectus.
13. For details of related party transactions, please refer to the Auditors Report on page [●] of this Draft Red Herring Prospectus.

SECTION IV - INTRODUCTION

SUMMARY

Industry and Business of our Company

You should read the following summary together with the risk factors and the more detailed information about us and our financial data included in this Prospectus.

Note: Unless otherwise indicated, all financial and statistical data relating to the industry in the following discussion is derived from internal Company reports & data, industry publication and estimates and websites. This data has been reclassified in certain respects for purposes of presentation. For more information, see “Forward Looking Statements and Market Data” on page no. [●] in this DRHP.

Industry and Business of our Company

Among the largest industries of India, rice is one of them having an estimated size of US \$25bn. After China, India is the second largest producer of rice and the largest exporter of Basmati rice. India broke the barrier of 1 million tonne of Basmati Rice exports during the financial year 2004-05. Infact it touched 11.2 lacs tonne, which in terms of value comes to Rs. 2741.94 crores, i.e. US \$ 612 million. Non-basmati rice exports of the country touched 36.4 lac tonne which in terms of value comes to Rs. 3,899.73 crores i.e. US\$ 870 million. Thus India's total exports of rice amounted to 47.6 lacs tonnes, which is behind Thailand but ahead of Vietnam. India can definitely continue maintaining this tempo in respect of rice exports both for basmati & non-basmati rice. The exporters with their grit determination, hard work and entrepreneurship have been able to expand the existing market as well as entered some new markets.

Structure of the Rice Industry

The industry in India has a complex structure marked by presence of both large-scale production units as well as small-scale units. The rice industry in India is broadly divided into two segments, basmati and non-basmati. Unorganised sector and regional players in the market dominate the non-basmati segment. The non-basmati market is largely unbranded. India produces 86m tonnes of non-basmati rice annually. The total market is estimated at Rs 1,000 billion. Of this, a small fraction of around 5% is exported and the remaining is consumed domestically. It is very difficult to create differentiation and brands hence it is not very lucrative in terms of profitability.

Competition

Globally, we face stiff competition from manufacturers in Pakistan, Vietnam & Thailand. After India, Pakistan is the only country, which produces Basmati Rice as both have similar climate. Hence, India faces strong competition from Pakistan. Vietnam and Thailand are the largest producer of Non-basmati Rice, but whenever in India there is a bumper crop the producers are able to handle the competition from these countries also as our cost of raw material is lowered down. While producers in India have managed to move up the value chain in terms of quality and branded products, growth of the industry in Pakistan has been relatively muted. As a result, India remains the key basmati supplier to the world.

Markets

Basmati rice is considered as one of the premium product that makes it extremely sensitive to quality. This has created a scope for branding. Also, the structural changes in the market are partly responsible for the emergence of brands. Industry estimates suggest that branded players have a 30% share in the domestic market while the unorganized segment controls 70% of the market.

The export market for basmati rice is estimated to be around Rs. 21 billion. The largest export market has traditionally been the Middle East with a 65% share of India's exports. The UK and US account for 20% of the exports. A large part of the exports is unbranded, wherein buyers sell basmati rice under local brands. However, major players are now shifting focus to selling under their own brands.

Growth Prospects

The domestic market is estimated to be growing at 6% for basmati rice and at 3-4% for non-basmati rice. With a growing consuming class and increasing disposable incomes, demand for premium products is on the rise. Going forward, we expect not just an increase in penetration but also an increase in per capita consumption.

Our Business

Our Company is currently engaged in the manufacturing and processing of rice. We are into manufacturing and processing of Basmati and Non Basmati varieties of rice, with focused on Basmati variety. Currently we are also engaged in the trading of pulses, timber, sesame, cane sugar, cashews, almonds, paddy seed and granite.

Our Company uses the best and the latest technology available in the market. We have imported machines from Satake (Japan), Buhler (Germany) and Sortex from England, to name a few. We also propose to purchase several more automated machines for expansion and modernization of our existing capacities.

Our Company is exporting rice to countries like Germany, Spain, Italy, Australia, U.K., U.S.A. Saudi Arabia, Dubai and others. At present, our exports are restricted to around 22 countries only which, leaves scope for our Company to develop new markets and to increase our presence accordingly. Accordingly, we are planning to explore new markets. In future we plan to make a mark on the domestic market also. Currently out of total production we are selling around 10-15% of our produce in the domestic market.

Reasons for Shift towards Basmati are given as follows:

- Rising percentage of young population
- Increase in income levels
- Changing spending patterns
- Increase in number of working urban
- Rising aspiration levels
- Rise in Shopping Malls

Our Company is engaged into the processing of paddy/rice. The different varieties of rice processed by our Company are:

Parboiled Rice <ul style="list-style-type: none"> ▪ Golden ▪ Light Golden ▪ Creamy ▪ Light Creamy 	Steam Rice <ul style="list-style-type: none"> ▪ Pusa ▪ Sharbati
Raw Milled Rice <ul style="list-style-type: none"> ▪ Basmati ▪ Pusa ▪ Sharbati ▪ Parmal 	Raw Brown Rice <ul style="list-style-type: none"> ▪ Basmati ▪ Pusa

	<ul style="list-style-type: none"> ▪ Sharbati ▪ Parmal
Organic Basmati Rice	

Our association with Fairtrade

We have tied up with Fairtrade since the year 2001, and have taken pro-active steps towards this end. Our Company has assisted local rice growers to convert to organic production and then helped them set up a farmers' federation so that the group was eligible for Fairtrade certification.

Our Company is keen to improve the position of its farmer partners and has identified Fairtrade as a means of achieving this. We liaison with Fairtrade as the farmers' Promoting Body and have been instrumental in supporting the transformation of this unorganised network of farmers into a coherent organisation. Twenty-three village-level farmers' clubs with a total of 520 rice farmers have been organised into the federation structure required for Fairtrade certification.

There is great potential for Fairtrade to bring the farmers together and strengthen their ability to negotiate higher, stable prices with buyers, and also contribute new resources to the socio-economic development of the area, and our Company, as a part of its Corporate Social Responsibility is proud to be a part of this association. For further details on this aspect, you may please refer to www.fairtrade.org.uk

THE ISSUE

Equity Shares offered: Fresh Issue by the Company	56,00,000 Equity Shares
Issue Price	Rs. [●] per Equity Share
Less: Reservation for Employees	2,80,000 Equity Shares
Net Issue to the Public	53,20,000 Equity Shares
Of which: (A) Qualified Institutional Buyers portion (QIBs)	26,60,000 Equity Shares (Allocation on a proportionate basis) Of the 26,60,000 Equity Shares, 1,33,000 shall be available for allocation to Mutual Funds The balance 25,27,000 Equity Shares shall be available to all QIBs, including Mutual Funds
(B) Non-Institutional Portion	7,98,000 Equity Shares (Allocation on a proportionate basis)
(C) Retail Portion	18,62,000 Equity Shares (Allocation on a proportionate basis)
Note: Under-subscription, if any, in any of the categories would be allowed to be met with spill over from the other categories, at the sole discretion of the Company and the BRLM.	
Equity Shares outstanding prior to the Issue	1,04,16,938 Equity Shares of face value of Rs.10/- each
Equity Shares outstanding after the Issue	1,60,16,938 Equity Shares of face value of Rs.10/- each
Use of Issue proceeds	Please see section titled "Objects of the Issue" on page no. [●] of this Draft Red Herring Prospectus for additional information.

SUMMARY OF FINANCIAL INFORMATION

The following summary financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of M/s. R.K. Gulati & Associates, Chartered Accountants dated 09th January 2006 in the section titled "Financial Information". You should read this financial data in conjunction with our financial statements for each of Fiscal 2001, 2002, 2003, 2004 and 2005 and the 6 month period ending 30th September 2005 including the Notes thereto and the Reports thereon, which appears under the paragraph on "Financial Information" in this Draft Red Herring Prospectus, and "Management Discussion and Analysis of" on page [•] of this Draft Red Herring Prospectus.

STATEMENT OF PROFIT AND LOSSES ACCOUNT- AS RESTATED

(Rs. In Lacs)

PARTICULARS	FOR THE YEAR ENDED ON					
	30.9.2005	31.3.2005	31.3.2004	31.3.2003	31.3.2002	31.3.2001
	(6 months)	(12 months)	(12 months)	(12 months)	(12 months)	(12 months)
<u>INCOME</u>						
<u>Sales</u>						
Of Products manufactured by the Company	11,061.05	20,853.69	19,422.31	22,556.39	14,879.95	11,278.81
Of Products traded by the Company	1,858.51	5,381.93	1,029.51	26.00	116.90	572.93
Total	12,919.56	26,235.62	20,451.82	22,582.39	14,996.85	11,851.74
Other Income	212.16	651.46	354.96	423.70	142.02	101.58
Increase (Decrease) in Inventories	960.14	2,162.68	1,249.41	(419.94)	958.46	578.03
Total	14,091.86	29,049.76	22,056.19	22,586.15	16,097.33	12,531.35
<u>EXPENDITURES</u>						
Cost of sales	1,230.34	3,644.92	845.81	22.67	104.53	490.00
Raw Material Consumed	9,212.20	17,748.81	15,908.35	17,272.57	11,755.35	8,332.45
Staff Cost	140.84	266.57	214.48	176.73	105.40	89.84
Other Manufacturing expenses	392.44	811.64	677.73	644.04	498.78	461.12
Administration Expenses ,	1,709.53	4,048.04	2,629.01	2,665.71	1,476.62	1,427.77
Selling and Distribution Expenses						
Other Expenses	38.10	152.00	132.03	122.93	33.88	31.77
Total	12,723.45	26,671.98	20,407.41	20,904.65	13,974.56	10,832.95
Profit Before Interest, Depreciation and Income Tax	1,368.41	2,377.78	1,648.78	1,681.50	2,122.77	1,698.40
Interest	550.65	1,042.15	719.03	439.07	488.71	402.92
Depreciation	184.78	423.54	354.90	237.02	201.03	197.19
Net Profit before taxes	632.98	912.09	574.85	1,005.41	1,433.03	1,098.29
Taxation						
Current tax	148.85	230.19	150.13	86.18	61.36	30.88
Fringe benefits tax	5.09					
Deferred tax	(1.18)	0.92	10.87	17.45	94.04	0
Net Profit after taxes	480.22	680.98	413.85	901.78	1,277.63	1,067.41

STATEMENT OF ASSETS AND LIABILITIES - AS RESTATED

(Rs. In Lacs)

Particulars	For the year ended on					
	30.09.2005 (6 months)	31.3.2005 (12 months)	31.3.2004 (12 months)	31.3.2003 (12 months)	31.3.2002 (12 months)	31.3.2001 (12 months)
A. Fixed Assets:						
Gross Block	4,691.44	4,593.85	3,935.60	3,045.59	2,329.52	2,052.23
Less : Depreciation	1,938.82	1,765.26	1,386.67	1,061.08	845.38	688.57
Net Block	2,752.62	2,828.59	2,548.93	1,984.51	1,484.14	1,363.66
Less: Revaluation Reserve	0	0	0	0	0	0
Capital Work in Progress	130.68	87.71	40.87	277.51	111.66	37.73
Total (A)	2,883.30	2,916.30	2,589.80	2,262.02	1,595.80	1,401.39
B. Investments (B)	69.65	392.06	335.50	241.98	7.42	57.16
C. Current Assets, Loans & Advances						
Inventories	9,862.30	12,540.47	12,930.24	8,317.90	6,663.96	5,641.26
Sundry Debtors	5,617.89	4,988.58	5,204.40	3,540.60	3,918.74	1,907.65
Cash and Bank Balances	1,779.46	1,023.96	1,223.24	908.67	321.72	102.47
Loans and Advances	2,995.32	1,560.67	924.97	597.67	650.29	406.64
Other Current Assets	353.19	348.10	315.59	111.16	42.54	29.54
Total (C)	20,608.16	20,461.78	20,598.44	13,476.00	11,597.25	8,087.56
D. Liabilities & Provisions						
Secured Loans	13,315.17	15,800.69	15,250.14	9,219.79	7,302.64	5,118.99
Unsecured Loans	0	0	0	0	26.95	0
Current Liabilities and Provisions	2,354.14	639.37	1,680.99	595.28	595.58	362.78
Provision for taxes	182.97	102.10	0.90	0.30	30.74	64.89
Fringe benefits tax	4.50					
Deferred Tax Liabilities	122.10	123.29	122.37	111.50	94.04	0
Proposed Dividend	67.10	67.11	33.48	0	0	0
Total (D)	16,045.98	16,732.56	17,087.88	9,926.87	8,049.95	5,546.66
E. Net Worth (A+B+C-D)	7,515.13	7,037.58	6,435.86	6,053.13	5,150.52	3,999.45
F. Represented by						
Share Capital	595.25	595.25	595.25	595.25	595.25	595.25
Share Application Money	0	0	13.00	11.50	11.50	40.51
Reserves and Surplus	6,926.74	6,446.51	5,832.64	5,452.27	4,550.51	3,371.28
Less: Revaluation Reserves						
Reserves (Net of Revaluation Reserves)	0	0	0	0	0	0
Miscellaneous Expenditure	4.18	4.18	5.03	5.89	6.74	7.59
Share issue expenses	2.68	0	0	0	0	0
Net Worth	7,515.13	7,037.58	6,435.86	6,053.13	5,150.52	3,999.45

GENERAL INFORMATION



SUNSTAR OVERSEAS LIMITED

(The Company was incorporated on 06th January 1995 as Sunstar Overseas Limited, under the Companies Act, 1956, and received its Certificate for Commencement of Business on 31st January 1995.)

Registered Office: 4119/7, First Floor, Naya Bazaar, Delhi- 1100 06
Tel: (011) 2393 0560; Fax: (011) 2392 3233

Corporate Office: 24B Alipur Road, Civil Lines, New Delhi-1100 54
Tel: (011) 2399 4327, (011) 2399 4383-387 Fax: (011) 2399 4326

Website: www.sunstaroverseas.com **Email:** ipo@sunstarmail.com

Contact person: Ms. Kiranpreet Gill, Company Secretary and Compliance Officer
Company Registration No.: 55-64140

Our Company is registered with the Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi – 110 003.

Our Board of Directors

Name of Director	Designation
Mr. Naresh Aggarwal	Chairman
Mr. Rakesh Aggarwal	Managing Director
Mr. Rohit Aggarwal	Joint Managing Director
Mr. Sumit Aggarwal	Director
Mr. Ravinder Kumar Passi	Director
Mr. Kishore Asthana	Director

For detailed profile of our Directors please refer to the section titled 'Our Management' on page [●] of this Draft Red Herring Prospectus.

Issue Management Team

Book Running Lead Manager to the Issue

UTI Securities Limited

1st Floor, Dheeraj Arma,
Anant Kanekar Marg, Station Road,
Bandra (East), Mumbai – 400 051.
Tel No: (022) 5551 5999/5888
Fax No: (022) 5502 3194
Website: www.utisel.com
Email: sunstar@utisel.com
Contact Person: Mr. Abhijit Diwan

Registrar to the Issue**Intime Spectrum Registry Limited**

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (west),
Mumbai - 400 078.

Tel No: (022) 5555 5491-94

Fax No: (022) 5555 5499

Website: www.intimespectrum.com

Email: sunstar@intimespectrum.com

Contact person: Mr. Vishwas Attawar

Statutory Auditors to the Company**M/s. R.K. Gulati & Associates****Chartered Accountants**

304, B.D. Chambers,
10/54, Desh Bandhu Gupta Road,
Karol Bagh, New Delhi - 110 005.

Tel No: (011) 2367 8795, 2367 5720

Fax No: (011) 2367 8795

Email: rkgulati@vsnl.com

Contact person: Mr. Rakesh Gulati

Legal Advisor to the Issue**Luthra & Luthra, Law Offices**

103, Ashoka Estate,
Barakhamba Road,
New Delhi - 110 001.

Tel No: (011) 5121 5100

Fax No: (011) 2372 3909

Website: www.luthra.com

Email: pagarwal@luthra.com

Contact Person: Mr. Pankaj Agarwal

Bankers to the Company**The Karur Vysya Bank Limited**

XVI/2645, Poonam Chambers,
Bank Street, Karol Bagh,
New Delhi - 110 005.

Tel No: (011) 25712029, 2576 7746

Fax No: (011) 25729079

Website: www.kvb.co.in

Email: karolbagh@kvbmail.com

Contact Person: Mr. Giridharan

Karnataka Bank Limited**Overseas Branch**

No. 2, Chaudhary Building,
K Block, Connaught Circus,
New Delhi - 110 001.

Tel No: (011) 2341 7720, 2341 7721

Fax No: (011) 2341 3452

Website: www.karnatakabank.com

Email: del.overseas@ktkbank.com

Contact Person: Mr. Prakash

City Union Bank Limited

18/7, Keltron Chambers,
Arya Samaj Road, Karol Bagh,
New Delhi -110 005.
Tel No: (011) 2578 8696, 2581 4243
Fax No: (011) 2581 4242
Email: cub102@cityunionbank.com
Website: www.cityunionbank.com
Contact Person: Mrs. Jyoti Babbar

Bankers to the Issue and Escrow Collection Banks

- [•] The Bankers to the Issue and Escrow Collection Banks shall be finalized before filing the RHP with RoC.

Syndicate Member(s)

- [•] The Syndicate member(s) shall be finalized before filing the RHP with RoC.

Company Secretary and Compliance Officer**Ms. Kiranpreet Gill****Sunstar Overseas Limited**

24B, Alipur Road, Civil Lines,
New Delhi – 110 054.
Tel No: (011) 2399 4383–87
Fax No: (011) 2399 4326
Website: www.sunstaroverseas.com
Email: kiranpreet@sunstarmail.com

Investors can contact the Compliance Officer or the Registrar in case of any pre-issue or post-issue related problems, such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary accounts or refund orders etc.

Inter-se allocation of responsibilities of the Book Running Lead Manager (BRLM)

Since UTI Securities is the sole BRLM for this Issue, they will be responsible for all the following activities:

- Capital structuring with the relative components and formalities
- Due diligence of the Company's operations / management / business plans/legal documents etc.
- Drafting and Design of Issue Document and of statutory advertisement including memorandum containing salient features of the Prospectus. Compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI
- Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.
- Appointment of Registrar, Bankers, Printer and Advertising agency
- Institutional Marketing Strategy – Finalisation of the list of investors for one to one meetings in consultation with the Company
- Retail /Non-Institutional Marketing Strategy – Finalise centres for holding conference for brokers etc, Finalise media, marketing and PR strategy, Follow up on distribution of publicity

and issue materials including form, prospectus and deciding on the quantum of the Issue material, Finalise Collection orders.

- Managing the Book and Co-ordination with Stock Exchanges
- Pricing
- The post bidding activities including management of escrow accounts, co-ordination of allocation, intimation of allocation and despatch of refunds to bidders
- The post Issue activities of the Issue will involve essential follow up steps, which must include finalisation of listing of instruments and despatch of certificates and refunds, with the various agencies connected with the work such as Registrar to the Issue, Bankers to the Issue and the bank handling refund business. BRLM shall be responsible for ensuring that these agencies fulfil their functions and enable him to discharge this responsibility through suitable agreements with the Issuer Company.

The selection of various agencies like Registrar to the Issue, Bankers to the Issue, Bank Collection Centres, Legal Advisor to the Issue, Underwriters to the Issue, Advertising Agencies, Public relations agencies etc. will be or have been finalised by the Company in consultation with UTISEL.

Credit Rating

This being an issue of Equity Shares, credit rating is not required.

Trustees

This being an issue of Equity Shares, appointment of trustees is not required.

Project Appraisal and Monitoring Agency

The project is not appraised by any Bank/Financial Institution/Merchant Banker and there is no monitoring agency appointed to monitor the use of proceeds of the Issue.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date without assigning any reason therefore.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

Book Building Process

Book building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company
2. The Book Running Lead Manager; and
3. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters. The BRLM appoints the Syndicate Members.

The SEBI DIP Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein up to 50% of the Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Qualified Institutional Buyers Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue price. Further, not less than 15% of the Issue shall be available for allotment to Non Institutional Bidders and not less than 35% of the Issue shall be available for allotment to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price. We will comply with the SEBI DIP Guidelines for this Issue. In this regard, we have appointed the BRLM to procure subscriptions to the Issue.

The process of book building, under SEBI DIP Guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue. Pursuant to recent amendments to SEBI DIP Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. Please refer to the section entitled “Terms of the Issue” on page [●] of this Draft Red Herring Prospectus for more details.

Steps to be taken by the Bidders for bidding:

- ✓ Check whether he/she is eligible for bidding;
- ✓ Bidder necessarily needs to have a demat account; and
- ✓ Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

Bid/Issue Programme

Issue opens on: _____	Issue closes on: _____
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Bids and any revision in Bids shall be accepted **only between 1000 hrs and 1700 hrs** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 1000 hrs and 1500 hrs** (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

The Price Band will be decided by us in consultation with the BRLM(s). The announcement on the Price Band shall also be made available on the websites of the BRLM(s) and at the terminals of the Syndicate.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price and can move up or down to the extent of 20%.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLM, the Co- BRLM(s) and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed prior to filing of the Prospectus with RoC)

Sr. No	Name and Address of the Underwriters	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rupees In Lacs)
1.	UTI Securities Limited 1 st Floor, Dheeraj Arma, Anant Kanekar Marg, Station Road, Bandra (East), Mumbai – 400 051. Tel: (022) 5551 5999/5888 Fax: (022) 5502 3194 Contact person: Mr. Abhijit Diwan Email: sunstar@utisel.com	[•]	[•]
2.		[•]	[•]
3.		[•]	[•]
	Total	[•]	[•]

The above-mentioned amount is indicative underwriting and would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [•].

In the opinion of our Board of Directors and the BRLM (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange(s).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Member(s) shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount as specified in the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Company as on the date of filing of this Draft Red Herring Prospectus with SEBI is as set forth below:

No. of Shares	Nominal Value (Rs.)	Aggregate Value (Rs.)
A. AUTHORISED CAPITAL 2,00,00,000 Equity Shares of Rs. 10/- each	20,00,00,000	20,00,00,000
B. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL 1,04,16,938 Equity shares of Rs. 10/- each	10,41,69,380	10,41,69,380
C. PRESENT ISSUE - PUBLIC ISSUE OF 56,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	5,60,00,000	[●]
D. RESERVATION FOR EMPLOYEES 2,80,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	28,00,000	[●]
E. NET OFFER TO THE PUBLIC THROUGH THIS PROSPECTUS 53,20,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	5,32,00,000	[●]
F. PAID UP CAPITAL AFTER THE PRESENT ISSUE 1,60,16,938 Equity shares of Rs. 10/- each	16,01,69,380	
G. SHARE PREMIUM ACCOUNT Before the issue After the issue		Nil [●]

Details of Increase in Authorized Capital

Sr. No	Particulars Of Increase	Date of Meeting	AGM/ EGM
1.	Rs. 4 crores	Incorporation	--
2.	Rs. 4 crores to Rs. 5 crores	08-01-1996	AGM
3.	Rs. 5 crores to Rs. 10 crores	30-09-1996	AGM
4.	Rs. 10 crores to Rs. 20 crores	29-09-2005	AGM

Notes to the Capital Structure:

1. **Capital Build-up:** Our existing Equity Share capital has been subscribed and allotted as under:

Date on which Equity Shares were allotted/made fully paid-up	Number of Equity Shares	Cumulative Shares	Face Value (In Rs.)	Issue Price (In Rs.)	Nature of payment of consideration	Reason of allotment	Share premium (In Rs.)	Cumulative Share Premium
06-01-1995	700	700	10	10	Cash	Subscribers to the MOA	--	--
28-02-1995	18,69,400	18,70,100	10	10	Other than Cash	@	--	--
01-12-1995	11,06,168	29,76,268	10	10	Cash	Further allotment	--	--
06-11-1996	29,76,268	59,52,536	10	--	Bonus	Bonus in the ratio of 1:1	--	--
08-11-2005	44,64,402	1,04,16,938	10	--	Bonus	Bonus in the ratio of 3:4	--	--
Total	1,04,16,938		10					

@ 18,69,400 shares were issued to the partners of the erstwhile M/s. Star Overseas for consideration of Rs. 186.94 lacs, the net worth of the partnership firm, which was taken over by Sunstar Overseas Limited as a going concern.

2. **Shares issued for consideration other than cash**

We have not issued any shares for consideration, other than cash except as mentioned in the table above.

3. **Promoters' Contribution and Lock-in details in respect of Promoters, whose names figure in the Draft Red Herring Prospectus as Promoters in the paragraph on "Promoters and their Background" is as under:**

Capital built up of the promoters is detailed below:

Sr. No	Name of Promoter / Person in Promoter Group	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of post issue paid up capital	Lock in period
1.	Mr. Naresh Aggarwal	06-01-1995	Cash	100	10	10		#
		06-11-1996	Bonus	100	10	--		#
		08-11-2005	Bonus	150	10	--		#
		Total (A)		350			0.0022	
2.	Mr. Rakesh Aggarwal	06-01-1995	Cash	100	10	10		#
		06-11-1996	Bonus	100	10	--		#
		08-11-2005	Bonus	150	10	--		#
		Total (B)		350			0.0022	

Sr . No	Name of Promoter / Person in Promoter Group	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of post issue paid up capital	Lock in period
3.	Mr. Kapil Aggarwal	06-01-1995	Cash	100	10	10		#
		06-11-1996	Bonus	100	10	--		#
		08-11-2005	Bonus	150	10	--		#
		Total (C)		350			0.0022	
4.	Mrs. Rama Rani	06-01-1995	Cash	100	10	10		#
		28-02-1995	Cash	2,17,670	10	10		#
		01-12-1995	Cash	1,88,800	10	10		#
		01-11-1996	Transfer	(+)2	10	10		#
		06-11-1996	Bonus	4,06,568	10	--		#
		08-11-2005	Bonus	6,09,855	10	--		#
		Total (D)		14,22,995			8.8843	
5.	Mr. Man Mohan Sarup	06-01-1995	Cash	100	10	10		#
		28-02-1995	Cash	3,99,500	10	10		#
		01-12-1995	Cash	1,89,800	10	10		#
		06-11-1996	Bonus	5,89,400	10	--		#
		08-11-2005	Bonus	8,84,100	10	--		#
		Total (E)		20,62,900			12.8795	
6.	Mrs. Navita Aggarwal	06-01-1995	Cash	100	10	10		#
		28-02-1995	Cash	4,11,290	10	10		#
		01-12-1995	Cash	1,53,850	10	10		#
		06-11-1996	Bonus	5,65,240	10	--		#
		08-11-2005	Bonus	8,47,860	10	--		#
		Total (F)		19,78,340			12.3515	
7.	Mrs. Sadhna Aggarwal	06-01-1995	Cash	100	10	10		#
		28-02-1995	Cash	8,40,940	10	10		#
		01-12-1995	Cash	5,73,718	10	10		#
		01-11-1996	Transfer	(-)2	10	10		#
		06-11-1996	Bonus	14,14,760	10	--		#
		08-11-2005	Bonus	21,22,137	10	--		#
		Total (G)		49,51,653			30.9151	
	Grand Total (A+B+C+D+E+F+G)						1,04,16,938	

As per clause 4.1.1 of the SEBI DIP guidelines, the core promoters have ensured at least 20% of the post issue capital is held by them. The below mentioned shares, held by the core promoters shall be locked in on LIFO basis (i.e. shares which have been issued last shall be locked-in first) for a period of 3 years from the date of allotment.

Post Issue no. of shares	1,60,16,938
20% of the post issue no. of shares	32,03,388

Sr. No	Name of the Promoter	No of shares to be locked in for 3 years
1.	Mrs. Rama Rani	3,20,340
2.	Mr. Man Mohan Sarup Aggarwal	6,40,680
3.	Mrs. Navita Aggarwal	6,40,680
4.	Mrs. Sadhna Aggarwal	16,01,700
	Total	32,03,400

The lock-in period shall commence from the date of allotment of shares in the public issue. Written consents have been obtained from the persons whose shares form part of promoter's contribution and are subject to lock in period.

Other than the above the entire pre-issue capital of our Company shall be locked in for a period of 1 year from the date of allotment of shares in the public issue.

- The specific written consent has been obtained from the respective shareholders for inclusion of such number of their existing shares and further subscription in the Issue to ensure minimum Promoters' contribution subject to lock-in to the extent of 20% of Post-Issue Paid-up Capital.
- The Equity Shares forming part of promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary.
- The Equity Shares held by persons other than Promoters may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

The Equity Shares to be held by the Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by Promoters, which are locked in, may be transferred to and among Promoter/Promoter Group or to a new promoter or persons in control of the Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable. The Promoters may pledge their Equity Shares with banks or financial institutions as additional security for loans whenever availed by them from banks or financial institutions.

7. The details of sale/ purchase/ financing of shares by Promoters/Directors :

The Promoters Group/Directors have not purchased and/or sold/financed any securities of the Company during the past 6 months.

8. Details of capitalization of reserves by the Company in the past

Company has capitalized its free reserves by way of issuing bonus shares as stated below:

Sr. No	Date of Allotment	No of Shares	Ratio
1.	06-11-1996	29,76,268	1:1
2.	08-11-2005	44,64,402	3:4
	Total	74,40,670	

9. Particulars of top ten shareholders:

- a. As on the date of filing this Draft Red Prospectus
- b. 10 days prior to the date of filing this Draft Red Herring Prospectus

Sr. No.	Name of Shareholder	No. of Equity Shares
1)	Mrs. Sadhna Aggarwal	49,51,653
2)	Mr. Man Mohan Sarup	20,62,900
3)	Mrs. Navita Aggarwal	19,78,340
4)	Mrs. Rama Rani	14,22,995
5)	Mr. Kapil Aggarwal	350
6)	Mr. Naresh Aggarwal	350
7)	Mr. Rakesh Aggarwal	350
	Total	1,04,16,938

- c. 2 years prior to the date of filing this Draft Red Herring Prospectus

Sr. No.	Name of Shareholder	No. of Equity Shares
1)	Mrs. Sadhna Aggarwal	28,29,516
2)	Mr. Man Mohan Sarup	11,78,800
3)	Mrs. Navita Aggarwal	11,30,480
4)	Mrs. Rama Rani	8,13,140
5)	Mr. Kapil Aggarwal	200
6)	Mr. Naresh Aggarwal	200
7)	Mr. Rakesh Aggarwal	200
	Total	59,52,536

- 10. The Company, its Promoters, Directors and the Lead Manager to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares from any person.
- 11. In case of over-subscription in all categories, up to 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (including specific allocation of 5% within the category of QIBs for Indian Mutual Funds). Further a minimum of 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.
- 12. Our Company has not raised any bridge loan against the proceeds of this Issue.
- 13. An over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment being equal to [●] Equity Shares, which is the minimum application size in this issue.
- 14. The securities offered through the public issue shall be made fully paid up or may be forfeited within 12 months from the date of allotment of securities in the manner specified in clause 8.6.2 of the SEBI DIP Guidelines

15. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Prospectus with SEBI until the Equity Shares offered through this Prospectus have been listed.
16. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, or, if we go in for acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
17. A Bidder cannot make a Bid for more than the number of Equity Shares offered through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
18. At any given time, there shall be only one denomination for the Equity shares of the Company and the Company shall comply with such disclosure norms as specified by SEBI from time to time.
19. As on the date of filing of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. The shares locked in by the Promoters are not pledged to any party. The Promoter may pledge the Equity Shares with banks or Financial Institutions as additional security for loan whenever availed by them from banks/Financial Institutions, provided the pledge of shares is one of the terms of sanction of loan.

20. Shareholding Pattern of our Company before and after the Issue is as under:

Category	Pre-Issue		Post Issue*	
	No. of Shares	% holding & corresponding voting rights	No. of Shares	% holding & corresponding voting rights
Promoters & Promoters' Group	1,04,16,938	100.00	[●]	[●]
Employees	0	0.00	[●]	[●]
Public	0	0.00	[●]	[●]
Total	1,04,16,938	100.00	[●]	[●]

* Post Issue Shareholding pattern will be determined after the Book-Building Process.

21. Since the entire money of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is being called on application, all the successful applicants will be issued fully paid-up shares.
22. The Equity Shares of our Company are fully paid up and there are no partly paid up shares as on date.
23. In case of under subscription in the net offer to the public portion, spill over to the extent of under subscription shall be permitted from the reserved category to the net public offer portion. Unsubscribed portion in any reserved category may be added to any other reserved category, and that the unsubscribed portion, if any, after such inter se adjustments amongst the reserved categories shall be added back to the net offer to the public.
24. We have not revalued our assets since inception.

25. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us or our promoters to the persons who receive firm allotments, if any, in this issue.
26. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
27. The securities which are subject to lock-in shall carry the inscription “non-transferable” and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the stock exchanges, where the shares are to be listed, before the listing of the securities.
28. Our Company has 7 members as on the date of filing this Draft Red Herring Prospectus.

SECTION V - OBJECTS OF THE ISSUE

Objects of the Issue

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

- A) Setting up of facilities for Organic rice
- B) Setting up of a packaging plant at Bahalgarh, Haryana
- C) Setting up of Power Plant for Captive Consumption
- D) The automation & modernization of the existing facilities at Bahalgarh, Haryana
- E) Office Block at factory at Bahalgarh, Haryana
- F) Adding new storage facility at Bahalgarh, Haryana
- G) To meet the additional working capital requirement
- H) To list the shares offered through this issue on BSE and NSE

The objects clause of the Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present issue.

Cost of Project and Means of Finance

The cost of the project and means of finance as estimated by our management are given below:

Cost of Project

		Rs. in Lacs
Sr. No	Particulars	Amount
A.	Setting up facilities for Organic rice	374.90
B.	Setting up of packaging unit at Bahalgarh	221.33
C.	Setting up of power plant for captive consumption at Bahalgarh	561.22
D.	New Office Block at existing unit	130.00
E.	Adding new storage facility at Bahalgarh	173.36
F.	Automation & Modernization of existing facilities at Bahalgarh, Haryana	627.81
G.	Additional working Capital requirement in post expansion and post issue period	3400.00
H.	Contingencies (approx @ 5% of points A...F)	100.00
I.	Public Issue Expenses	[•]
J.	General Corporate Purposes*	[•]
	Total	[•]

Means of Finance

Sr. No	Particulars	Rs. lacs
A.	Proceeds from Initial Public Offer	[•]
	Total	[•]

Proceeds from the initial public offer would be crystallized on finalization of the issue price on conclusion of the book building process. Any shortfall in the cost of project would be met with internal accruals.

***General Corporate Purposes**

The funds requirement has been ascertained at the Issue price of Rs. [●]/- per Equity Share. The amount that is in excess of the funds required for the proposed project and the issue expenses, will be utilized for the general corporate purposes. The management, in accordance with the policies of the Board, will have the flexibility of utilizing surplus amounts from the proceeds of the issue, if any.

Brief Details about the Project

A. Setting up facilities for Organic rice

The Company is one of the largest exporters of organic basmati rice from India. Presently, we process the organic and non organic rice from our facility located at Bahalgarh. But with the market of organic rice growing rapidly, it has become imperative for us in order to meet quality standards, to segregate processing of organic operations from non organic operations. The setting up of independent operations for organic rice would entail the following expenditure:

Sr. No.	Particulars	Rs. Lacs
1.	Land and site development	115.81
2.	Plant and Machinery	198.96
3.	Shed development charges (Factory structure)	60.13
	Total	374.90

Additional land and cost of development

The company for this purpose has already acquired additional land measuring 38 Kannal and 18 Marlas at village Rai, District Sonapat, which is adjacent to our existing set up at Bahalgarh at a cost of Rs. 77.81 lacs inclusive of registration charges. The site development on this land is in progress and sum of Rs. 32.26 lacs have already been spend on same. The total cost for the entire land would be around Rs. 38 lacs comprising of earth filling, levelling, boundary wall, platform and godowns.

Factory Structures/Shed development charges

The factory shed measuring 12250 square feet (70*175) is proposed to be constructed on this land, which as per the approved architect estimate will cost Rs. 60.13 lacs, which includes consultancy charges of Rs. 5 lacs. As on date we have spent Rs. 1.38 lacs for this purpose.

Plant and Machinery details

Sr. No.	Description	Name of Suppliers	Qty	Rs. lacs
1.	Precleaners	Buhler India Limited	1	5.64
2.	Elevators	Navin Engineering	6	7.15
3.	Graders	Tuteja Engineers	5	1.80
4.	Packing Machine	Flex Engineers Limited	1	8.60
5.	Metal Detector	Fortress Technology	1	5.40
6.	Ink Jet Printer	Image India Private Limited	1	3.10
7.	Metal Separation Machine	Suraj Engineering Works	1	1.09
8.	Tapping & Strapping line	ITW India Limited	1	19.05

9.	# Fumigation Chambers (Climatic Rooms) including ECO2 installation	EcO ₂	1	*104.58
10.	Nitrogen Plant	MVS Engineering Limited	1	13.15
11.	Compressors, utilities etc	Air Power Technique	1	9.40
12.	Civil and Fabrication works	Various		20.00
	Total			198.96

We have received a quotation from EcO₂ B.V. Postbus 7488 3280 AG NUMANS DOP for setting up and installation of two climatic rooms on lease basis valid for ten years having a lease price of Euro 61,996 per year, for the first 2 years, Euro 73,329 p.a. for the next 3 years and Euro 18,000 p.a. for the next 5 years Ex. VAT. (1 Euro=53 INR). As per the terms of supply, the chambers will become our property after the expiry of ten years lease period. The two rooms are expected to have capacity of 100 tons each per treatment and the installation is capable of 24 treatments a year.

B. Setting up of packaging unit at Bahalgarh

We plan to significantly increase our presence in the domestic rice, particularly branded segment, and for this it is essential that we set up an integrated facility for packaging. Currently we do not have this set up as the major supplies made in the exports markets have been in buyers brands and the domestic market exist primarily for the consumer packs. It has been decided to construct factory shed measuring 12250 square feet in all to house two lines which are able to process and consumer pack the material for supply to domestic market buyers, primarily in branded segment. The factory shed is to be constructed on the existing land available at our Bahalgarh Unit .The cost and detail of such facilities are given hereunder:

Sr. No	Particulars	Rs. lacs
1.	Land and site development (12250 sq.ft @ Rs. 450 per sq.ft)	55.12
2.	Plant and Machinery	166.21
	Total	221.33

Details of Plant & Machinery

Sr. No.	Description	Name of Suppliers	Qty	Total Cost (Rs. In Lacs)
1.	Precleaners	Buhler India Limited	2	11.28
2.	Elevators	Navin Engineering	12	14.30
3.	Graders	Tuteja Engineers	10	3.60
4.	Packing Machine	Flex Engineers Limited	2	17.20
5.	Metal Detector	Fortress Technology	2	10.80
6.	Ink Jet Printer	Image India Private Limited	2	6.20
7.	Metal Separation Machine	Suraj Engineering Works	2	2.18
8.	Tapping & Strapping line	ITW India Limited	2	38.10
9.	Nitrogen Gas generator	MVS Engineering Limited	1	13.15
10.	Compressors, utilities etc	Air Power Technique	1	9.40
11.	Civil and Fabrication works	Various		40.00
	Total			166.21

The domestic branded rice market is lately gaining maturity and yielding better profitability. This move shall improve our topline as well as bottomline.

C. Setting up of power plant for captive consumption at Bahalgarh

The cost of power is the one of the single largest component of the manufacturing cost. With power cost per unit showing an upward curve, over the years, the company is closely looking to economize and control this cost. Captive power generation, undoubtedly, is capital intensive but its payback, on successful implementation is lucrative. We, after a detailed analysis have decided to set up captive power generation. The plant besides meeting the power requirements of the factory at Bahalgarh will also generate steam used for boiler for manufacturing process and thus cost of utilities would be reduced significantly, thereby improving profitability of the company.

We propose to set up a captive power generation plant at the existing unit at Bahalgarh, Haryana. The total cost of the plant is approximately Rs. 561.22 lacs, the details of which are as under:

Sr. No.	Description	Name of Suppliers	Qty	Rs. lacs
1.	1200 KW Extraction Condensing Turbo Generator	Value Max Systems Private Limited	1	110.99
2.	12 TPH High Pressure Boiler	Value Max Systems Private Limited	1	283.50
3.	Installation of Chimney	Value Max Systems Private Limited	1	140.00
4.	Other Charges, including civil works, boiler & turbine house, freight & insurance etc.	Various		26.73
	Total			561.22

D. New Office Block at existing unit

We did not have separate office block at Bahalgarh unit and have been operating from a make shift arrangement. For efficient functioning, a modern office block housing latest communication facilities, administrative tools, data and systems architecture is being built at a cost of 130 lacs out of which a sum of Rs. 114 lacs has already been spent. The proposed office block shall have an approximate built up area of 6000 square feet. The communication facilities like desktops, computer servers, LAN connections, printers etc have already been installed and are operational at the makeshift unit, and cost of these equipments do not form part of the project cost.

E. Adding new storage facility at Bahalgarh unit

For rice milling industry, availability of the open storages is key element in material handling, a function which is of paramount importance. The need of the open storage arises because the paddy procured from the fields required drying in order to de-moisturize it. Though there are other methods and processes employed to achieve faster drying, but the natural drying in open is considered to be the ideal and ensures better quality of end products with lesser breakages in the course of processing. Though we have adequate land area, yet we have to acquire storage capacity on hire every year. To supplement and strengthen this infrastructure, we propose to acquire additional land measuring 5 acre at a cost of 137 lacs (including registration). The cost of development of this land and building of platforms on this shall entail an additional investment of Rs. 36.36 lacs. The total cost for this storage facility shall thus be Rs. 173.36 lacs. This will not only save on hire charges paid but will bring significant saving in cost of transportation cost of leakages, wastage pilferages in the course of carrying the material to and fro.

F. Automation & Modernization of existing facilities at Bahalgarh, Haryana

Our MIS (management information system) over the period has been consistently suggesting towards the scope and need of improving the efficiency level being achieved by us. It was

pointed out that plants and processes, some of which are mechanically operated and controlled, should be fully interlinked and integrated to improve efficiency levels. The automation being envisaged to be inducted by the company from Dynamic Engineers Private Limited is Allen Bradley make automation system for the complete plant. The system will be interconnected to the whole plant and individual control through MMI's and the data of each plant/section will be available on the centralized PC. The whole plant will be divided into three sections- dryer, milling, and parboiling. All the three dryer units, two par boiling plant and three milling plants, boiler, and four grading plants will be interlinked to each other. PLC is suitably designed to handle the Input/Output of the before mentioned plants/sections. Central PC will have SCADA software with development and runtime capabilities and will have software for programming.

We propose to induct fully modernized parboiling plant to the meet the ever increasing demand of basmati rice from Middle East Market. These two steps aimed at modernization and automation shall substantially improve both top and bottom lines of the company and gets duly reflected in the projected results. Our Company has already started the process of automation & modernisation of the existing plant situated at Haryana.

Sr. No	Particulars	Name of Suppliers	Rs. lacs
1.	Allen Bradley make automation system for complete plant. The system will be inter connected to the whole plant and individual through MMI & the data of each plant/ section will be available on centralized PC	Dynamic Engineers Private Limited	*223.80
2.	Setting up new modernized par boiling plant	HSF Food Pro-Tech Private Limited	130.43
	Total		354.23

Grading & Sorting

For optimum capacity utilization of the plant capacity, it is essential that there should be ideal balancing between the milling capacity and further processing like grading sorting etc. Our Company has been experiencing the need to add one more unit of grading sorting etc. to achieve perfect balance between milling and processing capacities. For this we propose to build one factory shed measuring 15000 square feet on the existing land at a cost of Rs. 57.00 lacs. The detail of other machineries to be set up and their cost is given as under:

Sr. No	Particulars	Name of Supplier	Rs. Lacs
1.	Precleaner	Buhler India Pvt. Ltd	5.64
2.	Distoner	Buhler India Pvt. Ltd	6.15
3.	Silky Machine	Buhler India Pvt. Ltd	17.42
4.	Thick Sixer	M/s Sona Foods (India)	.60
5.	Length Grader	M/s Sona Foods (India)	6.49
6.	Elevators	M/s Sona Foods (India)	12.56
7.	Packing Machine	Reed Medway Packaging Co. (I) Pvt. Ltd.	3.63
8.	Grain Colour Sorter	Satake Corporation	*44.85
9.	Platform & Erection Cost of Machinery		15.00
10.	Cost of Shed		57.00
	Total		169.34

The additional processing capacity besides improving the efficiency and capacity utilization will add to the processing capacity and help in additional sales revenue over the years.

Miscellaneous Fixed Assets

The expansion and modernization and automation plans proposed also require some additional capital expenditure on some of the heads, the detail and cost of which is given below:

Sr. No	Particulars	Name of Suppliers	Rs. (In Lacs)
1.	Seed Grader Model Coral	Osaw Agro Industries Private Limited	5.58
2.	Energy Saving Device	Lovendra Sales Agency	*38.16
3.	GEM Aqua Saver	Air Power Technique	3.75
4.	Air Compressor	Air Power Technique	1.6
5.	Sortex Machines	Sortex Limited, London	*55.15
	Total		104.24

Out of the above, the investment on energy saving device at the cost of Rs. 38.16 needs specific mention and note. This Korean manufactured device shall be supplied by Lovendra Sales Agency Mumbai.

The device model is EK33-2500; type EK11 and consists of power saving auto transformer, circuit breaker and has by pass functions. The machine shall bring in the following benefits:

- Reduction in Electric charges in the range of 10-20 percent.
- Harmonics and unbalance are removed.
- Power quality is improved.
- Efficiency of the equipments is increased.
- Life line of equipment is extended.

Note: Figures prefixed with * indicate payment in foreign currency. Our Company does not propose to buy any second hand Plant & Machineries for the existing project.

G. Additional Margin Money for Working Capital

Our Company's optimal margin money requirement for working capital for these new projects is estimated at about Rs.6850 lacs. A detailed working for the same is mentioned below:

Particulars		
Current Assets		
Inventory		
- Raw Material (127 days)	10080.00	
-Finished Goods (77 days)	6425.58	
Sundry Debtors (82 days)	8161.02	
Advances for material	750.00	
Cash and Bank Balance and Other Current Assets	3189.30	
Total Current Assets		28,605.90
Current Liabilities		
Sundry Creditors (12 days)	1129.62	

Statutory Liabilities	50.00	
Other Current Liabilities	723.31	
Total Current Liabilities		1902.93
Net Working Capital Requirement		26702.97
Existing working capital margin as at 31 st March 2005		3853.00
Therefore Working Capital requirement		22849.97
To be funded through bank borrowing (Sanction letters for which have been received)		16000.00
To be funded out of the issue proceeds		3400.00
Therefore, balance to be funded through Internal Accruals		3450.00

Contingencies

Contingency at 5% has been provided on non-firm cost of Plant & Machinery and at about 10% on non-firm cost of land, building, misc. fixed assets and preoperative expenses. This includes contingencies arising due to foreign exchange fluctuations. It may be mentioned that the Company is actively negotiating the prices of machineries and therefore the proposed contingency provision is considered adequate.

Schedule of Implementation

Sr. No.	Particulars	Commencement Date	Date of completion
1.	Setting up facilities for Organic rice	Already in progress Land acquired	September 2006
2.	Setting up of packaging unit at Bahalgarh	March 2006	December 2006
3.	Setting up of power plant for captive consumption at Bahalgarh	April 2006	March 2007
4.	New Office Block at existing unit	Commenced	March 2006
5.	Adding new storage facility at Bahalgarh	April 2006	September 2006
6.	Automation & Modernization of existing facilities at Bahalgarh, Haryana	June 2006	August 2007

The overall cost of the proposed project and the proposed year wise break up of deployment of funds are as under:

Particulars	Already incurred	2005-06	2006-07				2007-2008		Total
		Qtr IV	Qtr I	Qtr II	Qtr III	Qtr IV	Qtr I	Qtr II	
Organic Rice facilities	111.46	37.21	38.28	38.28	39.67	39.67	50.89	19.43	374.91
Packaging unit	0.00	35.00	45.00	105.12	36.21	0.00	0.00	0.00	221.33
Power plant	0.00	0.00	225.00	75.00	75.00	186.22	0.00	0.00	561.22
New office block	114.29	15.71	0.00	0.00	0.00	0.00	0.00	0.00	130.00
Storage facilities	0.00	137.00	36.36	0.00	0.00	0.00	0.00	0.00	173.36
Automation & modernisation	82.80	15.00	77.00	112.34	45.00	85.00	65.00	145.67	627.81
Total	308.55	239.92	421.64	330.74	195.88	310.89	115.89	165.10	2088.63

Add: Contingencies	100.00
Add: Working capital margin funded from IPO	3400.00
Total Project Cost	5588.63

Deployment of Funds in the Project

We have incurred the following expenditure on the project till 20th December 2005. The same has been certified by M/s R.K. Gulati & Associates, Chartered Accountants vide his certificate dated 07th January 2006.

Deployment of Funds	Rs. in Lacs
Purchase of Land, development and consultancy charges thereof	111.46
Plant and Machinery for automation and modernisation	82.60
Office Block	114.29
	308.35

Sources of Funds	Rs. in Lacs
Internal Accruals	308.35
Total	308.35

Interim Use of Funds

Pending utilization in the project, the proceeds of the Issue will be utilized either for reducing the working capital limits utilisation level to save interest cost or invested in Bank Deposits and/or Gilt Edged Government Securities, either directly or through Mutual funds.

In case the Issue does not go as planned, we will make alternative arrangements like availing of fresh loans from bank and also internal accruals to meet the shortfall, if any.

BASIC TERMS OF THE PRESENT ISSUE

Principal Terms and Conditions of the Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, ROC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Terms of Payment:

Applications should be for a minimum of [•] equity shares and in multiples of [•] equity shares thereafter. The entire price of the equity shares of Rs. [•]/- per share (Rs. 10/- face value + Rs. [•]/- premium) is payable on application.

In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.

BASIS FOR ISSUE PRICE

Qualitative Factors:

- ***Profit Making Company since Incorporation***

We are a profit making Company since incorporation. PAT for last 5 years is given below:

Rs. in Lacs						
Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	30-09-2005 (6 months)
PAT	1067.41	1277.63	901.78	413.85	680.98	480.22

- ***Quality Standards***

Our Company has always believed one of the best qualities in our processes and products. We have been granted ISO 9002 issued by SGS Yarsley International Certification System and ISO 14001:1996 certificate issued by BSI Management Systems for the environmental management system associated with rice processing. We adhere to quality standards as prescribed by our customers, which has given us a brand name among our customers.

- ***Strong Customer Relationship***

Our Company has strong customer base in the domestic as well as global market. Over a period of time, our Company has built-up a track record for quality products and timely deliveries. Our Marketing team closely interacts with the customers, understand their requirements and develop the products as per their requirements. Our Company has been able to retain customers and further strengthen the relationship by providing them end-to-end solutions for their requirements.

- ***Capability to Manage Multiple and Large Orders***

Large orders require capabilities to manage large workforce, complex sourcing, production planning, and ability to ensure timely delivery to the customer. Over the years, our Company has developed the skills to manage multiple large orders concurrently.

- ***Optimum Utilization of Manufacturing Facilities***

Our Company is able to utilize manufacturing facilities at an optimum level by balancing production and marketing efforts. Further, our Company has the capability to reprocess the wastes generated during the production cycle. This help to reduce the raw material costs and maintaining the cost competitiveness.

Quantitative Factors

1. Adjusted Earnings Per Share

	EPS (Rs.)	Weight
2002-03	14.86	1
2003-04	6.80	2
2004-05	11.44	3
Weighted Average EPS	10.46	

2. Price/Earning Ratio (P/E) in relation to Issue Price of Rs. [●]/- per share

- Based on 2004-05 EPS of Rs. 11.44 [●]
- Based on weighted average EPS of Rs. 10.46 [●]

Our Company broadly fits into the food processing industry, which consists of players from various fields of food processing, and as such is not comparable. However, accounting ratios of some of the comparable companies in the group is given as under:

Accounting Ratios of some of the Companies in the same Industry group:

Particulars	EPS (Rs)	P/E	RONW (%)	NAV (Rs.)
Satnam Overseas*	7.60	9.90	15.40	54.10
KRBL*	9.10	10.00	10.40	90.80
Sunstar Overseas Limited (2004-2005)	11.44	--	9.68	118.23

*Source: Capital Markets Volume XX/23, January 16-29, 2006.

3. Return on Net Worth

	RONW %	Weight
▪ 2002-03	14.9	1
▪ 2003-04	6.43	2
▪ 2004-05	9.68	3
Weighted Average	9.47	

- Minimum Return on Total Net Worth needed after the Issue to maintain pre-Issue EPS of Rs. 7.89 is [●] %

4. Net Asset Value

a)	As on 31 st March 2005	118.23
b)	As on 30 th September 2005	126.25
c)	After Issue	[●]
d)	Issue Price	[●]

- The face value of our shares is Rs.10/- per share and the Issue Price of Rs. [●]/- is [●] times of the face value of our Equity Shares. The final price would be determined on the basis of the demand from the investors.
- The Book Running Lead Manager believes that the Issue Price of Rs. [●]/- per share is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in the Draft Red Herring Prospectus to have a more informed view about the investment proposition.

STATEMENT OF TAX BENEFITS

We hereby report that the enclosed Annexure-I states the possible income-tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 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 fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil. The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

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

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

While all reasonable care has been taken in the preparation of this opinion, M/s R.K. Gulati & Associates, accepts no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

For R K. Gulati & Associates
Chartered Accountants

Rakesh Gulati
Partner
Membership No: 84895

New Delhi
Date: 07th November 2005

Annexure-I

Statement of possible benefits available to the Company and its shareholders

I. Under the Income Tax Act, 1961

A. 1 Benefits available to the Company

- A.1.1** The Company is eligible under section 35D of the Income Tax Act, 1961 to a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and conditions specified under the said section.
- A.1.2** The Company would be eligible for depreciation @ 15% on the cost of Plant & Machinery as per the provisions of Income Tax Act, 1961. Further the company would be entitled to depreciation @ 80% of the cost of Plant & Machinery in the nature of boilers, Air and water pollution equipment and energy saving devices and would also be entitled to depreciation on its other assets as per Rule 5 of the Income Tax Rules, 1962.

A.1.3 As per provisions of section 32 (1) (iia) of the Income Tax Act, 1961 the company would be entitled to additional depreciation @ 20% of the actual cost of new Plant & Machinery during previous year ending on or after 31.3.2005 subject to the fulfilment of other conditions specified under the said section.

A.1.4 Tax holiday under Section 10A of the Act

The company is eligible to claim a deduction with respect of profits divided by its undertaking setup for manufacturing and export of organic Rice for a period or ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking begins to manufacture or produce such articles or things. The amount eligible for a deduction would be the profits and gains derived from the export of organic rice. As per the provisions of the section, profits derived from the export means the amount which bears to the profits of the business of the undertaking, the same proportion as the export turnover bears to the total turnover of the business carried on by the undertaking.

However, from the Assessment Year 2003-2004, the tax holiday under Section 10B of the Act was limited to 90 percent of the eligible profits instead of 100 percent of such profits. As a consequence, 10 percent of the eligible profits of the undertaking would be taxable at the normal corporate tax rate of 30 percent (including surcharge of 10 percent and education cess @ 2%) for Assessment Year 2006- 07.

The benefit is available subject to fulfilment of conditions prescribed by this section and no benefit under this section shall be allowed with respect to any such undertaking for the assessment year beginning on the April 1, 2010 and subsequent years.

A.1.5 Unabsorbed depreciation and business losses

As per the provisions of section 32(2) of the Act, where full allowance cannot be given to the depreciation allowance in any year, the same can be carried forward and claimed in the subsequent years. Further, as per the provisions of section 72 (2) of the Act, unabsorbed business losses which is not set off in any previous year can be carried forward and set off against the business profits of the subsequent assessment years. However, the carry forward and set off of the unabsorbed depreciation and business losses are subject to restrictions specified in section 10A, section 79 and section 80.

A.2. Computation of Capital gains

A.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D)) or zero coupon Bonds are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and Mutual Fund units, zero coupon bonds are considered as long term capital assets if these are held for a period exceeding 12 months.

Consequently, capital gains arising on sale of shares held in a company or any other listed security or units of UTI or Mutual Fund units, zero coupon bonds held for more than 12 months would be considered as "long term capital gains".

A.2.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost

of acquisition / improvement by a cost inflation index, as per explanation (iii) to section 48 of the Act, as prescribed from time to time.

- A.2.3** As per the provisions of Section 112(1)(b) of the Act, long term capital gains as computed above would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess).

Gains arising on transfer of short term capital assets are currently chargeable to tax at 30 percent (plus applicable surcharge and education cess), at the discretion of assessee. However, as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess), if:

- The transaction of sale is entered into on or after 1st October 2004, through recognized stock exchange and;
- Such transaction is chargeable to securities transaction tax under that Chapter.

A.2.4 Exemption of long term capital gains from income tax

As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if:

- The transaction of sale is entered into on or after 1st October 2004, through recognized stock exchange and;
- Such transaction is chargeable to securities transaction tax under that Chapter.

- A.2.5.** As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the Company on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Company transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- A.2.6.** As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term capital assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of capital” within six months from the date of transfer of the said long term capital assets.

Eligible issue of capital has been defined as an issue of equity shares which satisfies the following conditions –

- the issue is made by a public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public.

A.2.7 Dividends exempt under section 10(34) of the Act

Dividends (whether interim or final) declared, distributed or paid by a domestic company for any assessment year commencing on or after April 1, 2003 are exempt in the

hands of the Company, in its capacity as shareholder, as per the provisions of Section 10(34) of the Act, if the same is subject to dividend distribution tax under section 115O of the Act.

- A.2.8.** Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years short-term as well as long-term capital gains.
- A.2.9** Long-term capital loss suffered during the year allowed to be set-off against long-term capital gains. Balance Loss, if any, could be carried forward for eight years for claiming set-off against subsequent years long-term capital gains.
- A.2.10** As per section 88E of the Act, the STT paid in respect of the taxable securities transactions entered into in the course of business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains of Business of Profession' arising from taxable securities transactions.

B. The Shareholders

B.1. Benefits available to resident shareholders

B.1.1 Income of a minor exempt up to certain limit

Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the Act will be exempt from tax to the extent of Rs. 1,500 per minor child.

B.1.2 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company for any assessment year commencing on or after April 1, 2003 are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act, if the same is subject to dividend distribution tax under section 115O of the Act.

B.1.3 Computation of capital gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D)) or zero coupon Bonds are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and Mutual Fund units, zero coupon bonds are considered as long term capital assets if these are held for a period exceeding 12 months.

Consequently, capital gains arising on sale of shares held in a company or any other listed security or units of UTI or Mutual Fund units, zero coupon bonds held for more than 12 months would be considered as "long term capital gains".

- B.1.4** Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as per explanation (iii) to section 48 of the Act, as prescribed from time to time.

- B.1.5** As per the provisions of Section 112(1)(b) of the Act, long term capital gains as computed above would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess).
- B.1.6** Gains arising on transfer of short term capital assets are currently chargeable to tax at 30 percent (plus applicable surcharge and education cess), at the discretion of assessee. However, as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess), if:
- The transaction of sale is entered into on or after 1st October 2004 through recognized stock exchange and;
 - Such transaction is chargeable to securities transaction tax under that Chapter.
- B.1.7 Exemption of long term capital gains from income tax**
As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if:
- The transaction of sale is entered into on or after 1st October 2004 and transactions are entered through recognized stock exchange and ;
 - Such transaction is chargeable to securities transaction tax under that Chapter.
- B.1.8** As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the Company on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Company transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
- B.1.9** As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term capital assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of capital” within six months from the date of transfer of the said long term capital assets. Eligible issue of capital has been defined as an issue of equity shares which satisfies the following conditions
- The issue is made by a public company formed and registered in India; and
 - The shares forming part of the issue are offered for subscription to the public.
- B.1.10** As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family (‘HUF’), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to income-tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house either purchased or constructed. If part of such net consideration is invested within the prescribed period in a residential house, then so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration shall not be

chargeable to income-tax. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

- B.1.11** As per provisions of U/s 88E of the Income Tax Act, 1961, the securities transactions tax paid by the shareholders in respect of taxable securities entered into the cause of his business income tax on the income chargeable under the head profit and gain of business or profession arising from taxable securities transactions subject to the fulfilment of other conditions specified under the said section.

B. 2. BENEFITS AVAILABLE TO NON-RESIDENT INDIAN SHAREHOLDERS

B.2.1 Income of a minor exempt up to certain limit

Under Section 10(32) of the IT Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs. 1,500 per minor child.

B.2.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company for any assessment year commencing on or after April 1, 2003 are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act, if the same is subject to dividend distribution tax under section 115O of the Act.

B.2.3 Computation of capital gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D)) or zero coupon Bonds are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months.

Consequently, capital gains arising on sale of shares held in a company or any other listed security or units of UTI or Mutual Fund units, held for more than 12 months would be considered as "long term capital gains".

- B.2.4** Section 48 of the Act contains special provisions in relation to computation of long term capital gains on transfer of an Indian company's shares by non-residents. Computation of long-term capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange as per rule 115 and 115A. Benefit of indexation of cost is not available in above case.

Gains arising on transfer of short term capital assets are normally chargeable at the tax rates as applicable to the status of the shareholder. However, as per section 111A, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess), if:

- The transaction of sale is entered into on or after the 1st October 2004 through recognized stock exchange and;
- Such transaction is chargeable to securities transaction tax under that Chapter

B.2.5 Capital gains tax - Options available under the Act

(A) Where shares have been subscribed in convertible foreign exchange –

Option available under Chapter XII-A of the Act Non-Resident Indians [as defined in Section 115C (e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

- As per the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.

B.2.6 As per the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising from the transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within a period of six months from the date of transfer in any specified asset or in any saving certificate as specified. If only part of such net consideration is so invested, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

B.2.7 As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

B.2.8 Under Section 115H of the Act, where the Non-Resident Indian 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 that year 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 assessment years until such assets are converted into money.

B.2.9 As per the provisions of Section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

B.2.10 Exemption of long term capital gains from income tax

As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if:

- the transaction of sale is entered into on or after 1st October 2004 through recognized stock exchange and;
- Such transaction is chargeable to securities transaction tax under that Chapter.

B.2.11 As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the shareholder on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Shareholder transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

B.2.12 As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of capital” within six months from the date of transfer of the said long term capital assets.

Eligible issue of capital has been defined as an issue of equity shares which satisfies the following conditions:

- The issue is made by a public company formed and registered in India; and
- The shares forming part of the issue are offered for subscription to the public.

B.2.13 As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family (‘HUF’), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house either purchased or constructed. If part of such net consideration is invested within the prescribed period in a residential house, then so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration shall not be chargeable to income-tax. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

B.2.14 Provisions of the Act vis-à-vis provisions of the tax treaty

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

B.3 Benefits available to Foreign Institutional Investors (“FIIs”)

B.3.1. As per provisions of section 10 (34) of the Act, any income by way of dividend referred to in section 115 O (i.e. dividend declared, distributed or paid on and after April 1, 2003 by the company) is exempt from tax.

B.3.2 Taxability of capital gains

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

Nature of income Rate of tax

Long term capital gains 10 percent

Short term capital gains 30 percent/10 percent (Reduced rate of 10% if transaction of sales is entered into on or after 1st October 2004 through recognized stock exchange and securities transaction tax changed. The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not available to FIIs.

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident.

B.3.3 Exemption of capital gain from income tax

As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if:

- The transaction of sale is entered into on or after 1st October 2004 through recognized stock exchange and;
- Such transaction is chargeable to securities transaction tax under that Chapter.

B.3.4 As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the Company on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Company transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of 1 Reduced rate of 10 percent if the transaction of sale is entered into on or after 1st October 2004 through recognized stock exchange; and such transaction is chargeable to securities transaction tax under that Chapter capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

B.3.5 As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or of the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of share capital” within six months from the date of transfer of the said long term capital assets. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- the issue is made by a public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public

B.3.6 Tax Treaty Benefits:

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions the tax treaty to extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the beneficial provision of an applicable tax treaty.

Note: There is a legal uncertainty over whether a FII can elect to be governed by the normal provisions of the Act, instead of the provisions of section 115AD. Investors are advised to consult their tax advisors in this regard.

B. 4 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 thereunder, 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 such conditions as may be prescribed in this behalf.

B.5 Benefits available to Venture Capital Companies/Funds

As per the provisions of section 10(23FB) of the Act, any income of Venture Capital Companies / Funds (set up to raise funds for investment in a venture capital undertaking registered and notified in this behalf) registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified therein. However, the income distributed by the Venture Capital Companies / Funds to its investors would be taxable in the hands of the recipients.

II. Benefits available under the Wealth Tax Act, 1957

All assesses are entitled to exemption from wealth tax in respect of the shares of the company as shares or securities are not included in the definition of asset U/s 2 (ea) of the Wealth Tax Act, 1957.

III. Benefits available under the Gift-Tax Act, 1958

Gift of shares of the company made on or October 1, 1998 would not be liable to Gift tax under the erstwhile Gift Tax Act. However, under section 56 (2) (v) of the Income Tax Act, 1961, where any sum of money (which could include gift of shares also) exceeding twenty five thousand rupees is received without consideration by an individual or a Hindu undivided family from any person on or after the 1st day of September, 2004, the whole of such sum, would be taxed as income in the hand of the recipient, provided that this clause shall not apply to any sum of money received:

- a) from any relative; or
- b) on the occasion of the marriage of the individual; or
- c) under a will or by way of inheritance; or
- d) in contemplation of death of the payer.

For the purposes of this clause, "relative" means:

- a) spouse of the individual;
- b) brother or sister of the individual;
- c) brother or sister of the spouse of the individual;
- d) brother or sister of either of the parents of the individual;
- e) any lineal ascendant or descendant of the individual;

IV. Benefits available under Export Import Policy

Import of Capital Goods under Export Promotion Capital Goods scheme (EPCG Scheme) at concessional rate of duty subject to fulfilment of obligations.

Notes:

- All the above benefits are as per the current tax laws and will be available only to the sole/first named holder in case the Equity Shares are held by joint holders.
- In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.

SECTION VI - ABOUT US

INDUSTRY OVERVIEW

Introduction

Rice is one of man's most important foods. Today, this unique grain helps sustain two-thirds of the world's population. Archaeological evidence suggests that rice has been feeding mankind for more than 5,000 years. Today, agriculture is the backbone of India's economy, providing direct employment to about 70% of working people in the country.

(Source: www.agriculture-industry-india.com)

Rice is one of the important cereal food crops of India. Rice contributes about 43% of total food grain production and 46% of total cereal production in the country. It continues to play a vital role in the national exports. The percentage share of rice in total national export was 4.5% during 1998-99. The percentage share of agriculture export in total national export was 18.25, whereas the percentage share of rice export in total agriculture export was 24.62 during 1998-99. Thus, rice export contributes nearly 25% of total agriculture export from the country.

Rice is also an important cereal food crop in South East Asia. Thailand, Vietnam, Myanmar, China and Japan are the important countries besides India growing rice. Among the exporting countries Thailand, Vietnam, India and Pakistan are the important countries exporting rice in sizeable quantity. Thailand ranks first in the export of rice in the world followed by Vietnam and India. China and Indonesia are likely to boost their import of rice, which will facilitate India to increase its rice export. Besides, the Govt. of India has also fixed a high target for export of rice from India including broken rice. The Govt. of India has also fixed the export price of rice quite competitive in the international market. These measures are expected to contribute in boosting the export of rice from India.

The Basmati export zone has been set up in Punjab to tap the potential of basmati rice to increase its export in the international market. In fact Indian basmati rice is well recognized in the international markets because of its quality. Keeping in view the export potential of basmati rice, the Govt. of India has launched aggressive export promotion policy to further develop the basmati rice by adoption of improved production technology including improved high yielding new seeds. The scheme for export of basmati zone will cover Gurdaspur, Amritsar, Kapurthala, Jalandhar, Hoshiarpur and Nawanshahar districts of Punjab.

The export of basmati from the country has grown by 39.4% in 2005 to 850,000 MT and is estimated at Rs 20 bn (USD 0.46bn) with major portion of exports going to the middle-east (65% of basmati exports), Europe (20%) and USA (10-15%). At \$850 per tonne, the Indian basmati variety is the most expensive basmati imported by the European Union compared to \$700 per tonne for Pakistani basmati and \$500 per tonne for Thai fragrant rice. The Indian rice market is estimated at 89mn tones of which basmati rice is around 2%. India is the second largest producer of rice after China and the largest exporter of basmati in the world. India has a natural competitive edge considering that basmati grows only in India and Pakistan. Domestic consumption of basmati rice is expected to rise significantly due to the increasing per capita income and an improvement in the standard of living in the country. The total basmati production in India is 1.7mn tones, out of which 0.7mn tonnes is exported while 1mn tonne is consumed domestically. The rice business is changing from being a mere commodity business to an industry where technology and branding is gaining importance. Moreover, with rising disposable income and changing consumer preference the demand for basmati is expected to grow at a faster pace.

Structure of the Rice Industry

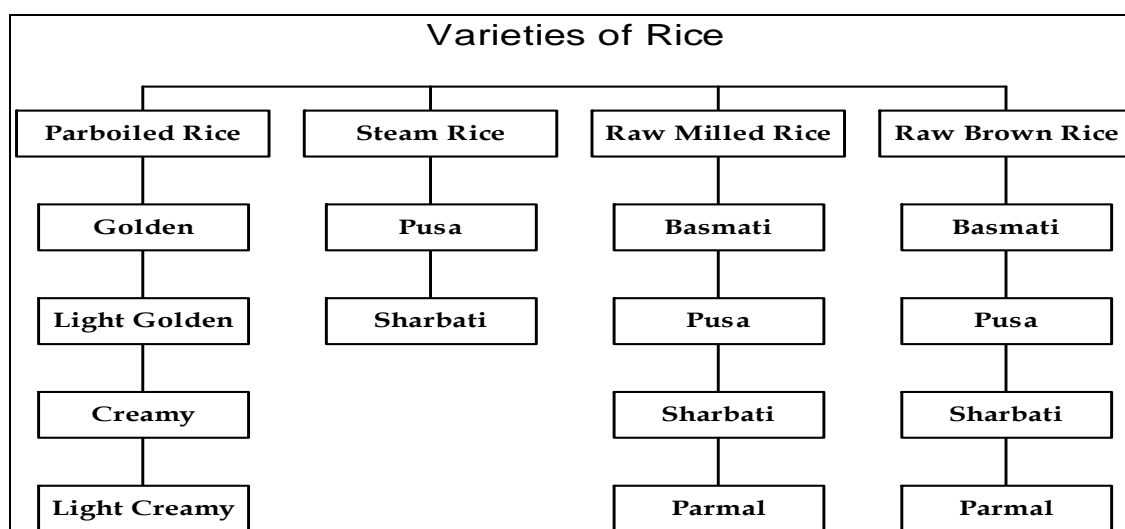
The industry in India has a complex structure marked by presence of both large-scale production units as well as small-scale units. The rice industry in India is broadly divided into two segments, basmati and non-basmati. Unorganised sector and regional players in the market dominate the non-basmati segment. The non-basmati market is largely unbranded. India produces 86m tonnes of non-basmati rice annually. The total market is estimated at Rs 1,000 billion. Of this, a small fraction of around 5% is exported and the remaining is consumed domestically. It is very difficult to create differentiation and brands and hence is not very lucrative in terms of profitability.

Status of Rice Milling Units in India:

Rice milling is the oldest and the largest agro processing industry of the country. At present it has a turn over of more than 25,500/- crores per annum. It processes about 85 million tonnes of paddy per year and provides staple food grain and other valuable products required by over 60% of the population. Paddy grain is milled either in raw condition or after par-boiling, mostly by single hullers of which over 82,000 are registered in the country. Apart from it there are also a large number of unregistered single hulling units in the country. A good number (60 %) of these are also linked with par-boiling units and sun -drying yards. Most of the tiny hullers of about 250-300 kg/hr capacities are employed for custom milling of paddy. Apart from it double hulling units number over 2,600 units, underrun disc shellers cum cone polishers numbering 5,000 units and rubber roll shellers cum friction polishers numbering over 10,000 units are also present in the country. Further over the years there has been a steady growth of improved rice mills in the country. Most of these have capacities ranging from 2 tonnes /hr to 10 tonnes/ hr.

Types of Rice

There are two types of rice that is consumed - raw and sella (parboiled). While raw rice is consumed mainly in the domestic market, sella rice is generally consumed in the Middle East. Sella is a form of rice that undergoes a special process of boiling and steaming to capture the nutritive value of bran in the rice. Within raw rice, there are two varieties, viz., raw milled rice and raw brown rice. Some of the different subcategories of above types of rice are mentioned below:



Rice Export International Scenario

Rice export from India constitutes the major share of Basmati rice. Nearly two-third of Basmati rice produced in India is exported. Basmati rice is the leading aromatic fine quality rice of the world trade and it fetches good export price in the international markets. Infact, Basmati rice is a

gift from "Mother Nature" to the Indian sub-continent and grows in the Indo-Gangetic plains only.

The supremacy of basmati rice cannot be superseded by any other scented variety because of its unique characteristics viz. superfine kernels, exquisite aroma, sweet taste, silky texture, delicate curvature and linear kernel elongation with least breadth and swelling on cooking. Because of its quality characteristics, basmati rice is fetching higher price in the international market. During pre-partition times, basmati rice was grown in India only but after partition, its heritage is shared between India and Pakistan. Presently, major growing states of basmati rice in India are Haryana, Punjab, Western U. P. and Uttaranchal.

Being high value product, it has got good export demand. Hence, the export has been very high and exports have been steadily growing. Gulf region remains the major markets for Indian basmati rice and inside Gulf, Saudi Arabia accounts for the major chunk of basmati imports from India. Pakistan is the sole competitor for India in the international market for basmati rice. During 1998-99, 1999-2000 and 2000-01, total quantities of basmati rice exports from India were 5.98 lac mts., 6.38 lac mts. and 8.52 lac mts. in which the percentage share of Asia was 85.69%, 82.12% and 73.38% respectively. The percentage share of Asia has decreased for basmati rice, during 1998-99, 1999-2000 and 2000-01 but the export to Europe has increased in linear order from 11.41% in 1998-99 to 14.37% in 1999-2000 and 20.46% during 2000-01 respectively.

The export to North America has also increased in the same order from 1.39% during 1998-99 to 5.28% during 2000-01. India's major markets for basmati rice exports have been Saudi Arabia, Australia, Austria, Belgium, Bahrain, France, Germany, U.K., Denmark, U.S.A., Canada, Belgium, Kuwait, Italy, Oman, Yemen, Netherlands, Jordan, Indonesia etc. Infact, Saudi Arabia traditionally has been the largest market for Indian basmati rice.

Major destinations for India's non-basmati rice exports are Bangladesh, Australia, Bahrain, Ethiopia, Djibouti, France, Germany, U.K., Hong Kong, Korea, Sri-Lanka, Maldives, Mauritius, Malaysia, Nigeria, Ivory coast, Indonesia, Nepal, Oman, Qatar, Russia, South Africa, Saudi Arabia, Somalia, Singapore, U.A.E. etc. Competing countries in the international markets for India for the exports of non-basmati rice are Thailand, Vietnam, Burma, China, U.S.A. and Pakistan. Major quantity of non-basmati rice is exported to Asia continent.

During 1996-97, 1997-98, 1998-99 and 1999-2000 a total quantity of 9.59 lac mts., 9.28 lac mts., 28.75 lac mts. and 7.08 lac mts. were exported to Asia continent which were 48.20%, 51.66%, 65.86% and 56.28% of total export of non-basmati rice from India to Asia, respectively. There was a fluctuation in the export of non-basmati rice from India to Asia during 1996-97 to 1999-2000.

After Asia, non-basmati rice is exported from India to Africa continent. During 1996-97, 1997-98, 1998-99 and 1999-2000 a total quantity of non-basmati rice exports from India to Africa were 5.39 lac mts, 5.59 lac mts, 10.67 lac mts and 3.24 lac mts, in which the percentage share of Africa continent was 27.09%, 31.14%, 24.44% and 25.73% respectively of total export of non-basmati rice from India.

Next to Africa continent, Europe continent has been importing non-basmati rice from India during 1996-97, 1997-98, 1998-99 and 1999-2000. The exports of non-basmati rice from India to other continents are very meagre. The exports to Europe continent during the last few years were an average more than 1.5 lac mts per year except 1996-97. During 1996-97 total export of non-basmati rice to Europe was 3.38 lac mts.

Indian is exporting parboiled rice to Middle East and African countries, as these countries prefer parboiled rice.

Rice Export Earnings

Basmati Rice

As already mentioned, India is exporting Basmati Rice to various countries in the world. A total quantity of 2.66 lac mts basmati rice was exported to different countries from India during 1991-92. However, the export increased to 8.52 lac mts during 2000-01, registering an increase of 220% during the last nine years period. The export of basmati rice from 1996-97 to 1999-2000 was almost static with slight increase over the years. During 1991-92 export earning from the export of basmati rice was 499.18 crores, which increased to 2165.96 crores during 2000-01 registering an increase of 333.90 per cent over 1991-92 export earnings. Over 80% of Basmati rice grown in India is produced for export.

(Source: www.agriculture-industry-india.com)

Non-Basmati Rice

India is also exporting substantial quantity of non-basmati rice to various countries in the world. However, the export of non-basmati rice has been fluctuating year to year due to weather conditions affecting the production of non-basmati rice in the importing countries. Over all increase in export of non-basmati rice during the last 10 years period i.e. from 1991-92 to 2001-02 was about 3 folds. The export earnings from non-basmati rice increased more than 4 folds during 2001-02 as compared to 1991-92.

Total Rice

During 1991-92, a total quantity of 6.78 lac mts of rice (Basmati + Non-Basmati) was exported from India to different countries in the world. The export of total rice increased during subsequent years and the export during 1995-96 rose to 49.14 lac mts., which was more than a six fold increase in export as compared to 1991-92 export of total rice from India. Infact, there was 224.19 per cent over all increase in the export of rice from India during 2001-02 as compared to the export of 1991-92. Export earnings from the export of total rice from India during 1991-92 was Rs. 755.59 crores and it increased to Rs. 4,568.08 crores during 1995-96, which was more than five folds increase.

Growth Prospects

The domestic market is estimated to be growing at 6% for basmati rice and at 3-4% for non-basmati rice. With a growing consuming class and increasing disposable incomes, demand for premium products is on the rise. Going forward, we expect not just an increase in penetration but also an increase in per capita consumption.

A large part of basmati exports is unbranded, which leads to lower export realizations. However, with Indian players opting to export under own brands, we expect overall realizations to improve. The industry is characterized by low EBITDA margins as raw material cost accounts for around 80% of revenues. With manufacturing costs at 5%, and selling and distribution expenses at 7-8%, rice manufacturers generally have EBITDA margins of 5-7%. The profitability of the industry has been low due to the fact that majority of the players have been selling unbranded rice. Traditionally, rice manufacturers have had very little bargaining power. However, with the introduction of own brands, manufacturers are witnessing an improvement in margins. According to industry estimates, EBITDA margins for unbranded exports are 8% while margins on branded exports are 16%.

Prospects of Rice Export from India

India is facing stiff competition in the International markets from Thailand, Vietnam, U.S.A. and Pakistan. There was a considerable growth in the export of rice from India during the

recent past, particularly in the case of non-basmati rice. There are several factors responsible for this growth. Infact exports depend not only on our ability to sell, but also on the willingness of importers to buy. Some times major markets/importers used to cut down their import due to their internal economic problems or good crop harvest and trade also cut down inventories and people reduce spending. All these measures reduce imports during that particular year.

- Awareness about basmati rice is spreading among different strata of the society in the country and abroad.
- Basmati rice is possessing unique grain, cooking, eating and digestive qualities. Hence, majority of people in the country and abroad have developed liking for basmati rice.
- Because of its superfine quality, basmati rice is most preferred and also meant for high premium value in the national and international markets.

Middle East is the largest and fastest growing market for Basmati Rice

The consumption of basmati rice depends upon the level of per capita income and the rate of growth of population. Rice consumption has been declining in the middle and high-income Asian countries like Japan, China, Thailand and Malaysia. Over the next three decades their population might grow at only about 1% per year, so these countries may not experience any further upward pressure on the demand for rice. However the scenario for other countries is different where there is still room for an increased per capita consumption of rice as parts of the population are yet to be covered. Within this growing per capita consumption, the consumption of premium rice variety like basmati is expected to be higher on account of growing affordability and an aspiration to move to a higher standard of living. Recent projections made by International Food Policy Research Institute (IFPRI) indicate that the demand for rice will increase by 1.1% per year over the next three decades. Demand will increase only marginally in East Asia (0.4%) but quite substantially in the low-income countries of South Asia (1.6%) and sub-Saharan Africa (2.0%). Global rice production is also expected to increase from 600 mn to 800 mn tonnes by 2030 to meet the increasing demand.

India is the largest exporter of basmati in the world.

The export of basmati from the country has grown by 39.4% in 2005 to 850000 MT and is estimated at Rs 20 bn (USD 0.46bn) with major portion of exports going to the middle-east (65% of basmati exports), Europe (20%) and USA (10-15%). At \$850 per tonne, the Indian basmati variety is the most expensive basmati imported by the European Union compared to \$700 per tonne for Pakistani basmati and \$500 per tonne for Thai fragrant rice. The Indian rice market is estimated at 89mn tones of which basmati rice is around 2%. India is the second largest producer of rice after China and the largest exporter of basmati in the world. India has a natural competitive edge considering that basmati grows only in India and Pakistan. Domestic consumption of basmati rice is expected to rise significantly due to the increasing per capita income and an improvement in the standard of living in the country. The total basmati production in India is 1.7mn tones, out of which 0.7mn tonnes is exported while 1mn tonne is consumed domestically.

The rice business is changing from being a mere commodity business to an industry where technology and branding is gaining importance. Moreover, with rising disposable income and changing consumer preference the demand for basmati is expected to grow at faster pace.

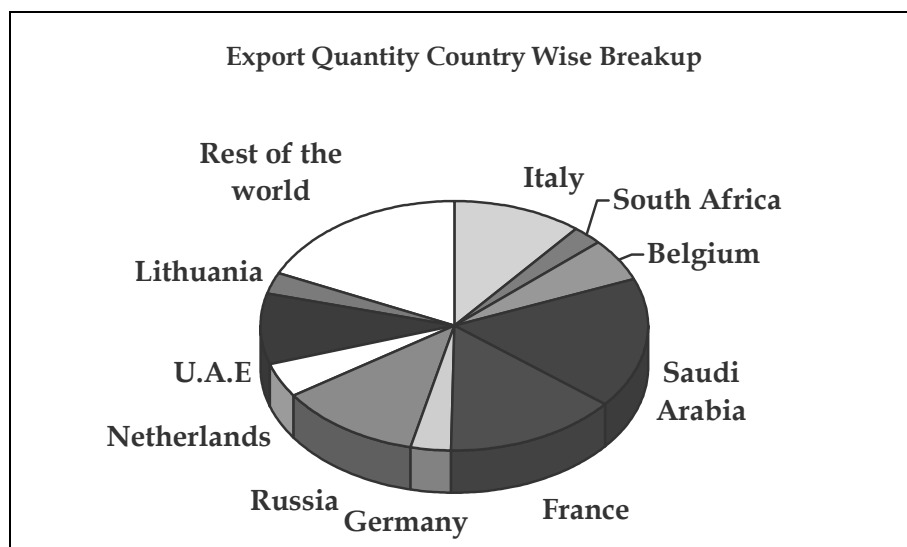
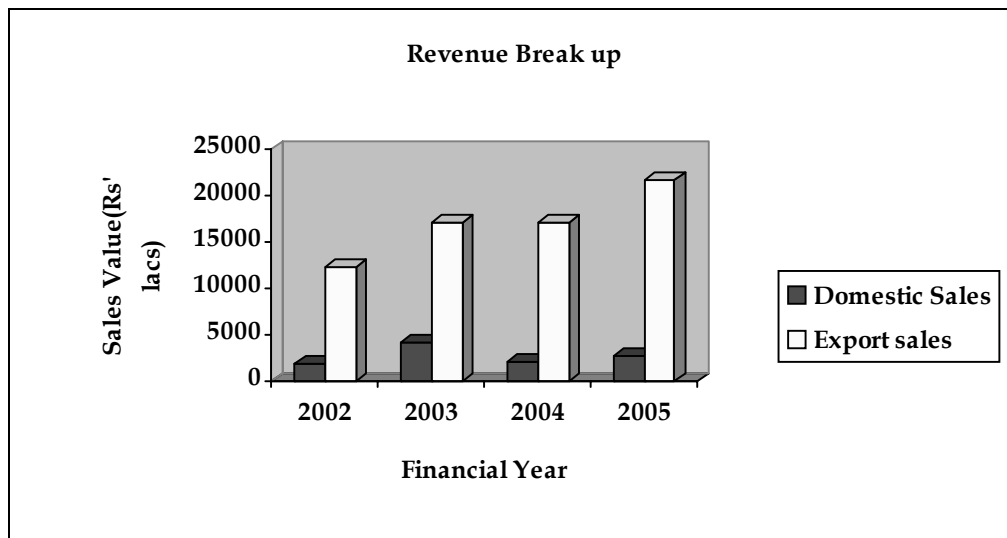
BUSINESS OVERVIEW

Our Business

Our Company is currently engaged in the manufacturing and processing of rice. We are into manufacturing and processing of Basmati and Non Basmati varieties of rice, with focus on Basmati variety. Currently we are also engaged in the trading of pulses, timber, sesame, cane sugar, cashews, almonds, paddy seed and granite.

Our Company uses the best and the latest technology available in the market. We have imported machines from Satake (Japan), Buhler (Germany) and Sortex from Germany, to name a few. We also propose to purchase several more automated machines for expansion and modernization of our existing capacities.

Our Company is exporting rice to countries like Germany, Spain, Italy, Australia, U.K., U.S.A. Saudi Arabia, Dubai and others. At present, our exports are restricted to around 22 countries only which, leaves scope for our Company to develop new markets and to increase our presence accordingly. Accordingly, we are planning to explore new markets. In future we plan to make a mark on the domestic market also. Currently out of total production we are selling around 10-15% of our produce in the domestic market.



As can be seen from the above graph, the majority of sales of our Company are derived from exports, which comprises of Basmati Rice, in which we are the major. However, in the current scenario, the demand for Basmati Rice is also increasing in the domestic Market.

Reasons for Shift towards Basmati are given as follows:

- **Rising percentage of young population** - Nearly two-thirds of India's one billion plus population is under 35 years of age. The median age is 24 years as compared to 35 years in the United States, 41 years in Japan and 30 years in China. The increasingly prosperous younger generation tends to be indulgent. An evident shift in the decision making process in favour of this indulgent younger lot for purchase of household products like food grains is expected to result in upgradation of consumption pattern which augurs well for premium products like Basmati.
- **Increase in income levels** - Salaries in India are rising at a fast clip as compared to other countries. Salaries in India have grown by 11.11% for the quarter ended 30th June 2005. According to Mercer Human Resource Consulting, London, India's salaries are expected to improve 11.30% next year, which would be 7.30% inflation adjusted wage growth. The only country, which comes close to India's inflation-adjusted wage growth, is Egypt, where salaries are expected to rise 7.1% above inflation.
- **Changing spending patterns** - There has been a healthy growth in the number of households in the middle-income and higher income categories. The number of households in the lowest income bracket has witnessed a sharp fall; it is estimated to have fallen by 13.5% during the 2001-2005. Households, with an annual income of over Rs 500,000 are expected to double during the year. Due to the changing income levels the spending pattern has changed. People are buying more and more luxury items, thus the demand for basmati is rising.
- **Increase in number of working urban** - India's 300 mn urban dwellers form 28% of the total population but account for about 42% of the total private consumption expenditure. The urban population is growing at a faster pace than the rural population. According to NCAER urban population is growing at a 5-year CAGR as against overall population growth of 1%. Urban growth rates have been driven by larger number of urban centres and the migration of the young rural population to urban centres for higher education and employment.
- **Rising aspiration levels** - Rising aspiration levels, information revolution, and the entry of foreign brands in India after liberalization has made the purchase decision making process of urban Indians much more dynamic. The demands of the young population are rising at a fast pace.
- **Rise in Shopping Malls** - The number of shopping malls in the country are rising continuously. The arrival of these shopping malls has led to a change in the shopping patterns of consumers. Consumers are increasingly becoming brand-conscious. Traditionally rice was bought and sold in bulk quantities, which is now available in lower units price pack ranging from 1 kg to 5 kg. This we believe will drive consumption for branded basmati rice as it is nearly double the value of normal rice. Moreover as much as 40 shopping malls have been set up in the last three years while around 300 more malls are expected to be set up by 2007 which would push the sale further. So we expect people to shift to branded basmati rice.

Our Products

Our Company is engaged into the manufacture of rice. The different varieties of rice manufactured by the company are:

Parboiled Rice

- Golden
- Light Golden
- Creamy
- Light Creamy

Steam Rice

- Pusa
- Sharbati

Raw Milled Rice

- Basmati
- Pusa
- Sharbati
- Parmal

Raw Brown Rice

- Basmati
- Pusa
- Sharbati
- Parmal

Organic Basmati Rice

For producing the organic rice the cultivation process is different. The land used for cultivating organic rice is de-pesticised and no chemical/synthetic fertilizers etc are used on the land which is used for cultivating organic rice. It usually takes 3 years for the land to be totally free from chemicals and unnatural residues. While cultivating organic rice, there is no use of any pesticides, chemical fertilizers and any other chemical product. Organic rice is stored in separate warehouses. During the processing neem is sprayed to protect the rice from the worms, insects and pests. The manufacturing process is same as that of milled rice and raw rice. We have entered into exclusive contracts with around 624 farmers for growing organic rice in the states of Haryana, Uttar Pradesh, Uttaranchal and Punjab.

Our Company has the following brands, which are sold in the domestic market:

- Hello
- Gateway of India
- Neelkamal

Applications for registration of 7 other brand names have been made to the concerned authorities.

Our association with Fairtrade

Fairtrade Labelling was created in the Netherlands in the late 1980s. Max Havelaar launched the first Fairtrade consumer guarantee label in 1986 on coffee sourced from Mexico. Producers registered with Fairtrade Labelling Organisations International (FLO) receive a minimum price that covers the cost of production and an extra premium that is invested in the local community. This international body incorporates various stakeholders including elected producer and commercial representatives. It sets standards and ensures the international regular auditing of producer and commercial partners. Today, there are now 19 organisations including the Fairtrade Foundation, that run the international standard setting and monitoring body FLO.

In September 2004 there were 422 Fairtrade certified producer groups (including many umbrella bodies) in 49 producer countries selling to hundreds of Fairtrade registered importers, licensees and retailers in 19 countries.

Background

We have tied up with Fairtrade since the year 2001, and have taken pro-active steps towards this end. Our Company has assisted local rice growers to convert to organic production and then helped them set up a farmers' federation so that the group was eligible for Fairtrade certification. The federation supplies organic basmati rice to Sunstar which markets it domestically and internationally, including to Fairtrade markets in Switzerland, and France. Tesco supermarket launched Fairtrade rice in 150 of its UK stores on 6 June 2005.

The farmers are located in the Khaddar area of Haridwar district in Uttaranchal state, North India. The area is at the base of the Shivalik hills in the Western Himalayas where the River Ganges comes down from the mountains and meets the plains before continuing its journey to the Bay of Bengal. The area is famous for the production of high quality traditional basmati rice. Since 2001 our Company has developed an extensive organic farming project on the flood plain in partnership with the Khaddar Farmers' Federation. We conducted extensive field surveys before selecting this location, concluding that its soil quality, agro-climatic conditions and proximity to the pure irrigation waters of the Ganges and its tributaries were ideal for the cultivation of premium quality organic basmati rice.

Rationale for Fairtrade

While many basmati farmers successfully participate in the export market, there are large numbers of small-scale basmati rice growers in India who make a very poor living from it. Traditionally these farmers sell to agents at the local market, at low rates which don't cover even their cost of production. They are often deeply in debt to the local agents as a result of taking high interest loans from them to pay for necessities.

Fairtrade has the potential to bring unique benefits to these farmers. Some of the benefits are:

- to deepen their knowledge of rice agriculture and trade
- the opportunity to organise and to develop a direct relationship with the miller/exporter
- to receive a fair price to cover their costs of production with a premium to invest in improving their agricultural practices as well as in meeting social needs of the community - such as improved educational opportunities, establishment of financing facilities and improved sanitation in the villages

Our Company is keen to improve the position of its farmer partners and has identified Fairtrade as a means of achieving this. We liaison with Fairtrade as the farmers' Promoting Body and have been instrumental in supporting the transformation of this unorganised network of farmers into a coherent organisation. Twenty-three village-level farmers' clubs with a total of 520 rice farmers have been organised into the federation structure required for Fairtrade certification. Each club has three executives (representative, secretary and treasurer) who in turn select the executive for the federation. The farmers have a tradition of participating in welfare activities and social institutions at village level but hadn't previously worked together at this level of organisation.

There is great potential for Fairtrade to bring the farmers together and strengthen their ability to negotiate higher, stable prices with buyers, and also contribute new resources to the socio-economic development of the area, and our Company, as a part of its Corporate Social Responsibility is proud to be a part of this association. For further details on this aspect, you may please refer to www.fairtrade.org.uk

Brief details about the project:

▪ Location of our plant

Our Company currently has its manufacturing and processing plants at 40 Km Stone, G.T.K. Road, Bahalgarh, Sonapat, Haryana-131001 and at G. T. Road, Nijarpura, Amritsar, Punjab. Both these plants are well connected by rail and road to major destinations.

▪ Plant, Machinery, Technology, Processes Etc

The existing facilities are equipped with state of the art plant and machineries with mechanised processes for de-moisturising, temperature controlled drying, cleaning, de-husking, de-stoning, polishing, sorting, grading. Some of the major machineries at the plant are pre-cleaners, dryers, parboiling plant, de-stoners, paddy separators, rice huskers, length graders, polishers, colour sorters.

Machine	Functional utility
De-Huskers	: Remove the husk from the paddy rice
Paddy Separators	: Removes the paddy from brown rice
Precision sizers	: Precision sizers are strategically placed in different stages of the plant to ensure that the rice grain remains of the same size and oversized grains are segregated
Length graders	: Segregates rice grains of different sizes
Vertical abrasive polishers	: Polishing of the rice
Colour Sorters	: These eliminate the possibility of passing of any transparent particle like glass and other identical impurities like discoloured grains, white stones, plastic pellets etc

▪ Manufacturing Process

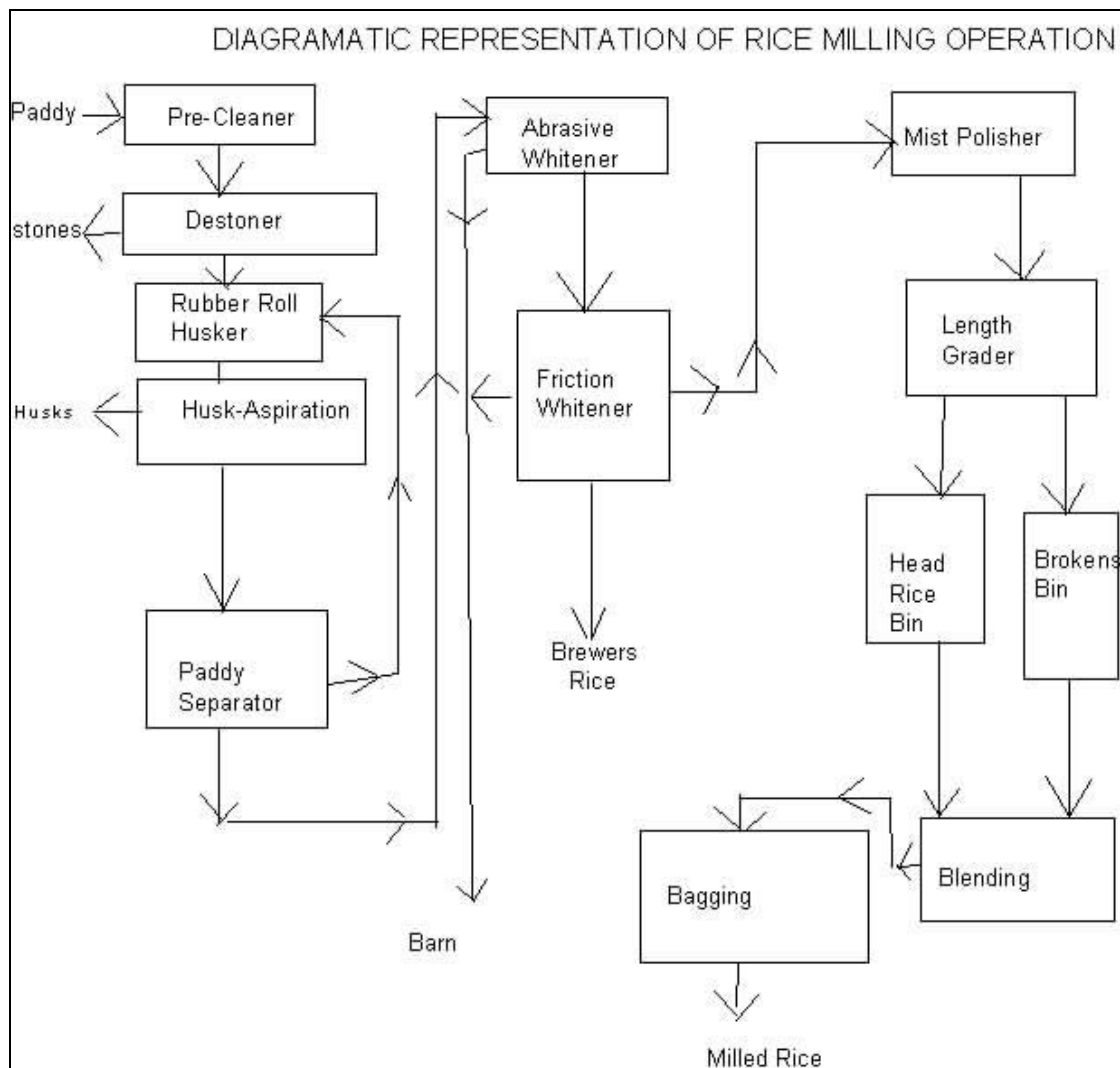
Paddy in its raw form cannot be consumed by human beings. It needs to be suitably processed for obtaining rice. Rice milling is the process which helps in removal of husk and bran from paddy grains to produce polished rice. Rice forms the basic primary processed product obtained from paddy and this is further processed for obtaining various secondary and tertiary products.

The basic rice milling processes consist of:

1. Pre Cleaning: Removing all impurities and unfilled grains from paddy
2. De-stoning: Separating small stones from paddy
3. Parboiling (Optional): Helps in improving the nutritional quality by gelatinization of starch inside the rice grain. It improves the milling recovery percent during deshelling and polishing/whitening operation
4. Husking: Removing husk from paddy
5. Husk Aspiration: Separating the husk from brown rice/un-husked paddy
6. Paddy Separation: Separating the unhusked paddy from brown rice
7. Whitening: Removing all or part of the bran layer and germ from brown rice
8. Polishing: Improving the appearance of milled rice by removing the remaining bran particles and by polishing the exterior of the milled kernel
9. Length Grading: Separating small and large broken from head rice
10. Blending: Mixing head rice with predetermined amount of broken, as required by the customer
11. Weighing and bagging: Preparing the milled rice for transport to the customer
12. The flow diagram of the various unit operations are as follows:

- **Description of Rice Milling Operation:**

Paddy in its raw form cannot be consumed by human beings. It needs to be suitably processed for obtaining rice. Paddy is converted into rice through a process called milling. It involves removal of husk & bran and polishing it to make it ready for consumption. Rice milling is a gigantic industry in India. Rice milling industry does not only mill rice. It also carries out many other essential functions, such as procurement, parboiling, drying, storage, quality control, utilization of by-products, etc. This milling is accomplished by a large number of systems from very small to very large scale. Some of these require ultramodern imported/indigenous machines based on intricate scientific principles. A brief process chart is being presented below to understand the process in a better way.



- **Infrastructure Facilities:**

Land

Our Company has freehold land of approximately 28 acres at the Bahalgarh unit where the expansions are proposed. The land is utilised for manufacturing facilities including parboiling plant, warehouse, dry area, internal roads, office structure, green belt etc. Our Company also proposes to acquire land measuring approximately 3 acres adjoining our existing land at the Bahalgarh unit for constructing additional storage space.

Raw Materials

The key raw material for manufacturing rice is paddy, which is procured only from domestic market. Our Company normally procures paddy from areas viz., Haryana, Uttar Pradesh, Punjab, Uttaranchal and from some parts of Rajasthan and Jammu & Kashmir. The Our Company keeps adequate stock of paddy to cover the existing order book position, which mitigates any adverse effect due to price fluctuation.

Raw material procurement

The raw material for the rice is paddy which is grown in fields. From the field this paddy comes to the nearby market (locally called *mandies*) for auction. The purchase of paddy is made in these markets. There are more than 100 *mandies* where the Basmati rice paddy is sold. Sunstar selects the markets (*mandies*) from which our Company procures paddy keeping in mind the following factors:

Selection of market for purchase of paddy (raw material)

Selection of market is crucial for acquiring good paddy at competitive price. Our purchase department has to take into consideration different factors while selecting the *mandies* procurement. Some of the common factors are stated below:

- Quality availability in the market.
- Quantity of Paddy available in that market.
- General Price levels from past experiences.
- Past experiences of Company towards that market.
- Expenses and costs in that market.
- Percentage of paddy coming from farmers versus traders.
- Other Purchasers buying Paddy from that market.
- Availability of vendors suiting Company's requirement in that particular market.
- Climatic conditions of surrounding villages of that market.
- Results of Crop Surveys conducted by Company.

For deciding the above factors Management uses different tools out of which Conducting Surveys at various stages is a major one.

Selection of Vendors for purchase of paddy

After selecting market, Vendors (Commission agents) are selected through which our Company will procure paddy. Certain factors are considered before selection of a Vendor.

- Goodwill of the vendor
- Other companies for whom the vendor is doing business (Preferences is given to the Vendors who can buy exclusively for the Company).
- His past performance depending on quality, quantity supplied and rejection Percentage.
- Vendor's fulfilment towards his commitment made with the Company.
- Vendor's knowledge towards the judgment of different varieties of paddy. To ensure this, Company conducts a test of Variety Recognition. In this vendors are given samples of mixed varieties and they are asked to segregate different varieties. Company selects only those vendors who successfully pass this test.

Organic Rice is being procured from Uttaranchal, Haryana and Jammu. Production of organic rice in Jammu has been started from the year 2005-06. Our Company is among the pioneers in developing the concept of organic rice farming in India. We have entered

into exclusive contracts with around 650 farmers to procure their output, which is grown using 100% organic methods.

- **Utilities**

Utilities comprise mainly of steam generators, besides a water effluent treatment plant, workshop and laboratory testing facilities, with state of the art apparatus.

- **Power**

Bahalgarh Plant – Haryana

Our existing power requirements for manufacturing facilities are catered by the State Electricity Board. Our Company has a sanctioned and connected load of 2500 KVA from Uttari Bijli Vitaran Nigam Limited. Presently, we are having 3 generators as standby arrangement of 100KVA, 320 KVA and 320 KVA. Our existing power consumption is about 20,000 units per day. Presently, our Company has a storage capacity of 20KL for High Speed Diesel. 33 KVA sub station is also installed at our unit, thereby preventing loss in transit of the electricity.

Amritsar Plant - Punjab

Our existing power requirements for manufacturing facilities are catered by the State Electricity Board. The unit has a sanctioned and connected load of 350 KVA from state electricity board. Presently, we are having 2 generators as standby arrangement. One generator is of 180KVA and the other is of 200KVA. Our existing power consumption is about 6,000units per day, which is derived from the state electricity grid.

- **Compressed Air**

Compressed air is used in manufacturing process. The per minute requirement is 565 cubic feet per minute (CFM). It is generated by compressors. There are four compressors installed at Bahalgarh, out of which 2 are standby. The capacities of compressors are 525 CFM, 365 CFM, 225 CFM and 40 CFM. At our Amritsar unit we have one compressor installed capable of generating compressed air at 125 CFM.

- **Water**

Water is being used for manufacturing as well as general purposes. Our water requirement at both the units is being met in-house. We have installed tube wells at both the plants. Water is readily available in the industrial area and we do face any water shortage.

- **Boiler/Steam**

Steam is used for manufacturing parboiled rice. The existing plant has a steam requirement of 850 kg/hour and would require additional steam of 200 kg/hour for the proposed project. At present 2 boilers are installed at Bahalgarh unit of 10 tonne capacity and another one having a capacity of 5 tonnes, which is kept for standby. Steam requirement is 200 kg per hour at the Amritsar unit, where we have one boiler is installed at the Amritsar plant having a capacity of 3 tonnes.

- **Fuel**

The requirement of fuel for boiler is being met in-house. We use Husk as a fuel for our boiler which is a waste generated during the manufacturing process. Husk is available in bulk and

as such we don't see a problem regarding its availability. For generators we procure High Speed Diesel directly from Indian Oil Corporation Limited.

▪ **Pollution Control**

Our Company has installed Effluent Treatment Plant (ETP) and we have also obtained the consent from the State Pollution Control board regarding the emission and discharge of effluents in air and water. We adhere to all the requirements to be met in this regard. We have installed ETP (Thermax make) for discharge of water. For emission of effluent in air we have installed APH (Air Preheating Heaters) and Cyclomax in boilers. For sound pollution we have installed acoustic chamber for DG Sets for controlling noise as per Pollution Control Board norms. We do not envisage any difficulty in meeting the required parameters to maintain a clean and healthy environment.

▪ **Manpower**

The manufacturing process requires an appropriate mix of skilled, semi-skilled and Unskilled labour. There is no shortage of labour as they are available from nearby local areas. As and when required, our Company also uses services of contractors for providing labour during peak season.

As on 15th December 2005 we have 551 employees in total; the details of which are as under:

Nature of Worker	Registered Office	Corporate Office	Bahalgarh Factory	Amritsar Factory
Regular Employees	02	39	191	14
Contract Workers	Nil	07	239	59
Total	02	46	430	73
				551

Detailed category wise break-up of the above employees/contract workers is given below:

Particulars	Bahalgarh		Amritsar		Registered and Corporate Office	
	Regular Employees	Contract Labourers	Regular Employees	Contract Labourers	Regular Employees	Contract Labourers
Managerial	05	00	02	00	14	00
Office staff	33	00	04	00	09	00
Semi skilled	147	43	07	12	15	02
Unskilled	6	196	01	47	03	05
Total	191	239	14	59	41	07

We have 246 permanent employees on our roll as on 15th December 2005, while the rest are employed with the local contractors.

Apart from the above, there are total 300 numbers of daily wage earners, labourers engaged by the contractors, working as loader and unloaders, during the peak season.

The additional manpower requirements for the new project are as under:

Particulars	No. of Employees	Functional Area
Skilled	25	Manager, Staff, Trained Workers
Semi Skilled	50	Operations
Unskilled	100	Operations
Total	175	

We will be recruiting the additional manpower as listed above in due course for which we do not envisage any difficulty as the same is easily available in and around our plant location. The unskilled labourers would be sourced from the contractors.

▪ **Past Production Figures for the Industry**

For past production figures of the Industry please refer to section “Industry Overview” appearing on page [•] of this Draft Red Herring Prospectus.

▪ **Approach to Marketing & Proposed Marketing Setup**

We have set-up a separate full-fledged marketing department to procure orders and contracts. The overseas marketing department is headed by Mr. Yogesh Garg, Manager (Exports) and domestic market is headed by Mr. Virender Arora, Sr. Manager (Domestic). They in turn are supported by other staff members.

Our marketing strategy is based on the products type and the end user segment. We adopt hybrid-marketing module comprising of direct customers approach and existing agents network. We have appointed various agents in domestic as well as international market to obtain regular orders.

▪ **Competition**

Our Company operates in an unorganized segment of Indian Rice Industry. There are approximately 250 manufactures all over India. We face competition from various domestic and international manufacturers of rice. However, due to economies of scale and quality of our product, we have an edge over other small & medium size manufacturers in the country. Globally, we face stiff competition from manufacturers in Pakistan, Vietnam & Thailand. Pakistan, with similar climatic conditions as those of India, is also able to produce the same quality of Basmati rice. Hence, we face strong competition from this country. Vietnam & Thailand are the largest producer of Non Basmati Rice, but whenever in India there is a bumper crop we are able to handle the competition from these countries as our cost of raw material is lowered down. Due to our quality commitment and timely delivery, we are in the market for more than a decade and have grown inspite of strong competition.

Business Strategy

The business strategy successfully deployed over the years has been consumer centric to bring them value for money by imbibing best practices in all business functions and processes aiming at all round innovation through intensive and extensive investment in technology, resources and logistics and in that process never losing sight of the old adage that devil is in details with an objective to deliver and contribute maximum and sustained returns to all stakeholders.

Overall our business strategy shall be:

- Maximise revenue through capacity expansion and increase in efficiency
- Reduction in cost of borrowing
- Enhancing production efficiency and minimize process losses
- Reduce operational costs and be cost competitive

Consumer centric approach: The unwritten but highly focused highlight of the business strategy of the company has been carefully cultivated as customer centric approach. Right from the period when the company took off and charted for itself the roadmap of business development, the company set out to *reach out* to newer and yet- too- mature markets of rice and even at the cost of great indulgence understanding their needs, requirements and priorities. The company's early foray on the European markets and their ever discerning and demanding customers has not been without its due difficulties. In fact, in many of the markets, the company first ventured into, basmati rice was comparatively an unknown commodity and the ethnic consumers of basmati rice that these markets comprised of were left to fend for themselves for their needs. It took the company fairly great pains to persuade and convince the traders in these markets of impending potential of basmati rice. This hands down approach of interacting with consumers' needs at ground level gave the company enough inputs and insight to overcome the challenges to prepare for en cashing the opportunities that came its way in due course.

The mantra of delivering value for money

The underlying mission of the Company always has been to deliver to the customers *the right products for the right price*. The choice of right product, *i.e. rice*, is largely governed and influenced by input that is *paddy which being a natural commodity is grown and handled at the level of farmers*. The quality output of end product therefore is as much dependent on quality of inputs that go into the processing as much as on the quality of processes in the mill. It is the achievement of this critical balancing and deployment of impeccable quality standards at both the levels of procurement and processing that ensures the delivery of the right product. It has been a very conscious endeavour on the part of the company to standardize every process of handling and procurement to sustain their quality, a not so easy task in an otherwise unorganized sector. The system of field surveys, encouraging contract farming, sampling at intermittent levels, strong laboratory tests, supplying standard seed, constant interaction and education of the farmers are some of the key areas in which company has been laying a lot of emphasis on to ensure high quality inputs.

The delivery of end products at *the right price has not been a less challenging task for the company*. For this, it not only had to control the input prices, but also to optimize the cost and remove inefficiencies in and during the processing. The real challenge before the company has been to put in place world class infrastructure to integrate handling, state of the art technology to minimize output of by products and broken and benchmarking its costs against the best of national and international standards, stamp out inefficiencies at every level by introducing automation and modernization. The objective of achieving the right price has been also possible as the company has been able to achieve economies of scale, a critical element in any cost control exercise. The company has a very ambitious plan to carry forward the initiative of automation and modernization still further.

Adoption of best practices in all functions and processes

The Company all along has been conscious of the fact that no business strategy, however strong in concept it may be, will succeed unless it is followed up with the introduction of best practices at all functional levels down the line. There has been an equally strong realization in the management of the Company that strength of a chain is measured by its weakest link. It was imperative, for any business strategy to succeed that the major business functions and processes are carefully dissected into sub functions and sub processes to such an extent that these are capable of affecting and influencing the business operations and results.

The exercise involved first identifying the major functions and processes and then breaking them further down into sub major functions. The procurement, material handling, processing, quality assurance, utilities, capital, sales, logistics, human resource management, technology, certification and statutory and non statutory compliances, research and development were identified as the

major business functions and processes. The real challenge before our management is to categorize each of these functions and processes and select the best practices available and to customize them suiting the locale nature and complexities of business, our Company is into.

The management was fully aware of the fact that the rice business in India, by and large, is unorganized, a factor that has been limiting it to grow, and if there can be any sustainable model in which this business can thrive in international environment, it is by way of integrating this business with best international practices. It is always the endeavour of our Company to further improvise on this front.

Efforts on all round innovation

Some of the initiatives aimed at *innovation* envisaged and put into action by our Company have been unusual for this conventional looking old fashioned labelled industry. It required deep faith and commitment from our Management to persist with these innovations, which after years of hard-work and perseverance have caught our competitors by surprise. To cite one such innovation, is our initiative in experimenting with organic paddy farming and rice processing, and speaks volume of the company ability to conceive and then translate them into realities.

This small looking business segment, in our opinion, has the possibility of exploding into big story in country's exports. The enviable leadership, and the early mover advantage established by our Company in view of its policy on innovation portends well for the future of our Company.

Technology resources and logistics

The macro strategy throughout followed by us is *Zero tolerance and no compromise attitude* in the introduction of world's best technologies, resources and logistics. Our Company all through has been conscious of the fact that it is dealing with the most prime European markets. Gaining entry into overseas business houses requires state of the art technologies, internationally benchmarked resources and world class logistics. The sensitivity of these buyers and brands to commitments, delivery schedules, responsiveness with micro speed, consistency had always kept our Company on its toes. The very fact of these buyers and brands having satisfying and stable relationship with us for over a decade is ample proof of the proven technology resources and logistics employed by our Company. The quality which is now a hallmark of our success has become a way of life for its various constituents.

Major Customers

Our major customers, among others include big companies mentioned herein below:

- Master foods (Subsidiary of Uncle Bens),
- Lustcru in France (Another Leading Brand in France),
- Euricom (Largest Rice miller in Europe),
- Herba in Spain along with subsidiary like Boost, Euryza, Mundiriso etc.
- Mullers Muhle & Huber Muhle in Germany
- Federation of Migros in Switzerland
- Van Sillevoldt in Netherlands
- Soufflet Alimentaire & Worldwide commodities in France
- Sainsbury (The largest chain of Supermarkets in U.K)
- 3 Alfa in Greece
- Joseph Heap & West Mills in United Kingdom

We are also the main supplier for Uncle Ben's (one of the big American brand) launched Abu Siouf branded Basmati Rice for about 10,000 MT in Saudi Arabia. Beside this Omar Saleh Babaker, A.K Almuheidib, Omar Kaseem AlEsayi Group, Alshaks Establishment, Hamad Al

Fares, Al Mahroof & Sons, Aldera Establishment are few Saudi Arabian buyers to whom Sunstar is a regular supplier.

Markets covered by Sunstar

- Europe
- United Kingdom
- United States
- Canada
- Australia
- New Zealand
- Mauritius
- Kingdom of Saudi Arabia
- Dubai
- Kuwait
- Oman
- Bahrain
- Doha & Qatar
- Russia
- Ukraine

Our Company proposes the following strategies for future growth

▪ **Continue to build-up a professional organization**

We have a team of professional and technocrats to look after various stages of production, commercial and marketing divisions of our Company. We believe in transparency, flow of information, commitment to the work among our work force and with our valuable customers, suppliers, investors, government authorities, banks, financial institutions etc. Over a period of time, we have been able to build-up an image that can be matched with our peers. The philosophy of professionalism is foundation stone of our business strategy and we wish to make it more sound and strong in times to come.

▪ **Enhancing Customer Base**

Our Company intends to grow business continuously by adding new customers both in existing as well as in the new countries. We aim to do this by effective leveraging of our marketing skills & relationship and further enhancing customer satisfaction. We plan to increase our customers by meeting orders in hand on time, maintaining our client relationship and renewing our relationship with existing ex- buyers.

▪ **Wide Market Network**

Our Company has a wide market network and presence. We are exporting rice to many countries. Our not dependent on few customers rather it has a wide customer base spread across different countries. It gives the Company a strong foothold in the market against the competitors. Moreover all efforts are being made by the Company to ensure that the Company retains and excels further in building up its reputation as an internationally known rice milling company.

▪ **Quality of products, Improving Product Portfolio and Addition of New Products**

Our Company, over a period of time, intends to extend existing range of varieties of Basmati and Non Basmati Rice. We are increasing our production capacities for Organic Rice. Our multi product portfolio also allows us to sustain the cost of high level of services we aim to give to our customers.

▪ **Maintain Operational Efficiencies and Cost Competitiveness**

Our Company intends to maintain operational efficiencies to the highest possible level as compared with our peers in the industry. Further, we intend to reduce our operational costs to maintain the competitiveness and offer the quality products at reasonable prices.

▪ **Expansion of the Existing Capacities**

The existing expansion project is part of our one of the business strategies to expand the production capacities of rice, to meet the increasing demand from customers. We also aim to widen the existing products range, which will enable us to meet the growing demands of the existing market segments.

Future Prospects

It is expected that India would soon gain the second spot in the world rice exports basket during this year. India has already crossed the mark of 1 million tonne of Basmati rice during the year 2004 -2005. Non Basmati Rice exports of the country touched 36.4 lacs tonne. Thus India's total exports of rice amounted to 47.5 lacs tonne, which is behind Thailand but ahead of Vietnam. Seeing the current scenario, the future prospects of our Company are better considering the expected industrial growth. This growth rate requires matching capacity addition in the basic raw material of rice i.e. paddy for meeting the increased requirement of the rice industry domestically and internationally. Our Company has been expanding production base by undertaking periodical expansion to become one of the top player in the rice manufacturing industry. We believe that after the current expansion project, we would be able to cater the demand for basmati and Non Basmati Rice in the global as well as domestic market.

The Company has a competitive advantage in terms of cost and performance. After the expansion, our cost will reduce to a great extent due to increase in production and hence our customers will get benefited.

Further, at present, our Company is exporting to around 15 to 18 countries due to limited production capacity. With the proposed expansion project, our Company would be geared to develop new markets and increase its presence in global market.

The strong export base with long-term relationship with customers, marketing agents in almost 17 countries, wholesale dealers in domestic market and positive industry outlook, places our Company in favourable position to tap market potential and enhance our business accordingly.

Through aggressive exposition and diversification into related products, we are confident of enhancing and consolidating our global presence in next five years. We look forward to defining new benchmarks in premium quality rice production by our growth philosophy, integrity and dedication to conform to a work environment that cherishes enduring relationships with our business partners and work force.

Capacity and Capacity Utilization

Our capacity and capacity utilisation as per the certificate issued by our statutory auditors, M/s. R.K. Gulati and Associates, Chartered Accountants dated 07th November 2005 is given below:

Paddy Processing Units	2002-2003	2003-2004	2004-2005
A) <u>Bahalgarh Unit (Haryana)</u>			
▪ Installed Capacity	175200 MT	175200 MT	210240 MT
▪ Adjusted Capacity based on actual utilisation	97200 MT	97200 MT	108000 MT
▪ Actual Production	63106 MT	66566 MT	84954 MT

▪ Capacity Utilisation (%)	64.92	68.49	78.67
B) <u>Amritsar Unit (Punjab)</u>			
▪ Installed Capacity	35040 MT	35040 MT	35040 MT
▪ Adjusted Capacity based on actual utilisation	21600 MT	21600 MT	21600 MT
▪ Actual Production	1753 MT	13557 MT	15046 MT
▪ Capacity Utilisation (%)	8.10	62.77	69.65

Export Obligations

Our Company has the following export obligations against the EPCG (Export Promotion Capital Goods) scheme. As per the scheme, our Company has to as export obligation of Rs. 2268 lacs, details of which have to be submitted to Customs and the Director General Foreign Trade. The export obligations have to be met within a time period of 8 years from the date of issuance of the licence. Our Company has already fulfilled its export obligations, and only the documents for redemption of LUT (Legal Undertaking) are to be submitted for completing the export obligation formalities.

Sr. No.	License No.	Date of issuance of licence	Obligation Amount
1.	0530140071	15-12-2005	\$105826.83
2.	0530133483	31-10-2002	\$1020661.10
3.	0530133295	05-09-2002	\$2888247.30
4.	0530136256	20-05-2004	\$28131.91
5.	0530135433	24-12-2003	\$86943.86
6.	0530134173	14-05-2003	\$39008.73
7.	0530135477	31-12-2003	\$28178.72
8.	0530135486	31-12-2003	\$224702.19
9.	0530136474	30-06-2004	\$28131.91
10.	0530137450	25-11-2004	\$222863.11
11.	0530136454	23-06-2004	\$174933.00
12.	0530134707	22-08-2003	\$31165.05
13.	0530137242	19-10-2004	\$52641.17
		Total	\$4931434.88 (Appx) Rs. 2268 lacs

Our Competitive Strengths

- Our Company has two processing plants one located at Bahalgarh (Haryana) and the other one located at Amritsar (Punjab). These units are strategically located so as to facilitate the procurement of paddy from the *mandies* at these places.
- Our Company has installed state of the art plant and machineries from Buhler (Germany), Satake (Japan), Cimbria (Denmark) compatible with global standards.
- Our Company has a team of skilled and motivated workmen, which is an advantage to our Company. There is no labour or workers' union in our Company. Moreover, there have been no lockouts or strikes in our Company since inception.
- Our Company has standardised and world processes. We have a number of quality certificates as a testament to our procedures and processes followed. Among those, we have an ISO 9002, ISO 14001:1996, ISO 9001:2000, HACCP certificate. More details about these certifications are mentioned on page [●] of this Draft Red Herring Prospectus.

Insurance

Our Company keeps all critical immovable and movable properties duly insured. We maintain insurance policies with The New India Assurance Company Limited to cover the following:

Sr. No	Particulars	Nature of Policy
1.	Paddy/Rice/Bardana Stock	Fire
2.	Plant/Machinery	Fire, Machinery Breakdown Policy, E.E.I
3.	Building Insurance	Fire
4.	Cash-In-Transit	Money Policy
5.	Vehicle Insurance	Comprehensive Insurance
6.	Marine	Open Policy

Property

The details of our property are provided below:

Sr. No.	Location	Area	Name, address of Vendor	Freehold/ Leasehold/Rental	Activities
1.	40 Km Stone, G.T.K. Road, Bahalgarh, Sonapat, Haryana-131001	28 acre	Various parties	Freehold	Factory
2.	24-B, Alipur Road, Civil Lines, Delhi	496 sq. yards	A.K. Tyagi 24-B, Alipur Road, Civil Lines, Delhi	Freehold	Corporate Office
3.	G. T. Road, Nijarpura, Amritsar, Punjab	8.5 Acre	M/s. Soni Rice Mills through Mr. Ashok Kumar	Leasehold	Factory
4.	4119/7, F. F. Naya Bazaar, New Delhi - 110 006	196 sq.ft	M/s. Star International	Rental	Registered Office

Purchase of Property

Except as stated in "Objects of the Issue" on page no [●] in this Prospectus and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the Issue, there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property in respect of which:

- The contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- The amount of the purchase money is not material. We have not purchased any property in which any of its promoters and/or Directors, have any direct or indirect interest in any payment made thereof.

Note: In respect of the property located at 24-B, Alipur Road, Civil Lines, New Delhi, admeasuring 1072 sq. yards, we have sold 576 sq. yards of the property (including furniture and fixtures) to Mrs. Navita Aggarwal, Naresh Aggarwal (HUF) and Mr. Rohit Aggarwal for a total consideration of Rs. 1 crore. The said property was sold vide sale deed nos: 23431 and 23432 dated 21st November 2005. We have our Corporate Office at the above premises admeasuring 496 sq. yards.

KEY INDUSTRY REGULATIONS

Set below is the summary of the significant legislations passed by the Central & State government relating to the sale, purchase, storage and processing of agriculture produce.

The Punjab Agricultural Produce Markets Act, 1961

This Act received the assent of the President of India on the 18th May 1961, and first published for general information in the Punjab Government Gazette (Extraordinary), Legislative Supplement, of the 26th May 1961.

It extends to the State of Punjab & Haryana, territories transferred to the Union Territory of Himachal Pradesh. The Act was enacted with the objective of consolidating and amending the law relating to the better regulation of sale, purchase, storage and processing of agricultural produce and of regulated markets in the State.

As per Section 2(a) of the Act 'agricultural produce' means all produce, whether processed or not, of agriculture, horticulture, animal husbandry or forest as specified in the Schedule to this Act.

Section 5 of the Act empowers the State government to declare its intention of exercising control over the purchase, sale, storage and processing of agricultural produce and in such area as may be specified in the notification issued in this context.

Section 8 of the Act relates to the control of sale and purchase of agricultural produce. Sub Section 1 of Section 8 states that "from the date of issue of notification under section 6 or from such later date as may be specified therein, no person unless exempted by rules made under this Act, shall, either for himself or on behalf of another person or the State Government, within the notified market area, set up, establish or continue or allow to be continued any place for the purchase, sell, store or process such agricultural produce except under a license granted in accordance with the provisions of this Act, the rules and bye-laws made there under and the conditions specified in the licenses."

Sub Section 2 of the Section 8 states that " From the date on which the state government has, by a notification under Section declared any place to be a principal or sub market yard, no person, municipal committee, Panchayat, Panchayat samiti or any other local authority, not with standing any thing contained in Sub Section 1 or any enactment relating to such municipal committee, Panchayat samiti, Panchayat or local authority, shall be competent to set up, establish or continue or allow to be continued any place within a distance of 5 kms from the outer limits of such market yards for the purchase and sale of any agricultural produce."

Provided that nothing herein contained shall apply to the sale of agricultural produce stored in a cold storage or processed and kept in a factory. Sub Sections 3 nothing contained in sub section 1 & 2 shall apply to:

- The sale of agricultural produce by a producer himself to any person who purchases it for his private consumption.
- The purchase by a person from any person of any agricultural produce for his private consumption.
- The sale or purchase of agricultural produce through retail sale and
- The storage or sale of hypothecated agricultural produce by a scheduled bank or a warehouse established under the warehousing corporation Act, 1962 or the Punjab warehouses Act 1957.

Rules for governing the administrative processes have been formulated based on The Punjab Agricultural Produce Markets Act, 1961 and in themselves constitute an important administrative

reference both for Haryana State Agricultural Marketing Board and the Market Committees. These rules have been named as The Punjab Agricultural Produce Markets (General) Rules, 1962

The Punjab Market Committees Bye-Laws, 1963 formulated for the Market Committees perform significant role by supplementing the Act and the Rules.

OUR HISTORY AND CERTAIN CORPORATE MATTERS

Our History & Background:

The Company was incorporated on 06th January 1995 as Sunstar Overseas Limited, under the Companies Act, 1956. It further commenced its business from 31st January 1995 onwards. Our Company was promoted by the four partners viz. Man Mohan Sarup Aggarwal, Navita Aggarwal, Rama Rani, Sadhna Aggarwal and Naresh Aggarwal, of M/s. Star Overseas, and Rakesh Aggarwal and Kapil Aggarwal.

As per the agreement with M/s. Star Overseas, a partnership firm, our Company purchased the existing business of the said firm as a going concern on 'as is where is' basis, at book value, along with all its assets and liabilities. The partners of the firm were allotted 18,69,400 equity shares of Rs. 10/- each towards the consideration of takeover of net assets of the partnership firm at book value totalling at Rs. 1,86,94,000.

Our Company, after taking over the processing unit, of the partnership firm posted sales revenue of Rs. 273.06 lacs for three months period ending January to March 1995. Thereafter the Company has consistently registered sales and installed capacity growth during the last decade. The turnover of the company for the first full financial year ending March 1996 was Rs. 4102 lacs and after it commenced its state of the art milling operations in Bahalgarh, District Sonapat Haryana in the year 1997, the same had witnessed impressive growth. It has been the constant endeavour of the promoters to consistently add to the capacity, which from 8 TPH (from paddy to rice) in the year 1997 at Bahalgarh and 70080 tons of rice processing at Alipur Delhi now stands increased to 27 TPH at Bahalgarh and Amritsar. Rice processing capacity stands at 175200 tons per annum. The large capacity of our operations ensures in-house standardization and quality for ultimate satisfaction of its discerning overseas customers.

Our Company's major growth in business has come from European market, where we were among the first ones to enter, at a time when the number and size of Basmati customers in the European market was quite low. The small size of the Europe market did not attract the then large exporters and our Company sensed an opportunity in this. Having an early mover advantage, we have been able to develop a fairly well diversified and dependable customer base in this market growing year after year. We have also has been able to achieve a reasonable share in the total bulk basmati rice market of Middle East. The domestic branded rice markets have also witnessed, initially a steady, but now a fairly sharp upward movement in consumption. Being a late entrant in the domestic market, we have observed the trends in domestic market and have firmed up our plans to up our market share in the domestic branded rice market as we expect reasonable growth to come from this.

Our Company was among the first ones to encourage the concept of contract farming for organic rice, which has witnessed significant demand from overseas markets. We currently have around exclusive contracts with 850 farmers spread across the states of Uttaranchal, Haryana, Punjab and Uttar Pradesh for procuring organically grown paddy.

In addition, we act as merchant traders for various commodities and spices like Sesame seeds, Sugarcane, cashews, Timber, paddy seeds, etc.

Major events in our history are given below:

Year	Event
1995	<ul style="list-style-type: none">▪ Incorporated as a public limited Company, after the taking over the assets and liabilities of Star Overseas, a partnership firm.▪ The Company started setting up a state of the art integrated milling capacity of 8 TPH at Village Bahalgarh, District Sonapat, Haryana.▪ The company acquired for this purpose a total land measuring 9 acres for a

	<p>total cost of Rs. 50 lacs</p> <ul style="list-style-type: none"> ▪ The Company was granted provisional no objection certificate by Haryana State Pollution control Board Chandigarh in the month of May 1995, for setting up unit for manufacturing of rice.
1996	<ul style="list-style-type: none"> ▪ The Company filed a memorandum and obtained an acknowledgement thereof from Government of India Ministry of Industry, secretariat for Industrial Approvals, Entrepreneurial Unit for processing and manufacturing (i) 28500tons of basmati rice falling under ITC code number 10063002 (ii) 2480 tons of rice bran falling in ITC code 23022002 and (iii) 8700 tons of by products from the working of rice other than de-oiled rice bran. ▪ Recognized as Trading House by Ministry of commerce, directorate General of Foreign Trade, New Delhi.
1997	<ul style="list-style-type: none"> ▪ Commenced commercial production of Bahalgarh, Haryana Plant on 8th October, 1996. ▪ The plant included the most modern technology imported from Buhler, Germany, Satake, Japan and Cimbria, Denmark. ▪ It acquired additional land measuring 39 Kanal & 31 Marla costing Rs. 66 lacs for the proposed expansion of capacity at Bahalgarh, Sonapat, Haryana. ▪ The company was awarded certificate of merit by Government of India Ministry of Commerce for outstanding export performance in rice during the period 1996-97. ▪ We were granted Registration cum Membership certificate by Federation of Indian Export Organization. ▪ We were among the first one to undertake contract farming and milling of organic rice.
2003	<ul style="list-style-type: none"> ▪ Increase in paddy processing capacity of Bahalgarh unit, Haryana from 140160 TPA to 175200 TPA. ▪ Set up Rice processing unit at Amritsar Punjab having capacity of 4 TPH. ▪ Accorded the status of Two Star Export House in accordance with the provisions of Foreign Trade Policy 2004-09. The certificate is valid for a period of five years from 1st April 2004 to 31st March 2009 and is granted by Government of India Ministry of commerce and Industry, Office of the Joint Director General foreign Trade. ▪ ISO 9001 : 2000 certification by ICS ▪ The Company adopted the concept of Total Productivity Maintenance (TPM) and 5s Concept
2004	<ul style="list-style-type: none"> ▪ The company was granted certificate of registration of food safety systems by management systems London U.K. This HACCP system has been assessed and approved by BSI management systems in accordance with the criteria compiled by the National Board of Experts, HACCP in the technical specification “ criteria for assessment of an operational HACCP system” September 2002 for the following scope “ Receiving, processing, Storage, Handling, packaging and supply of Basmati Rice.
2005	<ul style="list-style-type: none"> ▪ Acquired additional land for expansion purposes at Bahalgarh at a cost of Rs. 78 lacs measuring 39 Kanals and 3 Marlas

Changes in Name

There have not been any changes in the name of our Company since incorporation.

Registered Office of our Company

Our registered office is situated at 4119/7, First Floor, Naya Bazaar, Delhi 110 006. We have not changed the registered office of our Company since incorporation, which is rented.

Changes in the Memorandum of Association of our Company

Since incorporation, the following changes have been incorporated in Memorandum of Association of our Company, after approval of the Members:

Sr. No.	Particulars	Date of Meeting	Type of Meeting
1.	Increase in Authorised Share Capital from Rs. 4 crores to Rs. 5 crores	08-01-1996	AGM
2.	Increase in Authorised Share Capital from Rs. 5 crores to Rs. 10 crores	30-09-1996	AGM
3.	Increase in Authorised Share Capital from Rs. 10 crores to Rs. 20 crores	29-09-2005	AGM

Our Main Objects:

The main objects set out in our Memorandum of Association are as under:

1. To act as an export house and trading house for all merchandise and services.
2. To grow, cultivate, manufacture, produce, process, mill, import, export, distribute, agent, stockist, commission agent and dealer of all types and varieties of rice, paddy, rice bran, rice bran oil, all varieties of vegetable oil, whether edible or non edible butter, ghee; extract oil from rice bran, copra, soyabean, cotton seeds, linseed, castor seed, sal seed, groundnut, sugar, sugarcane, sugar beet, molasses, syrups, tea, snacks and foodstuffs and products and by products and food products.
3. To carry on the business as producers, manufacturers, Importers, exporters, traders, processors, commission agent and dealers of fruits, fruit juices, dehydrated-preserved or processed vegetables fruit oils, coffee, seeds, floriculture, dairy farms and products nuts, cashewnuts, cereals, grains, pulses, species, tea, beverages and other food products.
4. To carry on the business of Importers, exporters, buyers, sellers, distributors, agents, brokers and stockists of all types and varieties of garments, textiles, carpets, burlaps, dress materials, leather garments and accessories, handicrafts, hides skins and leather, shoes, chapels, toys, brass parts and items electrical and electronic appliances, equipments and machinery, chemical goods, pharmaceuticals, drugs, dyes and dyestuff, surgical and medical goods, timber, wood and plywood, rags, jute bags and products, precious and semiprecious stones, gold and silver, engineering goods and products, ornaments jewellery, artificial jewellery soaps, toilet requisites, cosmetics, perfumes, rubber and plastic products, foundry equipments, castings, waxes, alloys and Ferro alloys, computers hardware & software computer peripherals, glass articles, crockery.
5. To run, maintain, and operate agency and to act as a commission agents in all branches of business referred to in para above.

Subsidiaries of Our Company

As per the audited balance sheet as at 30th September 2005, our Company doesn't have any subsidiaries.

Shareholders' Agreement

Our Company does not have any subsisting shareholder's agreement as on the date of filing this Draft Red Herring Prospectus.

Other Agreements

Except as stated otherwise in this Draft Red Herring Prospectus and the agreements, which have been entered in regular course of business, there are no other agreements, which are subsisting as on date.

Strategic Partners

Presently, our Company does not have any strategic partners.

Financial Partners

Presently, our Company does not have any financial partners.

OUR MANAGEMENT

Board of Directors

Pursuant to the Company's Articles of Association, the number of Directors of the Company cannot be less than three and not more than twelve. The Company is currently managed by a Board of Directors comprising of 6 Directors. Mr. Rakesh Aggarwal is currently the Company's Managing Director and in-charge of the overall management of the Company subject to the supervision and control of the Board. He is ably supported by professional and technically qualified team of executives specified in operations, finance, marketing, Legal and Personnel.

The following table sets forth the details regarding our Board of Directors as on the date of filing of this Draft Red Herring Prospectus.

Sr. No.	Name, Age, Designation, Address & Occupation of Director	Other Directorships
1.	Mr. Naresh Aggarwal Age: 52 years Chairman Address: 24-B, Alipur Road, Civil Lines, Delhi - 110 054 Occupation: Business	1. Vae Vkn Industries Private Limited 2. Digvijay Steels Private Limited 3. Maa Sarda Rail Nirman Private Limited 4. Accustamp Private Limited 5. Ved Kiran Steel Industries Private Limited 6. SPL Industries Limited
2.	Mr. Rakesh Aggarwal Age: 47 years Managing Director Address: 28A, Racquet Court Road, Civil Lines, Delhi - 110 054 Occupation: Business	1. Digvijay Systems and Services Private Limited 2. Sunstar Bio Energy Private Limited 3. Digvijay Promoters Private Limited 4. Sunstar Buildwell Private Limited 5. Sunstar Infocom Private Limited 6. Five Senses Builders Private Limited 7. Greatwell Construction & Developers Private Limited 8. RRSP Builders Private Limited 9. RSA Propbuild Private Limited 10. Sunstar Exim Limited 11. Star International (Partner)
3.	Mr. Rohit Aggarwal Age: 31 years Joint Managing Director Address: 24-B, Alipur Road, Civil Lines, Delhi - 110 054 Occupation: Business	1. Digvijay Systems and Services Private Limited 2. Star Track Fasteners Private Limited 3. Sunstar Bio Energy Private Limited 4. Digvijay Promoters Private Limited 5. Sunstar Buildwell Private Limited 6. Sunstar Infocom Private Limited 7. Five Senses Builders Private Limited 8. Greatwell Construction & Developers Private Limited 9. RRSP Builders Private Limited 10. RSA Propbuild Private Limited 11. Sunstar Exim Limited
4.	Mr. Sumit Aggarwal Age: 24 years Director Address: Gopal Nagar,	1. Sunstar Bio Energy Private Limited

Sr. No.	Name, Age, Designation, Address & Occupation of Director	Other Directorships
	G.T. Road, Batala, Punjab Occupation: Business	
5.	Mr. Ravinder Kumar Passi Age: 51 years Director Address: E-11, Panchsheel Park, New Delhi – 110 017. Occupation: Service	1. R.K. Arts Private Limited 2. India Exposition Mart Limited
6.	Mr. Kishore Asthana Age: 59 years Director Address: D-173, Sushant Lok-1, Gurgaon – 122 002, Haryana Occupation: Consultant	1. Indus Options Consultancy Private Limited 2. The Pendragon Literary Agency Private Limited

Brief Profile of our Directors other than Promoter Directors

- **Mr. Rohit Aggarwal** aged 31 years, is the younger son of Mr. Naresh Aggarwal and is the Joint Managing Director of our Company. A dynamic young MBA from USA, Rohit has a knack of technology upgradation, looks after development and maintenance of systems, TQM process and mechanisms, system and process integrations etc., has been able to achieve significant improvement in overall quality, operational efficiency, cost control and customer interaction.

He has about 8 years of business experience mainly in Rice industry. He has implemented modern management techniques, in the Company, which have proved beneficial to us.

- **Mr. Sumit Aggarwal** aged 24, younger son of Mr. Man Mohan Sarup Aggarwal. He has done his Bachelors in Information Technology. From the past two years he is been working in the Rice Industry and recently ventured the Bio Energy project by the name of Sunstar Bio-Energy Private Limited.
- **Mr. Ravinder Kumar Passi** aged 51 years,

A graduate, Mr. Passi started his career as an entrepreneur, dealing in exports of handicrafts, made-ups and artificial jewellery and over the years has made a niche for himself in this field. He was the Chairman of the Export promotion Council for Handicrafts and currently is the director of India Exposition Mart Limited.
- **Mr. Kishore Asthana** aged 59 years, is a Mechanical Engineer and has done his Management course from Indian Institute of Management Ahmedabad (IIM-A). He has worked with Tata Administrative Services for 8 years and has also served group Vice Chairman and Business Advisor to His Highness Sayyid Es'ad Tarik Taimur al Said, member of the Royal family of Oman. Currently Mr. Asthana is active in the field of technology transfer, promoting Indian research based products through his company Indus Options Consultancy Private Limited

Borrowing Powers of the Board:

The Board of Directors of our Company has power to borrow upto Rs. 400 crores as per the members' resolution passed in the AGM of our Company held on 29th September 2005. The extract of the latest resolution of the Company authorizing the Board's borrowing powers is reproduced:

Extracts of Resolution of borrowing powers passed in the AGM held on 29th September 2005.

Increase in Borrowing Powers

"RESOLVED THAT in supersession of the resolution limiting the borrowing power of the Board of Directors of the Company up to Rs. 200 Crores (Rupees Two Hundred Crores only) passed by the Company at the General Meeting held on 09th August 1997, the Board of Directors of the Company be and is hereby authorized under section 293(1)(d) of the Companies Act, 1956, to borrow money from time to time up to a limit not exceeding in the aggregate Rs. 400 Crores (Rupees Four Hundred Crores only) notwithstanding that money to be borrowed, together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purposes."

Compensation to Managing Directors/Wholetime Directors

1. Mr. Rakesh Aggarwal, Managing Director

Mr. Rakesh Aggarwal is the Managing Director of Company. He is appointed as per the resolution passed in the AGM held on 29th September 2005 for a period of 5 year with effect from 12th August 2005. As per the terms of the said resolution Mr. Rakesh Aggarwal is entitled to draw his salary and benefits as per his service conditions with the Company and in respect of which all expenses including contribution towards provident funds, pension and gratuity shall be reimbursed by the Company as stated herein under:

1. Salary per month Rs. 3,00,000/- in the salary grade of Rs. 3,00,000-30,000-4,20,000
2. Perquisites: - In addition to the salary Mr. Rakesh Aggarwal shall be entitled to the following perquisites subject to the limits contained in schedule XIII of the Companies Act, 1956.

Category A:

- a) Medical Expenditure expenses incurred for self and his family subject to a maximum of one month's salary in a year or three month's salary in a block of three years.
- b) Leave Travel assistance: For self and his family once in two years, in accordance with the rules of the company.
- c) Personal accident Insurance: For an amount the annual premium of which does not exceed the limit, if any, prescribed in the schedule XIII and other applicable provisions of the Companies Act, 1956.

Category B:

- d) Company's Contribution towards Provident Fund: In accordance with the rules of the company and subject to the ceiling of 12% of salary.

- e) Company's Contribution towards Pension / superannuation Fund: As per the rules of the Company.
- f) Gratuity: In accordance with the rules of the Company, but shall not exceed one-half months salary for each completed years of services.
- g) Encashment of Leave: Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category C:

- h) Leave: In accordance with the rules of the company but not more than one months leave for every eleven months of salary,
- i) Travelling: He shall be entitled to use Company's car with driver for the business use and also entitled to get reimbursements of travelling and other incidental expenses incurred in respect of his family when he accompanies his family on business trips and it will not be reckoned as perquisites.
- j) Telephone: Provision of telephone at residence (including payment of local call and long distance official calls) shall not be reckoned as perquisites
- k) Other Perquisites: Any other perquisites, benefits, amenities as applicable to senior management staff of the company, from time to time.

2. Mr. Rohit Aggarwal, Joint Managing Director

Mr. Rohit Aggarwal was appointed as the Joint Managing Director of the Company as per the resolution passes in the AGM held on 29th September 2005. Further he is appointed for a period of 5 year with effect from 12th August, 2005. As per the terms of the said resolution Mr. Rohit Aggarwal is entitled to draw his salary and benefits as per his service conditions with the Company and in respect of which all expenses including contribution towards provident funds, pension and gratuity shall be reimbursed by the Company as stated herein under:

1. Salary per month Rs 2,50,000/- in the salary grade of 2,50,000 – 25,000- 3,50,000.
2. Perquisites: In addition to the salary Mr. Rohit Aggarwal shall be entitled to the following perquisites subject to the limits contained in schedule XIII of the Companies Act, 1956.

Category A:

- a) Medical Expenditure expenses incurred for self and his family subject to a maximum of one month's salary in a year or three month's salary in a block of three years.
- b) Leave Travel assistance: For self and his family once in two years, in accordance with the rules of the company.
- c) Personal accident Insurance: For an amount the annual premium of which does not exceed the limit, if any, prescribed in the schedule XIII and other applicable provisions of the Companies Act, 1956.

Category B:

- d) Company's Contribution towards Provident Fund: In accordance with the rules of the company and subject to the ceiling of 12% of salary.
- e) Company's Contribution towards Pension / superannuation Fund: As per the rules of the Company.
- f) Gratuity: In accordance with the rules of the Company, but shall not exceed one-half months salary for each completed years of services.
- g) Encashment of Leave: Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category C:

- h) Leave: In accordance with the rules of the company but not more than one months leave for every eleven months of salary,
- i) Travelling: He shall be entitled to use Company's car with driver for the business use and also entitled to get reimbursements of travelling and other incidental expenses incurred in respect of his family when he accompanies his family on business trips and it will not be reckoned as perquisites.
- j) Telephone: Provision of telephone at residence (including payment of local call and long distance official calls) shall not be reckoned as perquisites
- k) Other Perquisites: Any other perquisites, benefits, amenities as applicable to senior management staff of the company, from time to time.

3. Mr. Sumit Aggarwal, Director

Mr. Sumit Aggarwal has been appointed as Director of Company in the AGM held on 29th September 2005. Further he is appointed for a period of 5 years with effect from 12th August, 2005. As per the terms of the said resolution Mr. Sumit Aggarwal is entitled to draw his salary and benefits as per his service conditions with the Company and in respect of which all expenses including contribution towards provident funds, pension and gratuity shall be reimbursed by the Company as stated herein under:

1. Salary per month Rs 50,000/- in the salary grade of 50,000 – 5,000- 70,000.
2. Perquisites: - In addition to the salary Mr. Sumit Aggarwal shall be entitled to the following perquisites subject to the limits contained in schedule XIII of the Companies Act, 1956.

Category A:

- a) Medical Expenditure expenses incurred for self and his family subject to a maximum of one month's salary in a year or three month's salary in a block of three years.
- b) Leave Travel assistance: For self and his family once in two years, in accordance with the rules of the company.

- c) Personal accident Insurance: For an amount the annual premium of which does not exceed the limit, if any, prescribed in the schedule XIII and other applicable provisions of the Companies Act, 1956.

Category B:

- d) Company's Contribution towards Provident Fund: In accordance with the rules of the company and subject to the ceiling of 12% of salary.
- e) Company's Contribution towards Pension / superannuation Fund: As per the rules of the Company.
- f) Gratuity: In accordance with the rules of the Company, but shall not exceed one-half months salary for each completed years of services.
- g) Encashment of Leave: Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category C:

- h) Leave: In accordance with the rules of the company but not more than one months leave for every eleven months of salary,
- i) Travelling: He shall be entitled to use Company's car with driver for the business use and also entitled to get reimbursements of travelling and other incidental expenses incurred in respect of his family when he accompanies his family on business trips and it will not be reckoned as perquisites.
- j) Telephone: Provision of telephone at residence (including payment of local call and long distance official calls) shall not be reckoned as perquisites
- k) Other Perquisites: Any other perquisites, benefits, amenities as applicable to senior management staff of the company, from time to time.

Corporate Governance

The Company has already taken necessary steps to implement the provisions of the Corporate Governance. The constitution of our Board of Directors is in compliance with the said provisions and it has the necessary committees in place in compliance with the said provisions:

- A) Audit Committee
- B) Remuneration Committee
- C) Shareholders Grievance Committee

A) Audit Committee

The audit committee was constituted vide resolution passed by the Board of Directors at its meeting held on 8th November 2005. The Audit Committee provides directions to and reviews functions of the Audit department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts are placed before the Audit Committee, prior to being presented to the Board along with the recommendations of the Audit Committee.

The terms of reference of Audit Committee complies with the requirements of Clause 49 of the listing agreement, which will be entered into with the Stock Exchange in due course. The committee consists of all non-executive as well as Independent Directors.

Composition of Audit Committee:

Sr. No.	Name of the Director	Designation in the Committee	Nature of Directorship
1.	Mr. Kishore Asthana	Chairman	Non Executive and Independent Director
2.	Mr. Ravinder Kumar Passi	Member	Non Executive and Independent Director
3.	Mr. Naresh Aggarwal	Member	Non Executive

The terms of reference of the Audit Committee are given below:

- a) To have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and to review the half-yearly and annual financial statements before submission to the Board and ensure compliance of internal control systems.
- b) To oversee our financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- c) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- d) Reviewing with management the annual financial statements before submission to the Board.
- e) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- f) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- g) Discussions with internal auditors on any significant findings and follow up thereon.
- h) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- i) Discussions with external auditors before the audit commences, nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- j) Reviewing our financial and risk management policies.
- k) To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non-payment of declared dividends) and creditors, if any.

B) Remuneration Committee

The functions of Remuneration Committee are to determine our policy on specific packages for Whole time and Executive Directors.

Composition of the Remuneration Committee:

Sr. No.	Name of the Director	Designation in the Committee	Nature of Directorship
1.	Mr. Kishore Asthana	Chairman	Non Executive and Independent Director
2.	Mr. Ravinder Kumar Passi	Member	Non Executive and Independent Director
3.	Mr. Naresh Aggarwal	Member	Non Executive

C) Shareholders Grievance Committee

The Shareholders grievance committee was constituted vide resolution passed by the Board of Directors at its meeting held on 08th November 2005. We have designated personnel to solve investors' problems along with our Registrars, Intime Spectrum Registry Limited. The Investors Grievances Committee looks into redressal of shareholder and investor complaints, issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures and reference to statutory and regulatory authorities.

Composition of the Shareholders Grievance Committee:

Sr. No.	Name of the Director	Designation in the Committee	Nature of Directorship
1.	Mr. Ravinder Kumar Passi	Chairman	Non Executive and Independent Director
2.	Mr. Kishore Asthana	Member	Non Executive and Independent Director
3.	Mr. Rohit Aggarwal	Member	Executive Director

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

We will comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of company's shares on the stock exchanges.

Ms. Kiranpreet Gill, the Company Secretary is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the board.

Shareholding of the Directors in our Company

A director need not hold any equity shares in our Company to qualify him for the office of the Director of our Company.

Sr. No.	Name of the Director	Number of Shares	% of pre-issue paid up share capital
1.	Mr. Naresh Aggarwal	350	0.0034
2.	Mr. Rakesh Aggarwal	350	0.0034
3.	Mr. Rohit Aggarwal	-	-
4.	Mr. Sumit Aggarwal	-	-
5.	Mr. Ravinder K. Passi	-	-
6.	Mr. Kishore Asthana	-	-
	Total	700	0.0068

Interest of Directors

All the Directors may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Directors may also be deemed to be interested to the extent of:

- The shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/Member respectively.

- b) The shares, if any, out of the present issue that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors/Members of to firms in which they are partners.
- c) Transactions, if any, with entities in which directors are interested have been disclosed as related party transactions in the Auditors Report.

Except as stated above and elsewhere in this Prospectus, the Company has not entered into any contracts, agreements or arrangement in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangement or are proposed to be made.

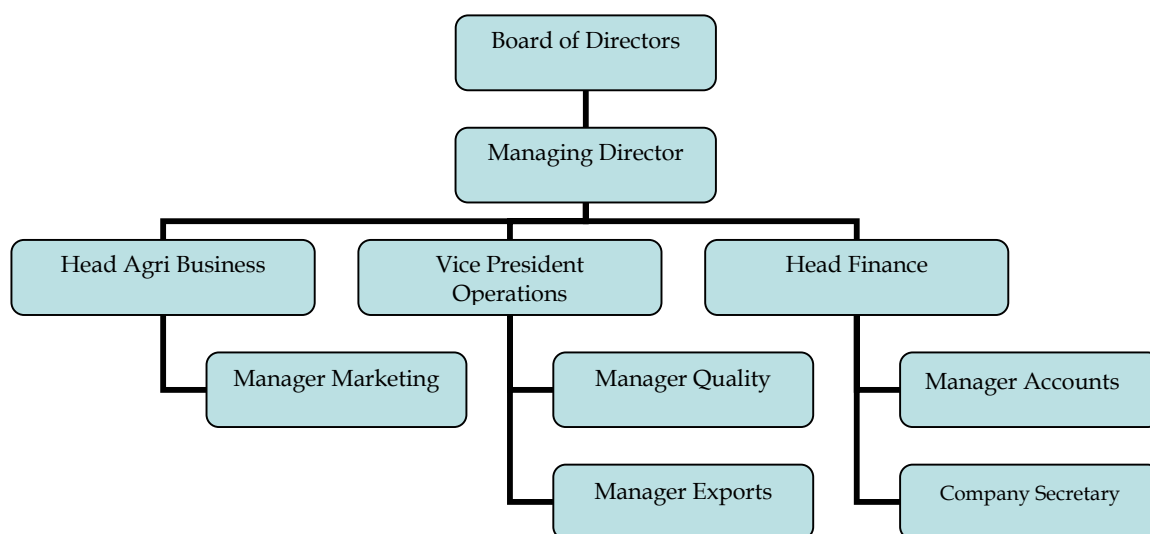
Directors Remuneration for the year ended 31st March 2005:

Sr. No	Name of Director	Sitting Fees per meeting	Salaries / Perquisites	Commission	Total
1	Mr. Naresh Aggarwal	-	-	-	-
2	Mr. Rakesh Aggarwal	-	6,00,000	-	6,00,000
3	Mr. Rohit Aggarwal	-	3,60,000	-	3,60,000
4	Mr. Man Mohan Sarup Aggarwal	-	-	-	-
5	Mr. Kapil Aggarwal	-	-	-	-
6	Mr. Sumit Aggarwal	-	-	-	-
7	Mr. Kewal Kishan Goel	-	-	-	-
	Total	-	9,60,000	-	9,60,000

Changes in the Board of Directors during the last three years

Sr. No	Name of the Director	Date of appointment	Date of Resignation	Reasons
1.	Mr. Kewal Kishan Goel	06-01-1995	03-10-2005	Resigned
2.	Mr. Man Mohan Sarup Aggarwal	01-02-1995	03-10-2005	Resigned
3.	Mr. Kapil Aggarwal	06-01-1995	03-10-2005	Resigned
4.	Mr. Ravinder Kumar Passi	01-08-2005	--	Appointed as independent director
5.	Mr. Kishore Asthana	08-11-2005	--	Appointed as independent director
6.	Mr. Sumit Aggarwal	01-04-2005	--	Appointed as director

Management Organisation Chart



Key Management Personnel

Sr. No	Name, Age & Designation	Qualification	Date of joining	Experience in years	Functional Responsibility	Previously employed with	Present Annual Compensation
1.	Sanjay Aggarwal Age: 40 years Vice President - Operations	B.Sc., D. Pharmacy	01-04-2005	14	Manufacturing process Owner responsible for over all manufacturing, quality and technology upgradation	Satnam Overseas Limited	Rs. 5.4 Lacs
2.	Narender Sidhar Age: 40 years Head - Finance	Chartered Accountant	01-01-1996	13	Responsible for overall functioning of Finance dept, including Financial budgeting and forecasting	Practicing Chartered Accountant	Rs. 4.8 Lacs
3.	Pardeep Sabharwal Age: 45 years Sr. Manager (Materials)	M.Phil., L.L.B.	12-05-2004	19	Overall in charge of raw & finished materials inventory.	Picric Limited	Rs. 4.2 Lacs
4.	Virender Arora Age: 34 years Sr. Manager (Domestic Marketing)	B.Sc.	13-09-2004	13	Overall Incharge of Domestic Marketing & Sales	United Exports	Rs. 4.5 lacs
5.	M.M. Dan Age: 30 years HR & Factory Manager	PGD (HR, PMIR)	19/01/2005	7	Factory Manager, and Incharge of HR and IR operations	Vardhman Polytex Ltd.	Rs. 3.2 Lacs
6.	Rajneesh Sharma Age: 27 years Manager - Systems	M.Sc. (Comp Sc.)	22-10-1999	6.5	Incharge of IT & Systems	Aptech Limited	Rs. 3.40 Lacs
7.	Mr. Gulshan Rai Age: 35 Years	B.Com	25-10-1999	10	In charge of Accounts at Bahalgarh Works	R.T. Exports Limited	Rs.2.7 Lacs

Sr. No	Name, Age & Designation	Qualification	Date of joining	Experience in years	Functional Responsibility	Previously employed with	Present Annual Compensation
	Manager – Accounts						
8.	Mr. Yogesh Garg Age: 31 years Manager – Exports	B.A.	01-04-2000	10	Marketing, Coordination, Buyer Communication & Costing	Self employed	Rs. 3.0 lacs
9.	Mr. Kaushik Roy Barman Age: 30 years Manager (Production)	B.E. (Mech.)	01-08-2005	7	Overall incharge of production at Bahalgarh unit	Coca Cola (I) Limited	Rs. 3.4 Lacs
10.	Mr. Devraj Dabas Age: 29 Manager (Quality)	Master in Food Tech.	01-09-2005	4	Incharge for Maintaining and implementing of Quality Control Systems	Coca Cola (I) Limited	Rs. 4.1 Lacs
11.	Mr. Anuj Sharma Age : 28 Manager (Shipping)	B.Com	20-05-1995	10	In charge of Logistics & Export Documentation	--	Rs. 2.8 Lacs
12.	Ms. Kiranpreet Gill Age: 28 Company Secretary	M.Com C.S.	01-09-2005	01	In charge of Secretarial Matter & Compliance Officer	Cyber Media (India) Ltd.	Rs. 2.1 lacs

Brief Profile of our Key Managerial Personnel

1. **Mr. Sanjay Aggarwal, 40**, Vice President (Works), is a science graduate. He has been associated with the Company since April 2005. Prior to joining us he was associated with Satnam Overseas Limited. He has an experience of 14 years. He is mainly involved in planning and coordination of various operations pertaining to the Bahalgarh plant. He draws a gross salary of Rs.5.4 lacs p.a.
2. **Mr. Narender Sidhar, 40**, Head - Finance, is a Chartered Accountant. He joined the Company in January 1996. Before joining us he had his own independent practice as a Chartered Accountant and has an overall experience of 13 years. He is overall in-charge of the Finance Department. His work includes financial planning and forecasting and finalization of Annual reports. He draws a gross salary of Rs. 4.50 lacs p.a.
3. **Mr. Pardeep Sabharwal, 45**, Sr. Manager (Materials), is M. Phil, and L.L.B. He is associated with the Company since May, 2004. He has an experience of 19 years in this field. He is overall incharge of the Materials Department. Before joining the Company he was associated with Picric Limited. He draws a gross salary of Rs. 4.20 lacs p.a.
4. **Mr. Virender Arora, 34**, Sr. Manager (Domestic Marketing & Sales), is a Science graduate. He joined the Company in September, 2004. He has an experience of 11 years. Earlier, he was associated with United Exports. His work includes making arrangements for marketing Company's products, liasoning with Distributors, dealers in domestic market. He is also responsible for preparation of marketing budgets. He draws a gross salary of Rs. 4.50 lacs p.a.
5. **Mr. M.M. Dan, 30**, Factory & HR Manager, is Post graduate Diploma in HR and PMR. He is associated with the Company since January 2005. He has an experience of 7 years in this field. He plans and coordinates all aspects regarding planning and managing manpower requirement. He is also responsible for compliances regarding labour laws, provident fund etc. Before joining the Company he was associated with Vardhman Polytex. He draws a gross salary of Rs. 3.20 lacs p.a.

6. **Mr. Rajneesh Sharma, 27**, Manager-Systems, is a Post Graduate in Computer Science. He is associated with the Company since October 1999. He has an industry experience of more than 6 years. He is mainly responsible for maintenance of Information Technology Systems and Operations. He draws a gross salary of Rs. 3.40 lacs p.a.
7. **Mr. Gulshan Rai, 35**, Manager (Accounts), is Bachelor of Commerce. He is associated with the Company since October 1999. Before joining the Company he was associated with R.T. Exports Limited. He is responsible for finalization of Accounts, income tax, sales tax and excise returns and appearing before various authorities in respect of income tax, sales tax and excise matters. He draws a gross salary of Rs. 2.70 lacs p.a.
8. **Mr. Yogesh Garg, 31**, Manager (Exports) is Bachelor of Arts. He is associated with the Company since April 2000. He is mainly responsible for export related Marketing operations, costing, buyer communication, selling price costing etc. He draws a gross salary of Rs. 3.00 lacs p.a.
9. **Mr. Kaushik Roy Barman, 30**, Manager (Production) has done his B.E. (Mech) and has more than 7 years of experience in this line of business. He joined us from 01-08-2005 and prior to joining us he was working with Coca Cola (I) Limited. Presently he is incharge of the production function at Bahalgarh unit and his gross remuneration is Rs. 3.40 lacs
10. **Mr. Devraj Dabas, 29, Manager (Quality)** is Masters in Food Technology. He is associated with the Company since September, 2005. Earlier he was working with Coca Cola India. He is mainly responsible for implementing and maintaining quality system. He draws a gross salary of 4.10 lacs.
11. **Mr. Anuj Sharma, 29, Manager (Shipping)** is a Bachelors of Commerce. He is associated with the Company since May, 2005. He is responsible for Logistics, Export documentation and Shipping operations. He draws a gross salary of 2.80 lacs.
12. **Ms. Kiranpreet Gill, 28, Company Secretary** is a Masters in Commerce and Associate Member of the Institute of Company Secretaries of India. She is associated with the Company since September 2005. She is responsible for handling secretarial matters of the company and also to act as Compliance Officer. She draws a gross salary of Rs. 2.1 lacs.

Shareholding of Key Managerial Personnel

None of the Key Managerial Personnel in our Company hold any shares of our Company as on the date of filing of this Draft Red Herring Prospectus

Bonus or Profit Sharing Plan for the Key Managerial Personnel

Our Company does not have any bonus/profit sharing plan for any of the employees, directors, key managerial personnel.

Changes in the Key Managerial Personnel during last 3 years

Sr. No	Name & Designation	Date of Joining	Date of Leaving	Reason
1.	Mr. Santosh Tiwari Manager (HR)	18-05-2003	30-12-2004	Resignation
2.	Mr. Y.K. Gupta Sr. Manager (Technical)	29-09-2000	14-12-2004	Resignation
3.	Mr. S.P. Singh Vice President (Works)	01-06-2005	28-02-2005	Resignation
4.	Mr. Sanjay Aggarwal	01-11-1993	31-05-2004	Resignation

	Vice President (Works)			
5.	Mr. Sunil Kumar Jha Manager (Production)	17-10-2001	16-05-2005	Resignation
6.	Mr. Rajinder Jaswal Manager (Quality)	24-08-2000	16-05-2005	Resignation
7.	Mr. Neeraj Maheshwari Manager (Systems)	05-01-2000	07-05-2005	Resignation
8.	Mr. R. Gururajan Manager (PPC)	07-10-2002	16-05-2005	Resignation
9.	Mr. C.P. Singh Manager (Materials)	01-12-2002	01-12-2003	Resignation
10.	Mr. Pardeep Sabharwal Sr. Manager(Materials)	12-05-2005	--	Appointment
11.	Mr. M.M. Dan Manager (HR)	19-01-2005	--	Appointment
12.	Mr. Sanjay Aggarwal Vice President Works	01-04-2005	--	Re-Appointed
13.	Mr. Devraj Dabas Manager (Quality)	01-09-2005	--	Appointment
14.	Mr. Kaushik Roy Barman Manager (Production)	01-08-005	--	Appointment
15.	Mr. Virender Arora Sr. Manager (Domestic Mktg.)	13-09-2004	--	Appointment
16.	Ms. Kiranpreet Gill Company Secretary	01-09-2005	--	Appointment

Notes:

1. All the Key Managerial Personnel are permanent employees of our Company.
2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.

Employees

At present, we have 246 permanent employees, which comprise of managers, office staff, skilled, semi-skilled & unskilled labourers. For contract labour requirement, our Company uses the services of labour contractors, who provide labour, as per our requirement. Further details regarding the employees are given under the head "Manpower" appearing on page [•] of this Draft Red Herring Prospectus.

ESOP/ESPS Scheme to Employees

Presently, we do not have ESOP/ESPS scheme for employees.

Payment or Benefit to Our Officers

Except for the payment of salaries and yearly bonus, we do not provide any other benefit to our employees.

OUR PROMOTERS AND THEIR BACKGROUND

The Promoters of our Company are Mr. Naresh Aggarwal, Mr. Rakesh Aggarwal, Mr. Kapil Aggarwal, Mrs. Rama Rani, Mr. Man Mohan Sarup Aggarwal, Mrs. Navita Aggarwal and Mrs. Sadhna Aggarwal.

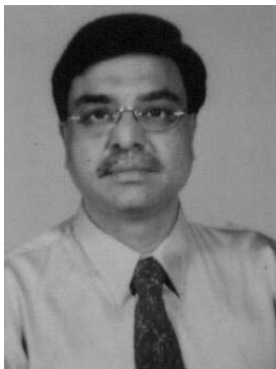


MR. NARESH AGGARWAL
CHAIRMAN

Naresh Aggarwal, aged 52 years, son of Lt. Shri Ved Parkash Aggarwal, is the Chairman of our Company.

A graduate by qualification, he is a past international Director of International Association of Lions Club. He has received a number of awards which includes the prestigious "Ambassador of Goodwill" Award, twelve International President's Medal etc.

Driving License No: P01062002175703
Voter Id No: DL/04/043/342662



MR. RAKESH AGGARWAL
MANAGING DIRECTOR

Mr. Rakesh Aggarwal aged 47 an articulate with path breaking concepts with commercial viability and innovative global marketing strategies. His specific skills of guiding new products and category launches, development and implementation of projects on turn-key basis and operational philosophy, have been responsible for company's transformation vertically as well as horizontally and its present position in the global arena. He was the past General Secretary of All India Rice Export Association.

Driving License No: P01062002175703
Voter Id No: FSH0769620



MR. KAPIL AGGARWAL
DIRECTOR

Mr. Kapil Aggarwal aged 31 years, elder son of Mr. Man Mohan Sarup Aggarwal. A dynamic personality, he has done his Masters in Business Administration from Oklahoma City University, U.S.A.

He has 4 years experience in IT Company in U.S.A and from last 6 years he is into his family business of railway components.

Driving License No: Applied for
Voter Id No: Applied for



MR. MAN MOHAN SARUP AGGARWAL
DIRECTOR

Mr. Man Mohan Sarup Aggarwal aged 59 years; son of Mr. Ved Parkash Aggarwal. He was born and brought up in an industrial family of Punjab, widely engaged in the business of Iron and steel casting.

He has about 38 years experience mainly in Manufacturing of Railway components.

Driving License No: 01646/RDL

Voter Id No: PB/02/002/488140



MRS. RAMA RANI

Mrs. Rama Rani aged 60 years, housewife, has almost 13 years of experience and has served our Company as a director in the past.

Driving License No: Not available

Voter Id No: PB/02/002/459709



MRS. NAVITA AGGARWAL

Mrs. Navita Aggarwal aged 49 years, housewife, has almost 13 years of experience and has served our Company as a director in the past.

Driving License No: Not available

Voter Id No: DL/04/043/342660



MRS SADHNA AGGARWAL

Mrs. Sadhna Aggarwal, aged 43 years, housewife, has almost 13 years of experience and has served our Company as a director in the past.

Driving License No: P01112002180089

Voter Id No: Not available

The Permanent Account Number ("PAN"), Bank Account details and Passport Number of our Promoters have been submitted to Stock Exchanges on which our Company proposes to list its Equity Shares at the time of filing of this Offer Document.

Common Pursuits

The promoters/directors of Sunstar Overseas Limited do not have any other businesses, which have common pursuits to those of Sunstar Overseas Limited, except the following:

Our Managing Director, Mr. Rakesh Aggarwal, is a partner in M/s. Star International, in which he has a 60% profit sharing ratio. One of the objects of Star International is trading and exporting of rice, which may create conflict of business interest. The fact is mentioned as a risk factor on page [●] of this DRHP.

Interest of Promoters

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

The Wholetime Directors are interested to the extent of remuneration paid to them for services rendered to us. Further, the Promoters are interested to the extent of equity shares that they are holding and or allotted to them out of the present Issue, if any, in terms of the Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated otherwise in this Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which the Directors are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Payment or Benefit to Our Promoters

For details of payments or benefits paid to the promoters, please refer to the paragraph "Compensation to Managing Directors/Whole time Directors" in the section titled 'Our Management' in this Draft Red Herring Prospectus.

Sales or Purchase between companies in the Promoter Group

There have been no sales or purchases between companies in the Promoter Group of the Company exceeding in value in the aggregate 10% of the total sales or purchases of the Company.

Related Party Transactions

The details of related party transactions have been disclose as a part of the Auditors Report. For details, please refer page [●] of this Draft Red Herring Prospectus.

CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lakh” or “Lac”, means “One hundred thousand” and the word “million” means “Ten Lacs” and the word “Crore” means “ten million” and the word “billion” means “One thousand million and the word “trillion” means “One thousand billion”. In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Draft Red Herring Prospectus, all the figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” in this Draft Red Herring Prospectus are to the legal currency of India.

DIVIDEND POLICY

Dividends may be declared at the Annual General Meeting of the Shareholders based on a recommendation by the Board of Directors. The Board of Directors may recommend dividends, at its discretion, to be paid to the members. Generally the factors that may be considered by the Board, but not limited to, before making any recommendations for the dividend include future expansion plans and capital requirements, profits earned during the financial year, cost of raising funds from alternate sources, liquidity, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and money market conditions.

However the dividends paid in the past are not necessarily indicative of our dividend policy, in the future.

Dividends paid by our Company during the last five years are presented below:

Particulars	FY 2005	FY 2004	FY 2003	FY 2002	FY 2001
Paid up Equity Share Capital (Rs. lacs)	595.25	595.25	595.25	595.25	595.25
Face value of Equity Shares (Rs. per share)	10	10	10	10	10
Dividend (Rs. lacs)	59.53	29.76	Nil	89.29	44.64
Dividend rate	10	5	Nil	15	7.5
Dividend Tax (Rs. lacs)	7.59	3.72	Nil	9.11	4.55

SECTION VII - FINANCIAL INFORMATION

A) Financial Statements of Sunstar Overseas Limited

Auditor's Report

The Board of Directors

Sunstar Overseas Limited

4119/7, First Floor, Naya Bazaar,

Delhi - 110 006.

Subject: Your Proposed Public Issue

Dear Sirs,

We have examined and found correct the Audited Accounts of **M/s Sunstar Overseas Ltd** for the past five accounting years ended on 31.03.2001, 31.03.2002, 31.03.2003, 31.03.2004, 31.03.2005 and for the six months period ended 30th September 2005 being the last date up to which the accounts of the Company have been made up and audited by us. At the date of signing this report, we are not aware of any material adjustment, which would affect the result shown by these accounts in accordance with the requirement of Part II of Schedule II to the Companies Act, 1956.

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

- (a) The restated assets and liabilities of the Company as at 31-3-2001, 31-3-2002, 31-3- 2003, 31-3-2004, 31-3-2005 and for the six months period ended 30th September 2005 are as set out in **Annexure I** to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in **Annexure III & IV** to this report.
- (b) The restated profits of the Company for the Financial years ended 31-3- 2001, 31.03, 31.03.2002, 31.03.2003, 31.03.2004, 31.03.2005 and for the six months period ended 30th September 2005, are as set out in **Annexure -II** to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in **Annexure III & IV** of this report.
- (c) The rates of dividends paid by the Company in respect of accounting year ended 31.03.2001,31.03.2002, 31.03.2003, 31.03.2004, 31.03.2005 and 30.09.2005 are as shown in **Annexure V** of the report.
- (d) We have examined the following financial information relating to the Company prepared by the management and approved by the Board of Directors for the purpose of inclusion in the Offer document:-
 - i. Accounting Ratio as appearing in **Annexure VI** to this report.
 - ii. Capitalization Statement as at 31st March, 2005 as appearing in **Annexure VII** to this report.
 - iii. Statement of tax shelter as appearing in **Annexure VIII** to this report.
 - iv. Details of secured loans as appearing in **Annexure IX** to this report.
 - v. Details of unsecured loans as appearing in **Annexure X** to this report.
 - vi. Details of Investment as appearing in **Annexure XI** to this report.

- vii. Details of sundry debtors as appearing in Annexure XII to this report.
- viii. Details of loans and advances as appearing in Annexure XIII to this report.
- ix. Details of Transactions with related parties as appearing in Annexure XIV to this report.
- x. Details of other income as appearing in Annexure XV to this report.

In our opinion the above financial information of the Company read with Significant Accounting Policies and notes on account attached in **Annexure IV** to this report, after making adjustments and re-grouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Companies Act, 1956 and the SEBI Guidelines.

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

Thanking you,

For R.K. Gulati & Associates

Rakesh Gulati
(Partner)
M. No. 84895

Place: New Delhi
Date: 09th January 2006

Annexure I

STATEMENT OF PROFIT AND LOSSES ACCOUNT- AS RESTATED

(Rs. In Lacs)

PARTICULARS	FOR THE YEAR ENDED ON					
	30.9.2005	31.3.2005	31.3.2004	31.3.2003	31.3.2002	31.3.2001
	(6 months)	(12 months)	(12 months)	(12 months)	(12 months)	(12 months)
INCOME						
Sales						
Of Products manufactured by the Company	11,061.05	20,853.69	19,422.31	22,556.39	14,879.95	11,278.81
Of Products traded by the Company	1,858.51	5,381.93	1,029.51	26.00	116.90	572.93
Total	12,919.56	26,235.62	20,451.82	22,582.39	14,996.85	11,851.74
Other Income	212.16	651.46	354.96	423.70	142.02	101.58
Increase (Decrease) in Inventories	960.14	2,162.68	1,249.41	(419.94)	958.46	578.03
Total	14,091.86	29,049.76	22,056.19	22,586.15	16,097.33	12,531.35
EXPENDITURES						
Cost of sales	1,230.34	3,644.92	845.81	22.67	104.53	490.00
Raw Material Consumed	9,212.20	17,748.81	15,908.35	17,272.57	11,755.35	8,332.45
Staff Cost	140.84	266.57	214.48	176.73	105.40	89.84
Other Manufacturing expenses	392.44	811.64	677.73	644.04	498.78	461.12
Administration Expenses ,	1,709.53	4,048.04	2,629.01	2,665.71	1,476.62	1,427.77
Selling and Distribution Expenses						
Other Expenses	38.10	152.00	132.03	122.93	33.88	31.77
Total	12,723.45	26,671.98	20,407.41	20,904.65	13,974.56	10,832.95
Profit Before Interest, Depreciation and Income Tax	1,368.41	2,377.78	1,648.78	1,681.50	2,122.77	1,698.40
Interest	550.65	1,042.15	719.03	439.07	488.71	402.92
Depreciation	184.78	423.54	354.90	237.02	201.03	197.19
Net Profit before taxes	632.98	912.09	574.85	1,005.41	1,433.03	1,098.29
Taxation						
Current tax	148.85	230.19	150.13	86.18	61.36	30.88
Fringe benefits tax	5.09					
Deferred tax	(1.18)	0.92	10.87	17.45	94.04	0
Net Profit after taxes	480.22	680.98	413.85	901.78	1,277.63	1,067.41

Annexure II

STATEMENT OF ASSETS AND LIABILITIES - AS RESTATED

Rs. In lacs

Particulars	For the year ended on					
	30.09.2005	31.3.2005	31.3.2004	31.3.2003	31.3.2002	31.3.2001
	(6 months)	(12 months)	(12 months)	(12 months)	(12 months)	(12 months)
A. Fixed Assets:						
Gross Block	4,691.44	4,593.85	3,935.60	3,045.59	2,329.52	2,052.23
Less : Depreciation	1,938.82	1,765.26	1,386.67	1,061.08	845.38	688.57
Net Block	2,752.62	2,828.59	2,548.93	1,984.51	1,484.14	1,363.66
Less: Revaluation Reserve	0	0	0	0	0	0
Capital Work in Progress	130.68	87.71	40.87	277.51	111.66	37.73
Total (A)	2,883.30	2,916.30	2,589.80	2,262.02	1,595.80	1,401.39
B. Investments (B)	69.65	392.06	335.50	241.98	7.42	57.16
C. Current Assets, Loans & Advances						
Inventories	9,862.30	12,540.47	12,930.24	8,317.90	6,663.96	5,641.26
Sundry Debtors	5,617.89	4,988.58	5,204.40	3,540.60	3,918.74	1,907.65
Cash and Bank Balances	1,779.46	1,023.96	1,223.24	908.67	321.72	102.47
Loans and Advances	2,995.32	1,560.67	924.97	597.67	650.29	406.64
Other Current Assets	353.19	348.10	315.59	111.16	42.54	29.54
Total (C)	20,608.16	20,461.78	20,598.44	13,476.00	11,597.25	8,087.56
D. Liabilities & Provisions						
Secured Loans	13,315.17	15,800.69	15,250.14	9,219.79	7,302.64	5,118.99
Unsecured Loans	0	0	0	0	26.95	0
Current Liabilities and Provisions	2,354.14	639.37	1,680.99	595.28	595.58	362.78
Provision for taxes	182.97	102.10	0.90	0.30	30.74	64.89
Fringe benefits tax	4.50					
Deferred Tax Liabilities	122.10	123.29	122.37	111.50	94.04	0
Proposed Dividend	67.10	67.11	33.48	0	0	0
Total (D)	16,045.98	16,732.56	17,087.88	9,926.87	8,049.95	5,546.66
E. Net Worth (A+B+C-D)	7,515.13	7,037.58	6,435.86	6,053.13	5,150.52	3,999.45
F. Represented by						
Share Capital	595.25	595.25	595.25	595.25	595.25	595.25
Share Application Money	0	0	13.00	11.50	11.50	40.51
Reserves and Surplus	6,926.74	6,446.51	5,832.64	5,452.27	4,550.51	3,371.28
Less: Revaluation Reserves						
Reserves (Net of Revaluation Reserves)	0	0	0	0	0	0
Miscellaneous Expenditure	4.18	4.18	5.03	5.89	6.74	7.59
Share issue expenses	2.68	0	0	0	0	0
Net Worth	7,515.13	7,037.58	6,435.86	6,053.13	5,150.52	3,999.45

Notes: The shareholders accorded their approval for issue of bonus shares in the ratio of 3:4 at their annual general meeting held on 29th September 2005 but the bonus shares have been issued by the board on 07th November 2005.

Notes to adjustments carried out in restated financial statements

1. Restated financial statements have been prepared in respect of five years commencing from the financial years ended 31.03.2001 to 31.03.2005 and 6 months ended on 30.09.2005. As a result of restatement of income and expenses amounts, the necessary adjustments have been made against the reserves.
2. Details of various items adjusted in re-stated accounts.
 - (a) During the period ended on 30.09.2005, the company has changed the accounting policy for recording the turnover and accordingly the turnover is recorded inclusive of sea freight and insurance. The turnover of previous year has been restated accordingly.
 - (b) The Company has adopted Accounting Standard -22 issued by the ICAI in preparing financial statements for the accounting year commencing from 1st October, 2003. Accordingly, the charge in respect of deferred tax/ liability has been included in previous years commencing from 01.04.2001 onwards.

NOTES ON ACCOUNTS

(A) **SIGNIFICANT ACCOUNTING POLICIES**

(1) **METHOD OF ACCOUNTING**

- 1.1 The financial statements are prepared on a going concern basis with historical costs and in accordance with accepted accounting standards applicable in India except otherwise stated.
- 1.2 The Company generally, follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties. Certain items of Income such as market fee refunds, overdue interest from customers have been considered to the extent the amount is accepted/likely to be accepted by parties.

(2) **FIXED ASSETS**

- 2.1 Fixed assets are stated at original cost including taxes, freight and other incidental expenses related to acquisition / installation.
- 2.2 Expenditure Direct and Indirect, including interest on long term loans & finance charges, net of Revenue earned during the project execution period are transferred to Pre-operative Expenses and will be amortized with in a period of 5 years.
- 2.3 Capital work in Progress is stated at cost.

(3) **DEPRECIATION**

Depreciation on Fixed Assets is provided on written down value method basis as per rates prescribed under Schedule XIV to the Companies Act, 1956 as prevailing except in case of certain assets depreciation has been provided at higher rates based on useful life as determined by the management.

(4) **INVENTORIES**

The inventories are valued as follows: -

- Finished goods & By-products : - are valued at lower of cost or net realizable value.
- Semi finished goods. :- At material costs & appropriate share of production overheads.
- Raw materials & Packing materials. :- are valued at cost on First in First Out (FIFO) Basis.
- Trading items :- At cost

(5) **INVESTMENTS**

- 5.1 Long-term investments are stated at cost or market value, whichever is less after adjusting for any diminution in value, other than temporary in the value thereof.
- 5.2 Short-term investments are stated at cost or market value, whichever is less.

(6) **TURNOVER**

- 6.1 The Company has changed its method of accounting and now turnover indicated in profit & Loss account is accounted for Ex-godown and inclusive of Sea Freight & Insurance.
- 6.2 Dividend income from investment is recognized when the right to receive the payment is established.

(7) **OTHER INCOME**

Export incentives, interest income and income from investments are accounted for on accrual basis.

(8) **FOREIGN CURRENCY TRANSACTIONS.**

Transaction in foreign currency are recorded at exchange rate prevailing at the time of the transactions and exchange differences arising from foreign currency transactions are dealt with in profit and loss account and capitalized where they relate to fixed Assets. Transactions in foreign currencies remaining unsettled at the end of the year are translated at contracted rate where they are covered by foreign exchange forward contracts and at the rate prevailing at the end of the year in other cases. Any difference subsequently as compared to actual payments or realization is recognized as exchange variations in the year of settlement / realization and dealt in profit and loss account.

(9) **BORROWING COSTS**

Borrowing Costs that are attributable to acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. A qualifying assets is an assets that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to the profit and loss account/ and or to deferred Revenue Expenditure.

(10) **CUSTOM DUTY**

Custom duty is accounted on clearance of goods from the debonding.

(11) **SUBSIDY FROM APEDA/OTHERS**

The subsidy from APEDA/ others has been accounted on accrual basis.

(12) **TAXES ON INCOME**

12.1 Provision for current tax is made in accordance with and at the rates specified under Income Tax Act 1961, as amended.

12.2 Deferred tax is recognized, subject to consideration of prudence on timing difference, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent period and using the tax rates and tax law that have been enacted or substantively enacted by the balance sheet date.

12.3 Deferred tax assets arising from the timing differences are recognized to the extent there is reasonable certainty that these assets can be realized in future.

12.4 Deferred Tax assets and Liabilities are measured using the tax rates and the tax laws that have been enacted or substantially enacted at the balance sheet date.

(13) **PRELIMINARY AND PREOPERATIVE EXPENSES**

Preliminary & Pre-operative expenses are amortized over a period of 10 years on a pro rata basis beginning from the year of incurrence.

(14) **CONTINGENT**

All known liabilities are provided for in the accounts except liabilities of a contingent nature, which have been adequately disclosed in the accounts:

	<u>CURRENT PERIOD</u> (Rs.)	<u>PREVIOUS YEAR</u> (Rs.)
(B) Estimated amount of contracts Remaining to be executed on capital Accounts and not provided for (Net of advances)	Rs. 352.33 Lacs	Rs. 93.00 lacs
(C) <u>Contingent liabilities not provided for in respect thereof.</u>		
(i) Banks Guarantees	Rs. Nil	NIL
(ii) Bills Discounted with Banks	Rs. 4472.10Lakhs	Rs. 3891.34lakhs
(iii) Letter of credits for purchased of Capital assets.	Rs. 52.00 Lakhs	Rs 130.92Lakhs
(iv) Others - Customers	Rs. Nil	Rs Nil
(iv) Claims against the company		

Not acknowledges as debts.

Rs. 26.00 Lakhs

Rs. 20.49Lakhs

(D) **SECURED LOANS**

Working Capital facilities including Packing credit limits PCFC and foreign bills discounted and EBRD limits from The Karur Vysya Bank Ltd, the City Union Bank Ltd. and Karnataka Bank Ltd. are secured by first charge on all the properties of the company by way of hypothecation on immovable properties of the company and raw materials, stock-in process and finished goods, books debts and receivable and first charge on the fixed assets of company and collaterally secured by the personal guarantees of all the directors of the company and collaterally secured against the immovable properties of Sh. Naresh Aggarwal, Sh. Kewal Krishan Goel, directors and Smt. Kavita Aggarwal W/O Sh. Man Mohan Sarup Aggarwal -director.

(E) Balances of Sundry Debtors, Creditors and advances to supplies/others are subject to confirmation and reconciliations.

(F) In the opinion of the board, all Current Assets, loans and advances are approximately of the value stated, if realized in ordinary course of the business except otherwise provided for.

(G) In view of recent amendment to Part I of Schedule VI of the Companies Act 1956 vide notification no. GSR 129 (E) dated 29th February 1999 issued by the Department of Company affairs relating to Small Scale industry undertakings and considering, the multiplicity and difficulty in identification of accounts of such undertakings, the information for determining the particulars in respect of indebtedness to such undertakings as on 30-9-2005 are not available.

(H) The Company is not maintaining the stock records of bardana and by products and therefore the stock of these items have been arrived at on the basis of physical inventories. The difference between financial statements at the close of the year and physical inventory, if any, has been shown in the shortage accounts.

(I) The Company has not yet formulated the type of arrangement by which gratuity liability may be quantified and/ or accrued so as to meet the mandatory requirements of Accounting standard 15 issued by the Institute of Chartered Accountants of India. However the company had during the year purchased group gratuity policy from Life Insurance Corporation of India.

(J) The provision of bonus has been made as per the decision of the management and the computation of liability as per payment of bonus Act 1956 is not ascertained.

(K) **DIRECTORS REMUNERATION**

CURRENT PERIOD

PREVIOUS YEAR

Rs. in Lakhs

Rs. in Lakhs

(a) Director Remuneration

27.25

9.60

(b) Computation of Net profits in accordance with section 349 of the Companies Act 1956.

CURRENT PERIOD

PREVIOUS YEAR

Rs. in Lakhs

Rs. in Lakhs

Profit before taxes as per Profit &
Loss Account

632.98

912.09

Add:

(i)	Depreciation debited to Profit & Loss Account	184.78	423.54
(ii)	Directors Remuneration	27.25	9.60
(iv)	Loss on sale of fixed assets	5.87	--

Less:

(i)	Depreciation U/s 35 of the Companies Act 1956	184.78	423.54
(ii)	Profit on sale of fixed Assets U/s 349 of the Companies Act 1956	2.67	12.98
		-----	-----
		663.43	908.71
		=====	=====

(L) Deferred tax Liabilities/Assets (Net) as on 30.09.2005 are set out as below:-

	Deferred Tax Liability/ (assets) As on 1.04.2005	Current Period Changes/(Credit) during the Period	Deferred Tax Liability/ Assets as at 30.09.2005
(i) <u>DEFERRED TAX LIABILITIES</u>			
Timing difference in between Book and Tax Depreciation	12328758	(118860)	12209898
	-----	-----	-----
	12328758	(118860)	12209898
	-----	-----	-----

-

- (M) Previous Year Figures are given in brackets. Previous year figures are regrouped and reclassified wherever considered necessary to confirm the current period's classification.

(N) SEGMENT INFORMATION**(I) Primary**

The Company is primary business segments comprise Manufacturing trading & marketing of Rice. The business included in these business segments are given below:

Rice :- Basmati & Non Basmati Rice

Other Division :- Sesame Seeds, Cane Sugar,

Segment Revenue, results and other information.

<u>Segment</u>	<u>Rice</u>	<u>Other than Rice</u>	<u>Total Rs. In Lakhs</u>
(1) Revenue			
(a) External Sales	12862.68 (23751.18)	56.87 (203.60)	12919.55 (24276.12)
(b) Inter – Segment Sales	-- (--)	-- (--)	-- (--)
(c) Total Revenue	12862.68 (23751.18)	56.87 (203.60)	12919.55 (24276.12)
(2) Total revenue of each segment as a percentage of total revenue of all segments	99.55% (97.83%)	0.45% (2.17%)	100% (100%)
(3) Segment Results	478.06 (897.29)	2.16 (14.80)	480.22 (912.09)
(4) Combined results of all segments in profit	478.06 (897.29)	2.16 (414.80)	480.22 (912.09)
(5) Combined results of all segments in loss	-- (--)	-- (--)	-- (--)
(6) Segment Results as percentage of the greater of the total arrived at 4 and 5 above in absolute amount	99.55% (97.83%)	0.45% (2.17%)	100% (100%)
(7) Segment Assets	23561.11 (23770.14)	NIL (NIL)	23561.11 (23770.14)
(8) Segment assets as a percentage of total assets of all segments	100% (100%)	Nil NIL	100% (100%)

**(II) Secondary Segment
Revenue of Geographical Segment**

	OUTSIDE INDIA		WITHIN INDIA		TOTAL	
	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year
EXTERNAL	10796.88	23469.28	2122.67	2766.36	12919.55	26235.63
INTERNAL	---	---	---	---	---	---
Total	10796.88	23469.28	2122.67	2766.36	12919.55	26235.63

(O) **RELATED PARTY DISCLOSURES UNDER ACCOUNTING STANDARD -18**

(I) (A) Enterprises in which the company has control NIL

(B) Parties in respect of which the company is a joint venture NIL

(C) Key Management Personnel.

Chairman	Sh. Naresh Aggarwal
Managing Director	Sh Rakesh Aggarwal
Joint Managing Director	Sh Rohit Aggarwal
Director	Sh. Sumit Aggarwal
Director	Sh. Manmohan Sarup Aggarwal
Director	Sh. Kapil Aggarwal
Director	Sh. Kewal Kishan Goel
Director	Sh. Ravinder Passi

(D) Enterprises over which key management personnel
and their relatives are able to exercise significant influences.

M/s Digvijay Steels (P) Ltd.
M/s VAEVKN Industries (P) Ltd .
M/s Ved Kiran Steel Industries (P) Ltd.
M/s Star International.
M/s Maa Sarda Rail Nirman (P) Ltd.
M/s Accustamp (P) Ltd.
M/s Digvijay Systems & Services (P) Ltd.
M/S Digvijay Promoters (P) Ltd.
M/S RSA Propbuild (P) Ltd.
M/S S.S.Rice Traders
M/S Sunstar Exim Ltd.
M/S Sunstar Buildwell (p) Ltd
M/S Sunstar Bio-Energy (P) Ltd
M/S Sunstar Infocom (P) Ltd.
M/S StarTrack Fasteners (P) Ltd.
M/S Five Senses Builders (P) Ltd
M/S Greatwall Constructions (p) Ltd.
M/S RRSP Builders (P) Ltd
M/S RK Arts (P) Ltd.
M/S Indian Exposition Mart Ltd.
M/S K.K.Goel & Sons
M/s Vikas Aggarwal & sons

(II) Transaction with and out standing balance of related parties during the year

Current Period Previous Year

(A) Enterprises in which the company has control NIL NIL

(B) Parties in respect of which the company is a joint venture NIL NIL

(C) Key Managerial Personnel

Remuneration

Name	Relation	Current Period(Rs.)	Previous Year(Rs.)
Sh. Rohit Aggarwal	Joint Managing Director	10,63,300	3,60,000

Sh. Rakesh Aggarwal	Managing Director	15,81,700	6,00,000
Sh Sumit Aggarwal	Director	80,645	Nil

(D) Enterprises over which key management personnel and their relatives are able to exercise significant influences.

<u>Purchases</u>	<u>CURRENT PERIOD</u> <u>(Rs.)</u>	<u>PREVIOUS YEAR</u> <u>(Rs.)</u>
Rubber Rolls Expenses	15,67,488	33,30,542
Material Handling Charges	12,73,042	Nil
Labour Charges	3,18,751	Nil
<u>Sales</u>		
Rice	555.00	65,00,000
<u>Income</u>		
Commission Received	Nil	Nil

Balance outstanding as at 30.09.05

- Receivable	4,13,39,328	8,506
- Payable	5,84,185	5,33,46,724
Share Application Money (Investment)	1,34,73,224	4,40,000

(P) **EARNING PER SHARES**

Earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the period/year as under

	<u>CURRENT PERIOD</u> <u>(Rs. in LACS)</u>	<u>PREVIOUS YEAR</u> <u>(Rs. in LACS)</u>
Profit after tax	480.22	680.99
(A) Profit for the period		
Attributable to equity shareholders	480.22	680.99
(B) Weighted average number of equity		
Shareholders during the period (NOS)	5952536	5952536
(C) <u>Basic & diluted Earning Per Shares</u>		
Number of Equity Shares outstanding during the year	5952536	5952536
Earning per Share	8.06	11.44
(D) Nominal Value of shares	10	10

- (Q) Additional information pursuant to the provision of the paragraph 3 & 4 of Part II of Schedule VI of the Companies Act 1956 (As certified by Directors.)

(i) **INSTALLED CAPACITY & PRODUCTION**

<u>Description</u>	<u>Units</u>	<u>Licensed Capacity@</u>	<u>Installed Capacity* (Per annum)</u>	<u>Actual Production* (Half yearly)</u>
Paddy Processing	M.T.	N.A.	210240	31616.87
Unit. Bahalgarh		N.A.	(210240)	(57450.03)
Rice Processing *	M.T.	N.A.	NIL	NIL
Unit. Alipur		N.A.	(70080)	(29403.50)
Rice Processing				
Unit, Amritsar	M.T .	N.A	35040 (35040)	5353.45 (15045.83)

@ Information on Licenced Capacity has not given since licensing has been abolished.

* Manufactured Goods (including own rice processing)

** as certified by the management and accepted by auditors, this being a technical matter.

(ii) **TURNOVER, OPENING AND CLOSING INVENTORIES (in lacs)**

Class of Goods	Units	Opening Inventories		Turnover		Closing Inventories	
		Qty	Value (Rs.)	Qty	Value (Rs.)	Qty	Value (Rs.)
Rice :-	MT	23035.84	4904.25	57054.11	10795.55	30260.92	6007.78
		(14887.52)	(2767.44)	(125813.67)	(20827.33)	(23035.84)	(4904.25)
By Products :-	MT	4246.21	70.85	8867.10	243.88	28653.86	987.23
(Nakku, Rice Bran, Husk etc.)		(1859.83)	(54.93)	(1865.01)	(430.22)	(4246.21)	(70.85)
Paddy *	MT	--	--			--	--
		(--)	(--)	(2413.95)	(387.34)	(--)	(--)
Bardana *	Pcs	--	--		17.72	--	402.53
			(---)**		(0.04)	(---)**	
Others :-			35.10		3.90		59.99
			(25.15)		(1.23)		(35.10)
			-----		-----		-----
Total			5010.20 (2847.52)		11061.05 (21646.16)		7457.53 (5010.20)
			-----		-----		-----

- It is not practicable to furnish quantitative details due to numerous sizes and quality of bags used.
- ** included in raw materials

(iii) **Traded Items (In Lakhs)**

Class of Goods	Units	Opening Inventories		Turnover		Closing Inventories	
		Qty	Value (Rs.)	Qty	Value (Rs.)	Qty	Value (Rs.)
Seasam Seeds	MT	--	--	38.00	17.89	--	--
		(--)	(--)	(338.01)	(165.82)	(--)	(--)
Rice	MT	2117.60	199.44	12378.19	1801.63	380.06	37.43
(Nagpur/ Raipur)		(1259.06)	(107.54)	(37008.29)	(4385.87)	(2117.60)	(199.44)
Dal	MT	--	--	11.00	5.89	--	--
		(--)	(--)	---	(---)	(--)	(--)
Cane Sugar	MT	2.26	0.16	---	--	--	--
(Shakkar)		(2.26)	(0.16)	(1.51)	(0.33)	(---)	(---)
Mace Whole	MT	--	--	---	---	--	--
		(--)	(--)	(7.20)	(18.99)	(--)	(--)
Timber	CFT	9.02	(0.03)	--	--		
		(9.02)	(0.03)	(--)	(--)	(9.02)	(0.03)
Paddy Seeds	MT	185.09	23.25	146.11	33.10	38.76	5.67
		(103.88)	(12.36)	(84.96)	(18.46)	(185.09)	(23.256)
Total			225.97		1858.51		43.10
			(120.09)		(4589.47)		(225.97)
			-----		-----		-----

Cash Flow Statement

					(Rs. in Lacs)	
	6 months	For the financial year ended March, 31				
	30.9.2005	2005	2004	2003	2002	2001
A CASH FLOW FROM OPERATING ACTIVITIES:						
Net profit / (loss) before taxes and interest	1,183.63	1,954.24	1,293.88	1,444.48	1,921.74	1,501.21
Adjustment for:						
Depreciation	184.78	423.54	354.90	237.02	201.03	197.19
Preliminary / preoperative expenses written off	-	0.85	0.85	0.85	0.85	0.85
PROFIT/(LOSS) ON INVESTMENT	1.00	-	-	-	-	-
DIVIDEND ON SHARES	(1.13)	(2.57)	(0.24)	(0.19)	(1.37)	(0.11)
LOSS/(PROFIT) ON SALES OF SHARES	(49.36)	(17.83)	(9.31)	(0.22)	(11.48)	15.91
(Profit) /loss on sales of fixed assets	3.20	(12.99)	(2.02)	15.20	7.51	(0.44)
Appreciation in value of investments	(10.02)	(2.38)	-	-	-	-
Operating Profit before working capital changes	1,312.10	2,342.86	1,638.06	1,697.14	2,118.28	1,714.61
Adjustment for:						
Inventories(including stock in transit)	2,678.17	389.77	(4,612.34)	(1,653.94)	(1,022.70)	(1,805.90)
Receivables and Loans & Advances	(2,063.96)	(419.88)	(1,991.10)	430.76	(2,254.74)	(790.68)
Other Current Assets	(5.09)	(32.51)	(204.43)	(68.62)	(13.00)	(9.15)
Current Liabilities & Provisions	1,714.77	(1,041.62)	1,085.71	(0.30)	232.80	183.55
Cash generated from Operations	3,635.99	1,238.62	(4,084.10)	405.04	(939.36)	(707.57)
Interest Paid	550.65	1,042.15	719.03	439.07	488.71	402.92
Direct taxes paid	68.84	128.10	150.62	116.36	45.80	15.19
Fringe Benefit Tax	0.60					
Income Tax Refund for Previous Year)	(0.86)	-	(1.43)	-	-	-
Wealth tax	-	0.90	0.30	0.26	0.54	-
Net cash from Operating Activities (I)	3,016.76	67.47	(4,952.62)	(150.65)	(1,474.41)	(1,125.68)

Annexure – V**Statement of Dividend Paid**

Particulars	FOR THE YEAR ENDED ON					
	30.9.2005	31.3.2005	31.3.2004	31.3.2003	31.3.2002	31.3.2001
	(6 months)	(12 months)	(12 months)	(12 months)	(12 months)	(12 months)
Equity Share Capital (Face Value 10/-)	5952536	5952536	5952536	5952536	5952536	5952536
Rate of Dividend	0 %	10%	5%	0%	15%	7.50%
Amount of Dividend	0	5952536	2976268	0	8928804	4464402
Corporate Dividend Tax	Nil	Nil	Nil	Nil	Nil	Nil
Notes: The shareholders accorded their approval for issue of bonus shares in the ratio of 3:4 at their annual general meeting held on 29th September 2005 but the bonus shares have been issued by the board on 07th November 2005.						

Annexure – VI**Accounting Ratios**

Ratio	For the financial year ended March, 31					
	30.09.2005	2005	2004	2003	2002	2001
	(6 months)	(12 months)	(12 months)	(12 months)	(12 months)	(12 months)
(A.) Earning per shares						
Basic	8.07	11.44	6.95	15.15	21.46	17.93
Diluted	8.07	11.44	6.80	14.86	21.06	16.79
(B.) Return on net worth (%)	6.39	9.68	6.43	14.90	24.81	26.69
(C.) Net Asset Value per share (Rs.)	126.25	118.23	105.81	99.76	779.25	619.15

Notes:

(1.) The shareholders accorded their approval for issue of bonus shares in the ratio of 3:4 at their annual general meeting held on 29th September 2005 but the bonus shares have been issued by the board on 07th November 2005

- (2)
- A. Earning per Share (Rs.) = Net Profit After Tax for the year / No. of equity shares
 - B. Net asset Value per share = Net Worth / No. of Equity Shares
 - C. Return on Net worth (%) = Net Profit After Tax / Net worth*100

Capitalisation Statement

PARTICULARS	PRE - ISSUE AS AT		POST ISSUE *
	30.09.2005	31.03.2005	
	(6 months)	(12 months)	
Debt			
Short term Debt (A)	12,895.02	15711.03	
Long Term Debt (B)	420.15	89.66	
Total Debt	13,315.17	15,800.69	
Equity Fund			
- Equity Share Capital	595.25	595.25	
- Reserves & Surplus	6,926.74	6,446.51	
LESS : MISCELLANEOUS EXPS	6.86	4.18	
Total Share Holders funds (C)	7,515.13	7,037.58	
Total Capitalization			
Long term debt /Total Share Holders Funds Ratio / (B/C)	0.06	0.01	

* Share Capital & Reserve, post issue can be ascertained only on the conclusion of the Book Building process.

Note: The shareholders accorded their approval for issue of bonus shares in the ratio of 3:4 at their annual general meeting held on 29th September 2005 but the bonus shares have been issued by the board on 7th November 2005.

Annexure – VIII

Tax Shelter Statement

	Year / Period Ended March 31					
PARTICULARS	30.09.2005	2004-05	2003-04	2002-03	2001-02	2000-01
Period (In months)	6	12	12	12	12	12
Profit / (Loss) before tax as per books A	632.98	912.09	574.85	1,005.41	1,433.03	1,098.29
Tax Rate %						
NORMAL TAX RATE	33.66%	36.59%	35.88%	36.75%	35.70%	39.55%
MAT	8.41%	7.84%	7.69%	7.88%	7.65%	8.48%
Tax impact at applicable tax rate	213.06	333.73	206.26	369.49	511.59	434.37
Adjustments:						
Permanent differences/ adjustments						
dividend on shares	1.12	2.56	0.23	0.2	1.38	0.11
others adjustments	169.06	83.06	0	252.67	416.47	305.91
	0	0	122.67	375.7	827.01	775.05
Total B	170.18	85.62	122.9	628.57	1244.86	1081.07
Timing differences						
Differences between Tax, Depreciation and Book Depreciation	(16.78)	285.32	33.15	69.53	48.82	33.57
Other Adjustments	11.60	14.43	(0.13)	0	0.05	0
Total Timing Differences C	(5.18)	299.75	33.02	69.53	48.87	33.57
Net Adjustments B+C	165	385.37	155.92	698.1	1293.73	1114.64
Tax Saving Thereon	55.54	141.01	55.94	256.55	461.86	440.84
Total Taxation (A)	467.98	526.72	418.93	307.31	139.30	-
Taxation on extraordinary items	0	0	0	0	0	0
Tax on profit before extraordinary items	0	0	0	0	0	0
Taxable income as per provision of MAT	632.98	909.53	451.95	629.51	604.64	323.13
Taxable income as per provision of MAT (B)	53.23	71.31	34.75	49.61	46.25	27.38
Net Tax payable as per income tax returns	148.45	198.80	150.65	114.42	53.67	27.38
[Higher of (A) or (B) above]						

Note: The figures for all the above years are as per the return of income filed and for the period ended 30.09.2005 are as per audited financial Statements.

Annexure – IX

Secured Loans- as restated

(Rs. In Lacs)

Sr. No	Particulars	Rate of Interest	Repayment terms	Amount o/s as on 30-09-2005	Amount o/s as on 31-03-2005
			TERMS		
1	<u>WORKING CAPITAL LOAN</u>				
	<u>A) PACKING CREDIT IN RS.</u>				
	THE KARNATAKA BANK LTD.	7.00%	One year	2052.70	1620.97
	THE CITY UNION BANK LTD.	7.00%	One year	1030.54	1536.6
	THE KARUR VYSYA BANK LTD.	7.50%	One year	2607.86	3230.11
	<u>B) PACKING CREDIT IN FOREIGN CURRENCY</u>				
	THE KARNATAKA BANK LTD.	LIBOR + .75	One year	413.92	2709.55
	THE CITY UNION BANK LTD.	LIBOR + .75	One year	218.42	471.57
	THE KARUR VYSYA BANK LTD.	LIBOR + .75	One year	2099.45	1931.24
	<u>C) FOREIGN BILLS PURCHASED</u>				
	<u>IN RS.</u>				
	THE KARNATAKA BANK LTD.	7.00%	One year	934.03	688.07
	THE CITY UNION BANK LTD.	7.25%	One year	669.00	602.00
	THE KARUR VYSYA BANK LTD.	7.50%	One year	101.10	735.98
	<u>D) FOREIGN BILLS PURCHASED</u>				
	<u>IN FOREIGN CURRENCY</u>				
	THE KARNATAKA BANK LTD.	LIBOR + .75	One year	695.31	414.69
	THE CITY UNION BANK LTD.	LIBOR + .75	One year	317.22	25.68
	THE KARUR VYSYA BANK LTD.	LIBOR + .75	One year	1755.45	1424.90
2	<u>TERM LOAN</u>				
	NIL				0.00
3	<u>VEHICLE LOAN</u>				
	<u>(A) ICICI BANK</u>				
	CAR NO. DL8FA1111		3 YEARS	24.09	29.54
	CAR SKODA		3 YEARS	13.33	15.99
	CAR WAGNOR		3 YEARS	2.52	2.90
	CAR HONDA CITY		3 YEARS	4.81	5.81
	<u>(B) KOTAK MAHINDRA PRIMUS</u>				
	CAR NO. DL1CJ1537		5 YEARS	0	8.15
	CAR NO. DL1CJ1825		5 YEARS	10.36	11.64
	CAR NO. DL1CJ1591		5 YEARS	7.25	8.15
	CAR NO. DL2FE0088		5 YEARS	6.65	7.47
	TOTAL				15481.01

ICICI HOME FINANCE LTD.			
(HOME FINANCE)			
Estate Homes numbered E-135 and E-136 situated in Jaypee Greens Ltd., Noida, measuring 1000 Sq. Yards each.		10 years	340.13

Principal Terms of Secured Loans & Assets Charged As Security

Primary Security:

For PCL/PCFC: Hypothecation of stock of Paddy and Rice meant for Export.

For FBN/P/EBD: All export documents including bill of lading evidencing shipment of goods.

For BG: 10% cash Margin and counter Guarantee from the company.

Collateral:

1. Additional pari-passu EM charge on
 - a) Residential Property at Khasra No. 1988, Gopal Nagar, Samadhi Road, Batala, Punjab in the name of Mr. Naresh Aggarwal valued at Rs. 68.00 Lacs as per Vr dated 27.03.2001.(Extent : Land -885.40 Square Yards: building -5124.00 Sq. Ft.)
 - b) Residential Property at Khasra no. 1988, Gopal Nagar Samadhi road Batala, Punjab in the names of Smt. Kavita Aggarwal and Shri Kewel Kisha Goel valued at Rs. 98.00 Lacs as per VR dated 27.03.2001 (Extent: Land -1133.33 Sq. Yards : Building -8274.00 sq. ft.)
 - c) Industrial Unit at Khasra no. 1247, plot No. 519-520, Alipur Village, Delhi in the name of Mr. Naresh Kumar Aggarwal and Mr. Rakesh Aggarwal valued at Rs. 32.00 Lacs as per VR dated 27.03.2001. 9 Extent: Land -1008.33 Square Yards; Building -4480.00 Square Ft.)
 - d) Factory Land and building at Khasra nos. 78, 704, 365-317, 317 314-315,49,50,51,210,327,50, G.t Karnal road, Village Bahalgarh , dist. Sonapat, Haryana in the name of the company valued at Rs. 1636.00 Lacs as per VR dated 20.01.2000.(Extent : Land -48074.00 sq. Yards; Building -84140.00 Sq.ft.)
 - e) Agriculture Land measuring 5.50 acres adjoining factory premise at Bahalgarh Tehsil, district Sonapat, Haryana held in the name of the Company and valued at Rs. 100.00 Lacs as per VR dated 27.03.2001.
2. Hypothecation charge on Pari-passu basis on the plant and Machinery of the company worth WDV of Rs. 893.45 lacs as on 31.03.2003
3. Lien on term deposits on pari-passu basis worth Rs. 28.07 Lacs in the name of the company.
4. Exclusive Additional EM charges to Karur Vysya Bank Ltd. on the Following Properties
 - a. Land & building Property situated at Plot No. 6 (Back portion), Jamuna Road, Civil Lines, Delhi-54 standing in the name of Mrs. Navita Aggarwal & Mr. Vikas Aggarwal valued at Rs. 313.27 Lacs as per VR dated 21.12.2003 (Values of Land is Rs. 188.80 Lacs

and value of Bldg is Rs. 124.47 Lacs .Total area of construction is 5510 Sq. ft. : extent of Land is 472 square Yards)

- (b) Land & building property situated at plot No. 24-B(Part), Alipur road, Opp. Old Secretariat (Shamnath Marg) , Civil Lines , Delhi-54 Standing in the name of Mr. Manmohan Sarup Aggarwal & Mr. Kapil Aggarwal valued at Rs. 451.75 Lacs as per VR dated 20.12.2003 (Value of Land is Rs. 248.00 Lacs and value of Bldg. is Rs. 120.30 Lacs. Total area of construction is 5350.00 Sq. Ft. ; Extent of Land is 496 sq. Yards)
- (c) Landed Property at 40 KM stone, G.T Karnal road, Village Bahalgarh and village Asawarpur, District Sonapat, Haryana standing in the name of the Company valued at Rs. 222.00 Lacs as per VR dated 21.12.2003 (Area of Land is 7.75 acres valued for Rs. 217.00 Lacs: construction of Platform for storage of Paddy and the like is Rs. 5.00 Lacs).
5. The company purchased three estate homes measuring 1000 Sq. Yards each from Jay Pee Greens Ltd. at a price of Rs. 220 lacs each numbered E-134, E-135 and E-136 in Greater Noida. Out of this two estate homes numbered as E-135 and E-136 have been got financed from ICICI Bank Limited by availing loan of Rs. 340 lacs at the interest rate of 7.45% p.a. for a period of 10 years. The monthly installment of the same have been fixed at Rs. 402700/-.

Annexure X

Details of unsecured loans - As restated

(Rs. In Lacs)

Particulars	For the year / period ended					
	30.09.2005	31.03.2005	31.03.2004	31.03.2003	31.03.2002	31.03.2001
	(6 months)	(12 months)	(12 months)	(12 months)	(12 months)	(12 months)
From banks	0	0	0	0	26.95	0
Deposit from Directors	0	0	0	0	0	0
Total	0	0	0	0	26.95	0

Details of Investment

	6months	For the financial year ended March, 31				
	30/09/2005	2005	2004	2003	2002	2001
<u>Long Term (At cost)</u>						
In associates companies (non trade)						
VAE VKN INDUSTRIES PVT LTD	0	336.97	236.50	236.50	0.00	0.00
DIGVIJAY STEELS PVT LTD	0	0.00	68.00	0.00	0.00	0.00
DIGVIJAY PROMOTORS PVT LTD	0.2					
SUNSTAR BUILDWELL PVT LTD	0.2					
SUNSTAR INFOCOM PVT LTD	0.2					
SUNSTAR BIO-ENERGY PVT LTD	0.2					
A	0.80	336.97	304.50	236.50	0.00	0.00
<u>QUOTED SHARES</u>						
KARUR VYSYA BANK	4.64	3.26	2.96	1.30	2.27	52.66
CITY UNION BANK	0.41	0.34	3.02	1.64	1.40	4.49
APTECH	0.01	0.00	0.00	0.46	1.50	0.00
HEXAWARE		0.00	0.00	1.04	0.00	0.00
VIKAS VXP	1.04	1.04	1.04	1.04	2.25	0.00
INDERPRASTH GASES	1.64	1.36	1.16	0.00	0.00	0.00
<u>MARUTI UDYOG LTD</u>	0.01	0.00	0.00	0.00	0.00	0.00
<u>UCO BANK</u>	1.69	1.69	1.24	0.00	0.00	0.00
<u>VIJAYA BANK</u>	0.06	0.06	0.06	0.00	0.00	0.00
<u>TV TODAY</u>	0.19	0.15	0.27	0.00	0.00	0.00
<u>SURYA PHARMA</u>	1.44	2.04	0.64	0.00	0.00	0.00
<u>POWER TRADING</u>	0.2	0.21	0.06	0.00	0.00	0.00
<u>PATNI COMPUTER</u>	1.12	0.93	0.54	0.00	0.00	0.00
<u>JET AIRWAYS</u>	0.65	0.70	0.00	0.00	0.00	0.00
<u>UTV</u>	0.15	0.14	0.00	0.00	0.00	0.00
<u>DENA BANK</u>	0.24	0.23	0.00	0.00	0.00	0.00
<u>BHARATI SHIPYARD</u>	0.36	0.14	0.00	0.00	0.00	0.00
<u>NTPC</u>	2.25	1.95	0.00	0.00	0.00	0.00
<u>TCS</u>	2.15	2.12	0.00	0.00	0.00	0.00
<u>NDTV</u>	0.21	0.18	0.00	0.00	0.00	0.00
<u>BOM</u>	0.42	0.39	0.00	0.00	0.00	0.00
<u>BIOCON</u>	0.23	0.20	0.00	0.00	0.00	0.00
<u>FLEX</u>	0.91	0.90	0.00	0.00	0.00	0.00
<u>BOC</u>	0	0.91	0.00	0.00	0.00	0.00
<u>VARUN SHIPPING</u>	12.87	7.55	0.00	0.00	0.00	0.00
<u>SHIPPING CORP</u>	28.41	27.12	0.00	0.00	0.00	0.00
<u>JHPL</u>	1.71	0.00	0.00	0.00	0.00	0.00
<u>SPL INDUSTRIES</u>	0.31	0.00	0.00	0.00	0.00	0.00
<u>IDFC</u>	0.39	0.00	0.00	0.00	0.00	0.00
<u>MUTUAL FUNDS</u>						
HSBC	0	0.00	20.00	0.00	0.00	0.00
TATA ENGINEERING	0	0.50	0.00	0.00	0.00	0.00
RELIANCE VISION	1.89	1.00	0.00	0.00	0.00	0.00
TATA EQ FUND	0.91	0.00	0.00	0.00	0.00	0.00
SBI MUTUAL FUND	2.33	0.00	0.00	0.00	0.00	0.00
B	68.84	55.11	30.99	5.48	7.42	57.15
TOTAL A+B	69.64	392.08	335.49	241.98	7.42	57.15
					7.42	

Annexure XII**Statement of Sundry Debtors****(Rs. In Lacs)**

Particulars	For the year / period ended					
	30.09.2005	31.03.2005	31.03.2004	31.03.2003	31.03.2002	31.03.2001
	(6 months)	(12 months)	(12 months)	(12 months)	(12 months)	(12 months)
Debts outstanding for a period exceeding 6 months	80.64	144.74	35.40	183.00	1.21	11.26
Others	5537.25	4843.84	5169.00	3357.6	3917.53	1896.39
Total	5617.89	4988.58	5204.4	3540.60	3918.74	1907.65

Annexure - XIII**Details of Loans and Advances - as Restated**

A. Analysis of Loans & Advances						
	For the year / period ended					
	30.09.2005	31.03.2005	31.03.2004	31.03.2003	31.03.2002	31.03.2001
	(6 months)	(12 months)	(12 months)	(12 months)	(12 months)	(12 months)
Advance recoverable in cash or in kind for value to be received						
CLAIMS RECEIVABLE	8.62	29.26	0	202.15	106.14	0
ADVANCE FOR PROPERTY	1367.19	850.50	348.84	0	0	0
ADVANCES TO SUPPLIERS	926.64	520.53	207.26	112.14	131.06	36.65
ADVANCES TO OTHERS/STAFF ETC.	198.31	15.41	162.82	4.91	16.95	1.88
DEPB RECEIVABLE	85.23	129.77	16.90	57.57	27.59	44.44
SHARE APPLICATION MONEY	133.93	12.40	189.15	220.90	368.55	316.25
TAX PAYMENTS(NET OF PROVISION)	0	0	0	0	0	7.42
ADVANCE TO GROUP COMPANIES/FIRMS	275.40	2.80	0	0	0	0
Total	2,995.32	1,560.67	924.97	597.67	650.29	406.64

Related Party Disclosure**Associates**

1. STAR TRACK FASTENERS PVT LTD	2. GREATWALL CONSTRUCTIONS (P) LTD.
3. STAR INTERNATIONAL	4. DIGVIJAY PROMOTERS (P) LTD.
5. S S RICE TRADERS	6. SUNSTAR BUILDWELL (P) LTD.
7. DIGVIJAY SYSTEMS AND SERVICES PVT LTD	8. SUNSTAR INFOCOM (P) LTD.
9. SUPER ENTERPRISES	10. SUNSTAR EXIM LTD.
11. VAE VKN INDUSTRIES PVT LTD	12. SUNSTAR BIO ENERGY (P) LTD.
13. DIGVIJAY STEELS PVT LTD	14. RSA PROPBUILD (P) LTD.
15. MAA SHARDS RAIL NIRMAN PVT LTD	16. ACCUSTAMP (P) LTD.
17. VED KIRAN STEEL INDUSTRIES PVT LTD	18. K.K. GOEL & SONS (HUF)
19. RRSP BUILDERS (P) LTD.	20. VIKAS & SONS (HUF)
21. FIVE SENSES BUILDERS (P) LTD.	

Key Managerial Personnel

1. NARESH AGGARWAL	CHAIRMAN
2. ROHIT AGGARWAL	JOINT MANAGING DIRECTOR
3. SUMIT AGGARWAL	EXECUTIVE DIRECTOR

Details of transactions with related parties

(Rs. in lacs)

<u>Related Party</u>	<u>Relation ship</u>	<u>Nature of Transaction</u>	30/09/2005	31/03/2005	31/03/2004	31/03/2003	31/03/2002	31/03/2001
		P	(6 months)	(12 months)	(12 months)	(12 months)	(12 months)	(12 months)
Star Track Fastenrs Pvt Ltd	Associate	Consumable stores	13.23	33.30	16.37	19.40	0	23.45
Digvijay System and services Pvt Ltd.	Associate	Software	0	0	0.33	4.95	12.60	0
Star International	Associate	Interest	0	0	0	0	2.90	0
		Sales	0	65.00	0	0	1.87	0
S S Rice Traders	Associate		0	0	0	25.65	20.44	36.15
Super Enterprises	Associate	Paddy/ Rice	0	0	0	0	0	55.75
VIKAS AND SON HUF	Associate	LABOUR CONT.	8.68	25.57	0	0	0	0
K K GOEL AND SONS	Associate	LABOUR CONT.	7.23	28.48	0	0	0	0
Naresh Aggarwal	Key Managerial Person	Remuneration	0	0		0	0	0
Rakesh Aggarwal	Key Managerial Person	Remuneration	15.82	6.00	25.51	3.60	2.40	1.20
Rohit Aggarwal	Key Managerial Person	Remuneration	10.6	3.60	14.95	0	0	0
Sumit Aggarwal	Key Managerial Person	Remuneration	0.81	0	0	0	0	0
Rajeev Sharma		Remuneration	0	0	0	0	1.44	1.20
Pooja Aggarwal		Remuneration	0	0	0	3	0	0
Sadhna Aggarwal		Salary	0	0	0	2.4	0	0
Navita Aggarwal		Salary	0	0	0	3	0	0

Annexure – XV**Details of Other Income - As Restated**

Particulars	(Rs. in Lacs)					
	30.9.2005 (6 months)	31.3.2005 (12 months)	31.3.2004 (12 months)	31.3.2003 (12 months)	31.3.2002 (12 months)	31.3.2001 (12 months)
Interest Income	0.40	30.39	8.89	0	0.38	0
Lease rent / rentals	0	0	0	0	0.41	0.89
Export Incentives	73.69	325.95	269.97	392.42	115.90	97.55
Dividend on shares	1.13	2.57	0.24	0.19	1.37	0.11
Profit on sales of assets	2.68	12.99	2.02	0	0	0.44
Short and Excess Recoveries	0	10.45	0.47	1.01	0	2.44
Commission	0.44	0.94	49.65	0	1.88	0
Brokerage from shipping cos	5.12	23.25	13.85	24.99	9.96	0
Profit on sales of shares	49.36	17.83	9.31	0.22	11.48	0
Exchange variations	25.47	167.24	0	0	0	0
Misc Income	43.85	57.47	0.56	4.87	0.64	0.15
Appreciation in value of shares	10.02	2.38				
Total	212.16	651.46	354.96	423.7	142.02	101.58

Qualification to the Auditors Report

YEAR 2000-01	NIL
YEAR 2001-02	NIL
YEAR 2002-03	NIL

Year 2003-04

In respect of statutory dues:

According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, income Tax, Custom duty, Excise duty, Cess Wealth Tax, and other statutory dues have generally been deposited late with the appropriate authorities, according to the information and explanations given to us. The company has neither deducted provident Fund dues on one of the Contractor amounting to Rs. 1,32,950.00 nor has deposited the same with the appropriate authorities till 31st March ,2004.

The following statutory dues were outstanding as on 31st March, 2004 for a period of more than six month from the date they become payable.

Sr. No	Nature of Dues	Amount outstanding for more than 6 months from the date they become payable
(1)	Sales Tax	Rs. 39,034.00
(2)	Tax Deducted At Source	Rs. 17,537.00
(3)	E.P.F	Rs. 83,180.00

YEAR 2004-05

In respect of statutory dues:

- a) According to the records of the Company, undisputed statutory dues including Provident fund, Employees' State Insurance, Sales-Tax, and other statutory dues have generally been deposited late with the appropriate authorities, according to the information and explanations given to us.
- b) According to the records of the company, the following amount has not yet so far been deposited.

Nature of the Statute	Nature of Dues	Amount outstanding for more than 6 month
-Sales Tax	Sales Tax	Rs. 2,617.00
-Income Tax	T.D.S	Rs. 6,891.00

B) Financial Information of Subsidiary Companies

Our Company does not have any subsidiary company.

C) Financial Information of Group Companies**1. Accustamp Private Limited**

Accustamp Private Limited was incorporated under the Companies Act vide certificate of incorporation no. 198483 on December 05, 1984 with the main object of carrying on the business as manufacturers, producers, processors, traders, exporters, importers, buyers, sellers, dealers, stockists, distributors and agents of electrical stampings, lamination and its allied products for motors, fans transformers and electrical goods.

The registered office of the Company is situated at 4119/7, Naya Bazaar, Delhi.

Board of Directors:

Sr. No	Name of Director	Designation
1.	Mr. Naresh Aggarwal	Director
2.	Mr. Yogesh Gupta	Director
3.	Mr. Man Mohan S. Aggarwal	Director

Shareholding Pattern of Equity Shareholders: (as on 30th September, 2005)

Particulars	No. of shares	% Holding
Rama Rani	69,100	8.77
Navita Aggarwal	42,600	5.41
Naresh Kumar Aggarwal (HUF)	1,38,000	17.52
Meeta Aggarwal	350	0.04
Rajneesh Aggarwal	1,250	0.16
Swati Aggarwal	100	0.01
Man Mohan S. Aggarwal & Sons (HUF)	1,82,336	23.15
Naresh Kumar Aggarwal	57,964	7.36
Navita Aggarwal	72,000	9.14
Kapil Aggarwal	41,000	5.21
Yogesh Gupta	15,000	1.90
Mona Goel	12,000	1.52
Monika Goel	1,500	0.19
Ritika Aggarwal	1,000	0.13
Rakesh Aggarwal	1,500	0.19
Kewal Krishnan Goel (HUF)	1,800	0.23
Rohit Aggarwal	1,50,000	19.05
Rama Rani	69,100	8.77
Total	7,87,500	100.00

Financial Performance:**(Rs. lacs)**

Particulars	For the Financial Year ended March 31 st		
	2005	2004	2003
Total Income	94.86	67.68	108.51
Profit after tax	1.15	3.16	2.04
Equity Share Capital	78.75	78.75	78.75
Share Application Money	40.76	49.18	54.05
Reserves (excluding revaluation reserves)	37.72	36.57	33.41
Net Worth	155.01	164.15	165.73
NAV per share (Rs.)	19.68	20.84	21.05
EPS per shares (Rs.)	0.15	0.48	.26

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

2. Digvijay Steels Private Limited

Digvijay Steels Private Limited was originally incorporated as Swatee Forgings Private Limited under the Companies Act on 16.02.82 but later upon change of name to Digvijay Steels Private Limited a fresh certificate of Incorporation was issued vide certificate of incorporation no. 16-04850 on 22.12.1992 with the main object of carrying on the business to set up industry for manufacturing Industrial Fasteners, Railway Track Fittings, Machine Tools, Agricultural Implements, Ferrous and Non-Ferrous castings of all kinds and of all articles and things used in the manufacture, maintenance and working thereof.

The registered office of the Company is situated at 8/2- A/3, Jamna Road, Civil Lines, New Delhi

Board of Directors:

Sr. No	Name of Director	Designation
1.	Mr. Stefan Glanz	Director
2.	Mr. Naresh Aggarwal	Co – Chairman
3.	Dr. Marc Kadoura	Chairman
4.	Mr. Kapil Aggarwal	Director
5.	Mr. Dinesh Goel	Director
6.	Mr. Dieter Fritz	Director

Shareholding Pattern: (as on 30th September, 2005)

Particulars	No. of shares	% Holding
Mr. Kewal Krishnan Goel	35,560	7.91
Mr. Man Mohan Sarup Aggarwal	94,240	20.97
Mr. Naresh Aggarwal	94,468	21.02
VAE GmbH, Austria	2,25,167	50.10
Total	4,49,435	100.00

Financial Performance:**(Rs. lacs)**

Particulars	For the Financial Year ended March 31 st		
	2005	2004	2003
Total Income	364.94	20.35	15.53
Profit after tax	(-) 32.70	14.52	6.46
Equity Share Capital	44.94	40.89	39.96
Reserves (excluding revaluation reserves)	183.12	278.63	255.74
Net Worth	201.28	319.52	295.70
NAV per share (Rs.)	44.79	68.14	73.99
EPS per shares (Rs.)	(-) 7.28	3.55	1.61

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

3. Digvijay Systems & Services Private Limited

Digvijay Systems & Services Private Limited was incorporated under the Companies Act vide certificate of incorporation no. 55-4168 on October 25, 1990 with the main object of carrying on the business of manufacture, sale, purchase, assembly, hire purchase, import, export, stockists, distributors, designers, agents, traders, exchangers and jobbers in all kinds of electronics such as computers, computer software development, conversion, data entry, software implementation, system study, software documentation and related components computer systems, computer peripherals, integrated circuits, process controllers, computer printers, transformers, monitors, uninterrupted power supply systems, computer components, computer based systems, computer aided design, computer aided manufacture, telecommunication, related hardware and software, net working of local area and wide area, data communication for hardware and software, computerized medical systems, bioelectrical equipments and to deal in other such office automation machines, computer printers, computer stationery, computer furniture, ribbons, diskettes, magnetic tapes and other such related items in India and abroad..

The registered office of the Company is situated at 6-B, Raj Narain Marg, Civil Lines, New Delhi

Board of Directors:

Sr. No	Name of Director	Designation
1	Mr. Rakesh Aggarwal	Director
2	Mr. Rajneesh Aggarwal	Director
3	Mr. Rohit Aggarwal	Director
4	Mr. Vikas Aggarwal	Director

Shareholding Pattern: (30th September, 2005)

Particulars	No. of shares	% Holding
Star Track Fasteners Private Limited	20,000	37.56
Man Mohan Sarup Aggarwal	750	1.41
Dinesh Goel	450	0.85
Naresh Kumar Aggarwal	32,042	60.18
Total	53,242	100.00

Financial Performance:**(Rs. lacs)**

Particulars	For the Financial Year ended March 31 st		
	2005	2004	2003
Total Income	1.26	1.81	4.95
Profit after tax	(-) 0.29	(-) 0.18	(-) 0.21
Equity Share Capital	53.24	53.24	53.24
Reserves (excluding revaluation reserves)	Nil	Nil	Nil
Net Worth	52.38	52.11	51.73
NAV per share (Rs.)	9.84	9.79	9.72
EPS per shares (Rs.)	(-) 0.33	(-) 0.34	(-) 0.39

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

4. Ved Kiran Steel Industries Private Limited

Ved Kiran Steel Industries Private Limited was originally incorporated as M/s. Precision SG Iron Foundry Pvt. Limited under the Companies Act on 19.02.1991 but later upon change of name to M/s. Ved Kiran Steel Industries Pvt. Ltd., a fresh certificate of Incorporation no. 55-43159 was issued on 19.08.2004 with the main object of carrying on the business to manufacture, import, export, produce, fabricate, design, buy, sell, distribute and deal in high quality of forgings, forming and castings of all types and varieties.

The registered office of the Company is situated at 6-B, Raj Narain Marg, Civil Lines, Delhi

Board of Directors:

Sr. No	Name of Director	Designation
1	Mr. Naresh Aggarwal	Director
2	Mr. Kewel Krishan Goel	Director
3	Mr. Vikas Aggarwal	Director
4	Mr. Man Mohan Sarup Aggarwal	Director

Shareholding Pattern: (30th September, 2005)

Particulars	No. of shares	% Holding
Naresh Aggarwal	32,000	3.45
Navita Aggarwal	1,21,000	13.04
Rajneesh Aggarwal	3,000	0.32
Rohit Aggarwal	3,000	0.32
Swatee Aggarwal	11,500	1.24
N. K. Aggarwal & Sons (HUF)	1,80,000	19.40
Man Mohan Sarup Aggarwal	33,500	3.61
Navita Aggarwal	74,000	7.98
Vikas Aggarwal	250	0.03
Meeta Aggarwal	3,500	0.38
Kapil Aggarwal	46,500	5.01
Sumit Aggarwal	3,000	0.32
Man Mohan Sarup & Sons (HUF)	1,84,000	19.83
Kewel Krishnan Goel	9,500	1.02

Rama Rani	95,000	10.24
Dinesh Goel	1,08,000	11.64
Vikas Aggarwal (HUF)	20,000	2.16
Total	9,27,750	100.00

Financial Performance:

(Rs. lacs)

Particulars	For the Financial Year ended March 31 st		
	2005	2004	2003
Total Income	187.85	96.34	33.82
Profit after tax	32.74	20.09	2.25
Equity Share Capital	92.775	92.775	92.775
Share Application Money	107.18	200.92	223.36
Reserves (excluding revaluation reserves)	17.81	Nil	Nil
Net Worth	217.60	278.56	264.29
NAV per share (Rs.)	23.45	30.02	28.49
EPS per shares (Rs.)	3.53	2.15	0.24

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors except those mentioned in the section titled "outstanding litigation." beginning on page [*]

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

5. Star Track Fasteners Pvt. Limited

Star Track Fasteners Pvt. Limited was incorporated under the Companies Act vide certificate of incorporation no. 55-50042 on August 24, 1992 with the main object of carrying on the business to manufacture, import-export, produce, fabricate, design buy, sell, distribute, build and stock of all types and varieties of fasteners for railway wagons and Tracks and Carriages and their fasteners, fittings and accessories, wire drawings and all types of hardware, bolts, nuts, nails, rivets, hinges, angles, brackets, pulls and knobs. Bits and stranded wire, screws, supports, handling materials, points, crossings, signalling equipment, inter-sections, signals, steering and suppliers and manufacturers of all types of varieties of castings and forgings.

The registered office of the Company is situated at Plot No. 519, Village Alipur, NCT of Delhi.

Board of Directors:

Sr. No	Name of Director	Designation
1	Mr. Dinesh Goel	Director
2	Mr. Rohit Aggarwal	Director
3	Mr. Vikas Aggarwal	Director
4	Mr. Kapil Aggarwal	Director

Shareholding Pattern: (30th September, 2005)

Particulars	No. of shares	% Holding
Mr. Inderjit Gupta	2350	0.49
Mr. Rajender Kumar Aggarwal	600	0.12
Mr. Dinesh Goel	100	0.02
Mr. Ashish Aggarwal	5700	1.18
Mr. Vasudev Aggarwal	1,000	0.21

Ms. Kanchan Aggarwal	200	0.04
Shri Rajender Kumar Aggarwal & Sons	17,400	3.62
Mr. Ashish Aggarwal	1,800	0.37
Mr. Vijay Gupta	1,000	0.21
Ms. Neeru Gupta	1,000	0.21
Mr. Yogesh Gupta	1,000	0.21
Ms. Upma Gupta	1,000	0.21
Mr. Kewal Kishan Goel	1,000	0.21
Ms. Rama Rani	26,100	5.42
Mr. Dinesh Goel	20,000	4.16
Mr. Kapil Aggarwal	23,700	4.93
Mr. Rakesh Aggarwal	20,000	4.16
Ms. Sadhna Aggarwal	1,000	0.21
Mr. Naresh Kumar Aggarwal	1,000	0.21
Ms. Navita Aggarwal	39,400	8.19
Mr. Vikash Aggarwal	1,000	0.21
Mr. Rohit Aggarwal	23,500	4.88
Mr. Ajay Aggarwal	12,000	2.49
Ms. Jyoti Aggarwal	1,000	0.21
Digvijay Systems & Services P. Ltd.	90,000	18.71
Man Mohan Sarup Aggarwal (HUF)	34,300	7.13
Naresh Kumar Aggarwal (HUF)	34,300	7.13
Ms. Navita Aggarwal	13,700	2.85
Mr. Man Mohan Sarup Aggarwal	1,06,000	22.03
Total	4,81,150	100.00

Financial Performance:

(Rs. lacs)

Particulars	For the Financial Year ended March 31 st		
	2005	2004	2003
Total Income	101.09	101.11	214.41
Profit after tax	(-) 0.23	(-) 1.34	10.44
Equity Share Capital	48.115	48.115	48.115
Share Application Money	33.39	46.92	24.80
Reserves (excluding revaluation reserves)	Nil	Nil	Nil
Net Worth	72.79	86.35	65.17
NAV per share (Rs.)	15.13	17.95	13.54
EPS per shares (Rs.)	(-) 0.05	(-) 0.28	2.17

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

6. Maa Sarda Rail Nirman Private Limited

Maa Sarda Rail Nirman Private Limited was incorporated under the Companies Act vide certificate of incorporation no. 55-68113 on May 02, 1995 with the main object of carrying on the business of manufacturers, producers, sellers, buyers, dealers, importers, exporters, fabricators, founders, smelters of ferrous and non ferrous metal including steel turnout sleepers, railway track fittings and also to set up steel furnaces, continuous and casting and rolling mill plants for producing ingots, pellets, profiles of all kinds and sizes, sections, i.e. flats, angles, rounds,

squares, rails, joints, channels, strips, sheets, plates, blooms, deformed bars, plain and twisted bars, rods, pipes, hinges hoops, circles, angles, shaftings, wires and structurals and other expanded metals made from ferrous and non-ferrous metals, steels, alloy steels, stainless steels, mild steel, carbon steel, forging steel, bright steel, high-speed steel and other special steels, ferro-alloys, pig iron, wrought iron, cast iron, S.G. Iron and graded castings.

The registered office of the Company is situated at 4119/7, First Floor, Naya Bazaar, Delhi

Board of Directors:

Sr. No	Name of Director	Designation
1	Mr. Vikas Aggarwal	Whole Time Director
2	Mr. Shishir Kad	Whole Time Director
3	Mr. Inderjit Gupta	Whole Time Director
4	Mr. Naresh Aggarwal	Director
5	Mr. Rajneesh Aggarwal	Director
6	Mr. Kapil Aggarwal	Director
7	Mr. Dinesh Goel	Director

Shareholding Pattern: (30th September, 2005)

Particulars	No. of shares	% Holding
Mr. Naresh Aggarwal	11,558	3.37
Mr. Arun Jallan	100	0.03
Ms. Kavita Aggarwal	400	0.12
Mr. Kewal Krishnan Goel	10,276	3.00
Ms. Navita Aggarwal.	12,576	3.67
Mr. Manmohan Sarup Aggarwal.	1,49,694	43.68
Mr. Dinesh Goel	8,553	2.50
Mr. Kapil Aggarwal	1,201	0.35
Mr. Rajneesh Aggarwal	1,201	0.35
Ms. Rama Rani Goel	4,763	1.39
Ms. Ritika Aggarwal	1,872	0.55
Mr. Sumit Aggarwal	201	0.06
Mr. Naresh Aggarwal (HUF)	27,375	7.99
Mr. Kapil Aggarwal	10,950	3.20
Ms. Rama Rani Goel	20,075	5.86
Ms. Navita Aggarwal	21,900	6.39
Ms. Kavita Aggarwal	10,950	3.20
Mr. Man Mohan S. Aggarwal (HUF)	27,375	7.99
Kewal Krishnan Goel & Sons	1,900	0.55
Mr. Naresh Kumar Kad	7,900	2.31
Mr. Shishir Kad	10,000	2.92
Ms. Mona Goel	1,900	0.55
Total	3,42,720	100.00

Financial Performance:

(Rs. lacs)

Particulars	For the Financial Year ended March 31 st		
	2005	2004	2003
Total Income	304.36	161.21	100.29
Profit after tax	15.87	.17	(-) 3.16
Equity Share Capital	34.272	34.272	34.272
Share Application Money	15.23	24.78	45.13

Reserves (excluding revaluation reserves)	21.49	5.61	5.44
Net Worth	70.92	64.56	84.71
NAV per share (Rs.)	20.69	18.84	24.72
EPS per shares (Rs.)	4.63	0.05	(-) 0.92

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

7. VAE VKN Industries Private Limited

VAE VKN Industries Private Limited was originally incorporated as M/s. Veekayan Industries Private Limited under the Companies Act but later upon change of name to M/s. VAE VKN Industries Private Limited, a fresh certificate of Incorporation no. U28910DL1997PTC88339 was issued on 22nd September, 2004 with the main object of carrying on the business of forging, fabrication, manufacturing, rolling, fabricating, importing, exporting and processing of all kinds of steels, ferrous and non-ferrous ingots, billets and of all articles and things used in the manufacture, maintenance and working thereof.

The registered office of the Company is situated at 812- A/3 Jamuna Road, Civil Lines, New Delhi

Board of Directors:

Sr. No	Name of Director	Designation
1	Dr. Marc Kaddoura	Chairman
2	Mr. Naresh Aggarwal	Co-Chairman cum Managing Director
3	Mr. Stefan Glanz	Jt. Managing Director
4	Mr. Kewal Krishan Goel	Director
5	Mr. Vikas Aggarwal	Director
6	Mr. Johannes R. Oswald	Director
7	Mr. Urtza Errazti	Director

Shareholding Pattern: (30th September, 2005)

Particulars	No. of shares	% Holding
JEZ Sistemas Ferroviarios Srl, Spain	12,69,417	6.00
Mr. Kewal Krishnan Goel	7,97,246	3.77
Mr. Man Mohan Sarup Aggarwal	20,91,760	9.89
Mr. Naresh Aggarwal	20,91,728	9.89
Mr. Rakesh Aggarwal	7,47,110	3.53
Sunstar Overseas Ltd.	33,69,640	15.93
VAE GmbH, Austria	1,07,90,040	51.00
Total	2,11,56,941	100.00

Financial Performance:

(Rs. lacs)

Particulars	For the Financial Year ended March 31 st		
	2005	2004	2003
Total Income	1374.84	1118.52	899.68
Profit after tax	(-) 507.38	(-) 256.55	28.88
Equity Share Capital	2115.69	597.60	597.60

Share Application Money	Nil	127.24	174.98
Reserves (excluding revaluation reserves)	196.78	Nil	5.81
Net Worth	1537.82	469.46	772.62
NAV per share (Rs.)	73.44	7.86	12.93
EPS per shares (Rs.)	(-) 2.39	(-) 4.29	0.50

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

8. Sunstar Infocom Private Limited

Sunstar Infocom Private Limited was incorporated under the Companies Act vide certificate of incorporation no. U72900DL2005PTC136404 on May 18, 2005 with the main object of carrying on the business in Business Outsourcing and Call Centre Services, consulting, project management and to act as operators, Lessor, lessees, agents and dealers in call centres, data processing, back office operations, Net working, electronic data processing, advanced technologies, email, satellites, communication, world wide web, cameras, electronic optical, information technology and commerce, technology software park, electronic records and other computer and telecom related services of all types for domestic and international operations.

The registered office of the Company is situated at 24-B, Alipur Road, Civil Lines, Delhi 110 054

Board of Directors:

Sr. No	Name of Director	Designation
1	Mr. Rakesh Aggarwal	Director
2	Mr. Rohit Aggarwal	Director
3	Mr. Ankur Aggarwal	Director
4	Mr. Sumit Kumar Arora	Director

Shareholding Pattern: (30th September, 2005)

Particulars	No. of shares	% Holding
Sh. Rakesh Aggarwal	2,000	20.00
Sh. Ankur Aggarwal	1,250	12.50
Sh. Rohit Aggarwal	3,250	32.50
Sh. Sumit Kumar Arora	3,500	35.00
Total	10,000	100.00

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

9. Digvijay Promoters Private Limited

Digvijay Promoters Private Limited was incorporated under the Companies Act vide certificate of incorporation no. U70101DL2005PTC135911 on May 6, 2005 with the main object of carrying on the business in India or abroad of promoters, developers, builders, colonies, real estate agents, mechanical and civil contractors sanitary and electrical contractors, architect, land and site

developers, contractors for construction of buildings, flats factories, group housing, commercial complexes, colonies, multi-storey buildings, shopping malls, multiplex/Cineplex, roads, bridges, water and sewerage supply systems, highways, drains, harbourers, warehouses, godowns.

The registered office of the Company is situated at 24-B, Alipur Road, Civil Lines, Delhi 110 054

Board of Directors:

Sr. No	Name of Director	Designation
1	Mr. Rakesh Aggarwal	Director
2	Mr. Rohit Aggarwal	Director

Shareholding Pattern: (30th September, 2005)

Particulars	No. of shares	% Holding
Sunstar Overseas Limited	2,000	20.00
Rohit Aggarwal	8,000	80.00
Total	10,000	100.00

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

10. Sunstar Buildwell Private Limited

Sunstar Buildwell Private Limited was incorporated under the Companies Act vide certificate of incorporation no. U701DL2005PTC135912 on May 06, 2005 with the main object of carrying on the business in India or abroad of promoters, developers, builders, colonies, real estate agents, mechanical and civil contractors sanitary and electrical contractors, architect, land and site developers, contractors for construction of buildings, flats factories, group housing, commercial complexes, colonies, multistorey buildings, shopping malls, multiplex/Cineplex, roads, bridges, water and sewerage supply systems, highways, drains, harbourers, warehouses, godowns.

The registered office of the Company is situated at 24-B, Alipur Road, Civil Lines, Delhi 110 054

Board of Directors:

Sr. No	Name of Director	Designation
1	Mr. Rakesh Aggarwal	Director
2	Mr. Rohit Aggarwal	Director

Shareholding Pattern: (30th September, 2005)

Particulars	No. of shares	% Holding
M/s. Sunstar Overseas Limited	2,000	20.00
Rohit Aggarwal	8,000	80.00
Total	10,000	100.00

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

11. Sunstar Bio-Energy Private Limited

Sunstar Bio-Energy Private Limited was incorporated under the Companies Act vide certificate of incorporation no. U40107DL2005PTC140535 on September 08, 2005 with the main object of carrying on the business of Developing, Generating, Manufacturing, Marketing and Selling of Bio-Energy, Bio-Fuel, Other renewable source of Energy of Agricultural Products and related apparatus.

The registered office of the Company is situated at 24-B, Alipur Road, Civil Lines, Delhi 110 054

Board of Directors:

Sr. No	Name of Director	Designation
1	Mr. Rakesh Aggarwal	Director
2	Mr. Rohit Aggarwal	Director

Shareholding Pattern: (30th September, 2005)

Particulars	No. of shares	% Holding
Sunstar Overseas Limited.	2,000	20.00
Rohit Aggarwal	6,000	60.00
Sumit Aggarwal	2,000	20.00
Total	10,000	100.00

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

12. Five Senses Builders Private Limited

Five Senses Builders Private Limited was incorporated under the Companies Act vide certificate of incorporation no. U45201DL2005PTC139373 on August 05, 2005 with the main object of carrying on the business to acquire by purchase, lease, exchange, hire or otherwise, lands and property of any tenure or any interest in the same.

The registered office of the Company is situated at 24-B, Alipur Road, Civil Lines, Delhi 110 054.

Board of Directors:

Sr. No	Name of Director	Designation
1	Rakesh Aggarwal	Director
2	Rohit Aggarwal	Director

Shareholding Pattern: (30th September, 2005)

Particulars	No. of shares	% Holding
Rakesh Aggarwal	5,000	50
Rohit Aggarwal	5,000	50
Total	10,000	100.00

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

13. Greatwall Construction & Developers Private Limited

Greatwall Construction & Developers Private Limited was incorporated under the Companies Act vide certificate of incorporation no. U45201DL2005 PTC139374 on August 05, 2005 with the main object of carrying on the business to acquire by purchase, lease, exchange, hire or otherwise, lands and property of any tenure or any interest in the same.

The registered office of the Company is situated at 24-B, Alipur Road, Civil Lines, Delhi 110 054

Board of Directors:

Sr. No	Name of Director	Designation
1	Rakesh Aggarwal	Director
2	Rohit Aggarwal	Director

Shareholding Pattern: (30th September, 2005)

Particulars	No. of shares	% Holding
Rakesh Aggarwal	5,000	50
Rohit Aggarwal	5,000	50
Total	10,000	100.00

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

14. RRSP Builders Private Limited

RRSP Builders Private Limited was incorporated under the Companies Act vide certificate of incorporation no. U45201DL2005PTC139372 on August 05, 2005 with the main object of carrying on the business to acquire by purchase, hire or otherwise, lands and property of any tenure or any interest in the same.

The registered office of the Company is situated at 24-B, Alipur Road, Civil Lines, Delhi 110 054

Board of Directors:

Sr. No	Name of Director	Designation
1	Rakesh Aggarwal	Director
2	Rohit Aggarwal	Director

Shareholding Pattern: (30th September, 2005)

Particulars	No. of shares	% Holding
Rakesh Aggarwal	5,000	50
Rohit Aggarwal	5,000	50
Total	10,000	100.00

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

15. RSA Propbuild Private Limited

RSA Propbuild Private Limited was incorporated under the Companies Act vide certificate of incorporation no. U45201DL2005 PTC134100 on March 17, 2005 with the main object of carrying on the business to engage in Real Estate Promoters, Developers & Project Management Association including civil, mechanical, electrical and all other types of erection, commissioning projects, project trading as well as consultant for execution of industrial, domestic and other purposes.

The registered office of the Company is situated at 17-A/39, W.E.A., Karol, Bagh New Delhi

Board of Directors:

Sr. No	Name of Director	Designation
1	Mr. Rakesh Aggarwal	Director
2	Mr. Rohit Aggarwal	Director
3	Mr. Roshan Dabriwal	Director
4	Mr. Sanjeev Preenja	Director
5	Mr. Jaspal Singh	Director
6	Mr. Subhash Chand Sharma	Director

Shareholding Pattern: (30th September, 2005)

Particulars	No. of shares	% Holding
Mr. Roshan Dabriwal	5000	50.00
Sanjeev Preenja	5000	50.00
Total	10,000	100.00

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

16. Sunstar Exim Limited

Sunstar Exim Limited was originally incorporated as M/s. Jashan Foods Ltd. on April 23, 2001, but later upon change of name to Sunstar Exim Ltd. a fresh certificate of Incorporation was issued on September 10, 2004 bearing Incorporation No. CINU15499D42001PHC110527 with the main object of carrying on the business to grow, produce, cultivate, manufacture, process, assemble, import, export, sell, purchase and deal in all types and varieties of rice, paddy, rice bran, rice bran oil, wheat, maize, dal, atta, sugar, pulses, sugar cane, basin, maida, bran in all branches, grains with facilities to purity, refine and market all or any of these items and to deal in cereals of all types of such as soya bean, cotton seed, sal seed, castor seed, nuts, cashew nuts, ground nut, coconut & coconut oil, copra sea foods, milk powder, fruit, fruit juices, dehydrated-preserved or processed vegetable fruit oils, such as milk powder, cream, tea, coffee, snacks and similar other food products, by products, ghee, butter, tinned and frozen foods, vegetable oil, whether edible or non-edible, molasses, syrups, dairy farms, beverages and other and to install and set up flour mills, rice mills, dal mills, works and to manufacture and deal in other food products such as

biscuits, flakes, confectionery and to set up plant and machinery to manufacture and deal in all or any of those products and other agricultural products.

The registered office of the Company is situated at 24 - B, Alipur Road, Civil Lines, New Delhi

Board of Directors:

Sr. No	Name of Director	Designation
1.	Sh. Rakesh Aggarwal	Director
2.	Sh. Man Mohan Sarup	Director
3.	Mr. Rohit Aggarwal	Director
4.	Mr. Ankur Aggarwal	Director

Shareholding Pattern: (30th September, 2005)

Particulars	No. of shares	% Holding
Sh. Naresh Aggarwal	10,900	21.80
Sh. Rakesh Aggarwal	15,000	30.00
Sh. Man Mohan Sarup	3,000	6.00
Sh. Rajneesh Aggarwal	100	0.20
Sh. Kewal Krishan Goel	3,000	6.00
Sh. Vikas Aggarwal	3,000	6.00
Sh. Rajiv Sharma	15,000	30.00
Total	50,000	100.00

Financial Performance:

(Rs. lacs)

Particulars	For the Financial Year ended March 31 st		
	2005	2004	2003
Total Income	Nil	Nil	Nil
Profit after tax	(-) 0.18	(-) 0.13	(-) 0.14
Equity Share Capital	5.00	5.00	5.00
Share Application Money	0.55	0.55	0.55
Reserves (excluding revaluation reserves)	Nil	Nil	Nil
Net Worth	4.6	4.7	4.76
NAV per share (Rs.)	9.2	9.4	9.52
EPS per shares (Rs.)	(-) 0.35	(-) 0.26	(-) 0.28

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

17. M/s Star International

M/s. Star International, a registered partnership firm was originally formed on 01st June 1989 with Sh. Rakesh Aggarwal, Sh. Man Mohan Sarup Aggarwal, Smt. Rama Rani and Smt. Navita Aggarwal being the founder partners with the object of carrying on the business of trading and exporting of rice, food grains and other allied activities, its principal place of business located at 4119, Naya Bazaar, Delhi - 110 006.

The constitution of the firm was changed on 01st June 1994 with the retirement of Sh. Man Mohan Sarup Aggarwal, Smt Rama Rani and Smt. Navita Aggarwal and induction Sh. Rohit Aggarwal,

Sh. Dinesh Goel and Sh. Kapil Aggarwal as new partners. The constitution of firm was again changed due to induction of Sh. Rajiv Sharma as a partner w.e.f. 01st April 1999.

The constitution of firm was further changed due to retirement of Sh. Rakesh Aggarwal, Sh. Rohit Aggarwal and Sh. Rajiv Sharma w.e.f. 31st March 2001 and again changed due to the induction of Sh. Rakesh Aggarwal as the partners. The object of the partnership firm was modified to included the other business such as import and trading of Steel and Timber besides rice and food grain.

Partners as 31st December 2005

Sr. No	Name of the partner	Partnership Ratio
1.	Sh. Rakesh Aggarwal	60%
2.	Sh. Kapil Aggarwal	20%
3.	Sh. Dinesh Goel	20%

Particulars	For the Financial Year ended March 31st		
	2005	2004	2003
Total Income	271.52	33.14	5.68
Profit after tax	0.35	(3.48)	1.25
Partners Capital A/c	(89.53)	38.01	41.50

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the partnership firm, or its partners.

Companies for which an application has been made for striking off name

Except as stated herein below, there are no companies associated with Sunstar Overseas Limited, and its directors, for which an application has been made with the Registrar of Companies for striking off the names of those companies.

Changes in Accounting Policies during preceding three years

The change in accounting policies, if any, during preceding three years are disclosed as part of the auditors report.

Mechanism for disposal of Investor Grievances: The Company has set up a Shareholders/ Investor's Grievance Committee for redressal of Investor's Grievance in compliance with clause 49 of the listing agreement. The Committee members are Mr. Ravinder Passi (as its Chairman), Mr. Kishore Asthana and Mr. Rohit Aggarwal. The Committee shall approve and monitor transfers, transmissions, splits and consolidation of shares and allied matters and also investigate and direct the redressal of shareholder's grievance. As on date there are no pending investor complaints.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Draft Red Herring Prospectus. You should also read the section titled "Risk Factors" beginning on page [●] of this Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. These financial statements are prepared in accordance with Indian GAAP, the Companies Act and the SEBI guidelines as described in the auditor's report of M/s. R.K. Gulati & Co., Chartered Accountants dated 09th January 2006, in the section titled Financial Information.

(i) Overview of the Business of our Company

Sunstar overseas Limited is one of the leading rice exporter in the country. The Company is one of the largest basmati exporters from India to European markets and has a strong presence in the organic basmati export segment.

Our Company's exports have backend support of state of the art plants ideally located in the basmati paddy growing areas of Haryana and Punjab. We have our plant at Bahalgarh, Sonapat, Haryana, which has milling capacity (paddy to rice) of 23 TPH with additional grading sorting and polishing capacity of 10 TPH. The plant at Amritsar, Punjab has an integrated capacity of 4 TPH, land for which has been taken on lease.

The primary focus of our Company has been in the exports market as the total manufacturing capacity was barely enough to cater to the export markets. The share of the domestic sales to the total sales of the Company was marginal and mainly came from broken left after exporting the head grain. As the domestic branded rice market in consumer packaging is showing growth and promise, we have plans to expand our presence in branded domestic market.

Our registered office is situated at Naya Bazaar, Delhi and corporate office at Civil Lines, New Delhi.

(ii) Significant Developments Subsequent to the Last Financial Year

The Directors of our Company confirm that in their opinion, except for issue of bonus share in the ratio of 3:4 to the existing shareholders totalling 44,64,402 number of shares. No circumstances have arisen since the date of the last financial statements as disclosed in the Draft Red Herring Prospectus, which materially and adversely affect or are likely to affect the trading or profitability of our Company, or the value of our assets, or our ability to pay our liabilities within the next twelve months.

(iii) Factors that may Affect Results of the Operations

Except as otherwise stated in this Draft Red Herring Prospectus, the Risk Factors given in this Draft Red Herring Prospectus, the following important factors, among others, could cause the actual results to differ materially from the expectations:

- General economic and business conditions;

- Our Company's ability to successfully implement its strategy and its growth and plans;
- Factors affecting Agro Based Manufacturing Industry;
- Increasing competition in the Rice Industry;
- Increases in labour costs, raw materials prices, prices of plant & machineries and insurance premium;
- Manufacturers' defects or mechanical problems with Company's plant & machineries or incidents caused by human error;
- Changes in the value of the Indian rupee and other currencies, in particular, the U.S. Dollar;
- Amount that our Company is able to realize from the clients;
- Changes in laws and regulations that apply to the Food Processing (Rice) Industry;
- Changes in fiscal, economic or political conditions in India;
- Social or civil unrest or hostilities with neighbouring countries or acts of international terrorism;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

Revenues

(Rs. in Lacs)

Particulars	6 Months Period ended 30.9.05 #	Year ended 31 st March 2005	Year ended 31 st March 2004	Year ended 31 st March 2003
Sales	12920.00	26236.00	20452.00	22582.00
% to Revenue	91.68	90.31	92.73	99.98
Increase or Decrease in Inventory	960.00	2163.00	1249.00	-420.00
% to Revenue	6.81	7.45	5.66	-1.86
Other Income	212.00	652.00	355.00	424.00
% to Revenue	1.50	2.24	1.61	1.88
Total Revenue	14092.00	29051.00	22056.00	22586.00
% to Revenue	100.00	100.00	100.00	100.00
Cost of Material	10443.00	21394.00	16754.00	17295.00
% to Revenue	74.11	73.64	75.96	76.57
Manufacturing Expenses	392.00	811.00	678.00	644.00
% to Revenue	2.78	2.79	3.07	2.85
Employees Remuneration and Benefits	141.00	267.00	215.00	177.00
% to Revenue	1.00	0.92	0.97	0.78
Direct Cost	10976.00	22472.00	17647.00	18116.00
% to Revenue	77.89	77.35	80.01	80.21
Gross Profit	3116.00	6579.00	4409.00	4470.00
% to Revenue	22.11	22.65	19.99	19.79
Selling, distribution and Administrative Expenses excluding interest and depreciation	1748.00	4201.00	2760.00	2788.00
% to Revenue	12.40	14.46	12.51	12.34
Profit Before Depreciation Interest and Tax	1368.00	2378.00	1649.00	1682.00
% to Revenue	9.71	8.19	7.48	7.45
Depreciation	184.00	424.00	355.00	237.00

Particulars	6 Months Period ended 30.9.05 #	Year ended 31 st March 2005	Year ended 31 st March 2004	Year ended 31 st March 2003
% to Revenue	1.31	1.46	1.61	1.05
Interest	551.00	1042.00	719.00	439.00
% to Revenue	3.91	3.59	3.26	1.94
Profit Before Tax	633.00	912.00	575.00	1006.00
% to Revenue	4.49	3.14	2.61	4.45
Provision for Tax	153.00	231.00	161.00	104.00
% to Revenue	1.09	0.80	0.73	0.46
Profit after Tax	480.00	681.00	414.00	902.00
% to Revenue	3.41	2.34	1.88	3.99

Not comparable, as the figures are not annualized.

Income

Sunstar Overseas Ltd. total income has following major components:

1. Export of traditional basmati
2. Export of Organic Rice
3. Export of Non-basmati Rice
4. Export of other items
5. Sale of traditional basmati in domestic market
6. Other income

Further, the export income has following further sub-segmentations:

1. Export to European Union markets
2. Export to Middle East markets
3. Export to other markets

The following table sets out the contribution of these components in Sunstar's income expressed as % of total income for the last five completed financial years and for the six months ending 30th September 2005.

Components of Revenue as % of Total Income

Year	Export Rice					Domestic				Other Income
	Traditional Basmati	Organic	Non- Basmati	Other items	Total	Traditional Basmati	Non- Basmati	Other item	Total	
2001	82.22	0.00	2.90	4.68	89.80	7.24	0.00	2.05	9.29	0.91
2002	78.80	0.00	6.08	0.79	85.66	9.92	1.18	2.26	13.36	0.98
2003	52.79	1.16	24.80	0.11	78.86	8.41	8.33	2.44	19.18	1.96
2004	73.84	2.52	9.94	0.50	86.79	5.52	3.81	2.07	11.41	1.80
2005	63.76	2.55	19.33	0.67	86.30	7.35	0.04	3.70	11.09	2.61

The value wise break-up is as follows:

Year	Export Rice				Domestic				Other Income	Total Income
	Traditional Basmati	Organic	Non-Basmati	Other items	Traditional Basmati	Non-Basmati	Other item	Total		
2001	9257	0	327	527	815	0	231	11157	102	11259
2002	11387	0	878	114	1434	170	326	14309	142	14451
2003	11415	250	5362	24	1819	1801	528	21199	424	21623
2004	14562	497	1960	98	1089	752	409	19367	355	19722
2005	15899	635	4820	166	1834	9	923	24286	651	24937

Share of revenue from net sales (rice) between domestic and export markets are as follows:

(Rs. in Lacs)

Market	2005		2004		2003		2002		2001	
	*Value	% of Total	Value	% of Total	Value	% of Total	Value	% of Total	Value	% of Total
Export	21520	88.61	17117	88.38	17051	80.43	12379	86.51	10111	90.62
Domestic	2766	11.39	2250	11.62	4148	19.57	1930	13.49	1046	9.38
Total	24286		19367		21199		14309		11157	

* Sale figures taken are on FOB basis for purpose of analysis

Comparison of performance and analysis of developments for financial year ended 31st March 2004 vis-à-vis 31st March 2003

Our total income for the period ended 31st March 2004 was Rs. 22,056 lacs as compared to Rs. 22,586 lacs for the previous year ended 31st March 2003, showing a marginal drop of 2.35%. During the period the Sales from products traded by the Company showed an increase of 3800%, from Rs. 26 lacs in FY 2003 to 1029 lacs in FY 2004. Other income for FY 2004 was Rs. 355 lacs as compared to Rs. 424 lacs in FY 2003.

On the expenditure front, the raw material consumed reduced by 7.90% to Rs. 15908 lacs in FY 2004 from Rs. 17273 lacs in FY 2003. Cost of materials, as a percentage of revenue was marginally down to 75.96% as compared to 76.57% during FY 2003. Staff costs showed an upward trend climbing to Rs. 214 lacs in FY 2004, as compared to 176 lacs in the corresponding previous year. As a % of revenue, staff costs were up to 0.97% in FY 2004 as compared to 0.78% in FY 2003. Other manufacturing, administrative and selling and distribution expenses were at a comparable level to the corresponding previous year.

Interest for the period was at Rs. 719 lacs as compared to 439.07 lacs during FY 2003, an increase of 64% over the previous year. This is on account of increase in working capital requirement, and overall increase in business activity.

PBT and PAT for FY 2004 was Rs. 575 lacs and Rs. 414 lacs respectively as compared to FY 2003 figures of 1005 lacs and 902 lacs.

During this period we increased our paddy processing capacity of Bahalgarh unit, Haryana from 140160 TPA to 175200 TPA and also set up Rice processing unit at Amritsar Punjab having capacity of 4 TPH. Our Company also has been accorded as a 2 star house and also the ISO 9001:2000 certification.

Comparison of performance and analysis of developments for financial year ended 31st March 2005 vis-à-vis 31st March 2004

Total turnover for FY 2005 was Rs. 26236 lacs as compared to Rs. 20452 lacs in FY 2004 and total income during the same period was Rs. 29050 lacs as compared to Rs. 22056 lacs in FY 2004, showing an increase of 31%.

The raw material cost as a percentage of revenue is 73.64%, vis-à-vis 75.96% for the corresponding previous year, i.e. FY 2004, a decrease of 2.32% due to efficient procurement management practices. The employee cost as a percentage of revenue has decreased to 0.92% as compared to previous year figure of 0.97%. Selling, distribution and administrative expenses as a percentage of revenue have increased to 14.46% from the previous year figure of 12.51%, due in increase in business activity.

Interest cost, as a percentage of revenue has marginally increased from 3.26% to 3.59%. PBT and PAT for FY 2005 was Rs. 912 lacs and Rs. 681 lacs respectively as compared to FY 2004 figures of 575 lacs and 414 lacs. PAT has shown an increase of 64% for FY 2005, as compared to FY 2004.

Information required as per clause 6.10.5.5(a) of the SEBI Guidelines

i. **Unusual or infrequent events or transactions:**

There have been no unusual or infrequent events that have taken place.

ii. **Significant Economic changes that materially affected or are likely to affect income from continuing operations:**

Volatility in foreign exchange rates may have an inflationary effect on the import costs. However as our Company derives 86% of our revenues from exports, shall be offset by higher realizations from exports.

Any change in the policy by the Government of India relating to Exports and Minimum support prices (non basmati) may have an impact on our income.

iii. **Known trends or uncertainties**

Apart from the risks disclosed in this Draft Red Herring Prospectus, there are no other trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

iv. **Future relationship between costs and revenue**

The cost depends upon the procurement prices of paddy, which account for up to 80% of the cost. In case of non basmati rice the revenue depends on government policies relating to free sale quotas, (in case of domestic sale). In case of basmati, the revenue would depend on international markets, availability of paddy and the general demand-supply situation.

v. **Total turnover of the Company's major Industry segments**

Please refer to page [●] under the heading 'Industry Overview'

vi. **Status of any publicly announced new products or business segments**

The Company has not announced any new products or business segments.

vii. **Seasonality of business**

Rice processing is dependant on the availability of paddy and its quality. Any factors which may affect the crop production of paddy like extremely high or low rainfall, insect manifestation, non availability of irrigation facilities etc may affect the crop, its quantity and quality.

viii. **Over dependence on Single supplier/Customer**

Our Company sources its raw materials from '*mandies*'. We are diversified in terms of our customers. Our top customer contributes 6% of our revenues for FY 2005. Therefore we are not under threat of excessive dependence on any single supplier/customer.

ix. **Competitive conditions**

The Company has been strengthening its position in the product lines in which it is operating by offering variety and quality consistently, through our in-house quality checks.

SECTION VIII - LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS

Except as stated herein, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act) or litigation for tax liabilities against our Company, [its Subsidiaries], its Directors or its Promoter or Companies promoted by its Promoters and there are no defaults, non-payment or overdue of statutory dues, institutional/ bank dues or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company or its Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Subsidiaries, Promoters or Directors.

Litigation against our Company

Sr. No	Suit Filed by	Suit No. and Authority with whom the suit is Pending with	Gist of the case	Financial implication, if any
	Civil Laws			
1.	Mr. Manoj Gaur	Civil Suit No. S15905/071205, before the Court of Shri Vimal Kumar Yadav, Additional District Judge, Delhi.	The charges involved is for recovery of Rs. 13,00,000/- with interest and damages on account of issuance of cheque to Mr. Manoj Gaur by the Managing Director of Sunstar Overseas Limited & stop payment of the same.	Rs.13,00,000/- plus interest and damages
2.	M/s. Thai Airways Overseas Limited	Civil Suit No. 135 of 2001, before the Court of Smt. Ina Malhotra, Addl. District Judge, Tis Hazari Courts, Delhi.	The case is pending before the Court is recovery of freight charges along with interests and damages. The defence raised by the Company in this suit is that the plaintiff, M/s. Thai Airways, had delayed in carrying the consignment from Delhi to Los Angeles, due to which the Company has suffered losses.	Rs. 3,41,788/- as recovery freight charges plus interest and damages for delay in carrying consignment to Los Angeles
	Labour laws			
3.	Mr. Ramayan Rai	Case No. 146/2002 is pending in the Court of Mr. M.K. Gupta and now in the Court of Mr. S. K. Jain, Additional District Judge/ Presiding Officer Labour Court No. IX,	The charge involved is illegal termination from services of the Company. Mr. Rai has asked for reinstatement and has not asked for any financial compensation.	Not ascertainable

		Distt. Courts Karkardooma, Delhi		
4.	Mrs. Ompati Devi	Court of District Labour and Conciliation Officer, Sonapat	The charge involved is illegal termination from services of the Company. The case has been referred to Labour Court, and no notice has been received as yet.	Rs. 40,000/-
5.	Mrs. Atro Devi	Court of District Labour and Conciliation Officer, Sonapat	The charge involved is illegal termination from services of the Company. The case has been referred to Labour Court, and no notice has been received as yet.	Rs. 40,000/-
	Consumer cases			
6.	Mr. Labh Singh	Complaint No. 235/2004 before the District Consumer Dispute Redressal Forum, Muktsar.	In this case the Company is a co- defendant and the charge involved is for recovery of amount claimed Rs. 57,972/- for loss suffered, Rs. 25,000/- for mental tension and Rs. 10,000/- litigation expenses. In this case the Company entered into contract farming for a particular quality of paddy at a certain minimum price. The complainant did not sow the particular quality of paddy and the Company refused to purchase the particular quality at the decided price. Against this the complainant filed the case for the recovery of the difference amount between the decided price and the market price.	Rs. 92,972/-

Litigation filed by Company

Sr. No	Suit Filed against	Suit No. and Authority with whom the suit is Pending with	Gist of the case	Financial implication, if any
	Criminal Laws			
1.	Mr. Anil Bhargav and others	FIR No. 366/2003 in the Court of Ms. Raj Rani Mitra, M.M., Delhi, under section 408 / 420 / 381 / 34 of Indian Penal Code, 1873.	The matter is posted for framing of charges against the accused for misappropriating the funds of the Company amounting to Rs. 31.62 lacs	Rs. 31.62 lacs
	Civil Laws			
2.	Mr. Prem Chand Sharma	<p>Petition No. E36 of 1998 in the Court of Mr. R. K. Sharma, Addl. Rent Controller, Tis Hazari Courts, Delhi.</p> <p>Suit No. 883 of 1998 and 784 of 2004 in the Court of Mr. R. K. Chauhan, Civil Judge, Tis Hazari Courts, Delhi.</p>	<p>The petition filed by the Company is for eviction of defendant, an ex-employee of the Company.</p> <p>The two suits are against an ex employee Shri Prem Chand Sharma for recovery of damages for his illegal stay in the property taken on rent by the Company from Shri Rakesh Aggarwal and was given to Shri Prem Chand for his residence on account of his employment. He ceased to be in the employment of the Company but refused to vacate the premises and the Company has filed an eviction petition against him and has also filed the aforesaid two suits for recovery of damages. The charge involved is recovery of damages for illegal occupation of the house property.</p>	Not ascertainable
3.	Mr. Anil Bhargav	Case No. 1740/2003, pending adjudication before the High Court of Delhi at New Delhi	The same is a civil suit filed for the recovery of Rs. 31,62,169/- for misappropriating the funds of the Company.	Rs. 31.62 lacs

Litigation involving the Promoters/Directors

Sr. No	Suit details	Suit No. and Authority with whom the suit is Pending with	Gist of the case	Financial implication, if any
	Criminal Laws			
1.	State v/s Rakesh Aggarwal, Managing Director, Sunstar Overseas Limited	FIR No. 107 dated July 2002, in the Court of Sh. A.G. Gaur, Additional Chief Judicial Magistrate, Sonapat, under Section 304A of Indian Penal Code, 1873	The case involves the death/ injuries to the labourer while plastering the wall in the premises of the Company	Not ascertained
2.	Rakesh Aggarwal v/s State of U.P. and another	Application No. 1160 of 2001 u/s 482 at High Court of Judicature at Allahabad	The petitioner namely Mr. Rakesh Aggarwal has approached Honourable high Court of Allahabad against FIR u/s 420 and 406 of the Indian Penal Code lodged by an employee of Wajid Sons Pvt. Ltd., Muradabad. In the FIR it is alleged that Mr. Rakesh Aggarwal has cheated M/s. Wajid Sons Pvt. Ltd. in connection with a transaction involving purchase of rice by M/s. Star Overseas From M/s Wajid Sons Pvt. Ltd. The Honourable Allahabad High Court has stayed the arrest of Shri Rakesh Aggarwal and the matter is pending. The case was last listed on 9 th July 2004 and the next hearing is awaited.	Rs. 20,49,000/- with interest.
	Civil cases			
3.	Prem Chand Sharma v/s Rakesh Aggarwal	Suit No. 14 of 1998 in the Court of Shri D. K. Sharma, Civil Judge, Tis Hazari Courts, Delhi	The plaintiff Shri Prem Chand Sharma is seeking restrained order to the effect that he should not be dispossessed forcibly without due process of law from the property bearing No. LP 27 C, First floor, Pitam Pura, Delhi.	Not ascertainable

4.	Prem Chand Sharma Vs. Rakesh Aggarwal	D.R No. 185 of 2001 in the Court of Shri R. K. Sharma, Civil Judge, Tis Hazari Courts, Delhi	In this case Shri Prem Chand Sharma alleged himself to be the tenant under Sh. Rakesh Aggarwal in respect of the property bearing No. LP 27C, First Floor, Pitam Pura, Delhi.	Not ascertainable
5.	Vijender Singh Solanki Vs. Rakesh Aggarwal	Civil Suit No. 328 of 2005, in the Court of Shri Raj Kumar, Civil Judge, Tis Hazari Courts, Delhi	This is a civil suit for declaration, permanent and mandatory injunction filed by the plaintiff along with the application for stay seeking the ex-parte stay against the defendant. The case pertains to Toyota Corolla car bearing No.DL2FCE-0088, which was handed over to Shri Vijender Singh Solanki for sale and as he did not return the car nor sold the same a police station complaint was made against him by the Company. Shri Vijender Singh Solanki has filed a civil suit by falsely alleging that he had purchased the car from the Company and paid Rs. 4,80,000/- in cash and the remaining amount was to paid at the time of transfer of registration certificate. The court has granted ex-parte ad interim stay restraining Shri Rakesh Aggarwal from interfering in the lawful possession of the car. The written statement and reply to the stay application have been filed by Shri Rakesh Aggarwal.	Not ascertained

Matters involving Sales Tax, Income Tax and Provident Fund/statutory dues

Sales Tax:

1. For the assessment year 2002-03, Sales Tax assessment under Central Sales Tax Act, 1956 has been computed upto financial year 2002-03. Original demand raised was Rs. 8,57,663/-. In this case amount of Rs. 1,30,661/- was deposited and for the balance amount, statutory forms which were pending at that time have been deposited.

Note: Sales Tax assessments for the years 2003-2004 and 2004-2005 are pending, no demands have been raised till date.

Income Tax:

1. For the assessment year 2001-02, assessment under section 143 (3) Income Tax Act, 1961, reopened for ascertaining the justification of claim by the Company U/s 80 IB of I. T. Act, 1961. Objections against the notice have been filed and the proceedings are in process at Delhi.
2. For the assessment year 2002-03, assessment completed u/s 143 (3) Income Tax Act, 1961, reopened for ascertaining the justification of claim by the Company U/s 80 IB of I. T. Act, 1961. Objections against the notice have been filed and the proceedings are in process at Delhi.
3. For the assessment year 2003-04, the case has been selected for scrutiny assessment. The Assessing Officer has issued the notice U/s 143 (2) of the I.T. Act, 1962, for the assessment. Proceedings are under process at Delhi.
4. For the assessment year 2004-05, the case has been selected for scrutiny assessment. The Assessing Officer has issued the notice U/s 143 (2) of the I.T. Act, 1961, for the assessment.

Note: As Income Tax assessments are pending, no demands have been raised till date.

Provident Fund:

1. The case titled as Regional Provident Fund Commissioner v/s Sunstar Overseas Ltd., is pending at Regional P.F. Commissioner, Karnal, under section 7 of Employees Provident Fund and Miscellaneous Provisions Act. As the proceedings are still pending the quantum involved and the implications are not possible to determine. No provision has been made in the financial statements for this. One contractor 'Divine Manpower and Security Services', providing security personnel to the Company, had not deposited the contribution with PF authorities. The Provident Fund Commissioner has alleged that the Company being the Principal employer is responsible for payment of provident fund dues. The total (approx) financial implication involved in the case is Rs. 7,00,000/-

Cases involving group Companies

I. Ved Kiran Steel Industries Private Limited

Labour cases:

Ved Kiran Steel Industries Private Limited, previously known as Precision SG Iron and Foundry Works Private Limited was running its manufacturing activities in Kossi (Uttar Pradesh). Due to Power and Labour problems the company closed its operations at the Kossi unit. After the closure of the unit services of all the workers and employees were terminated and against this decision some of the workers filed the case under the labour laws, as under:

1. Case No. Adj. 141/2000 filed by Workman, Sh. Parsuram against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
2. Case No. Adj. 153/2000 filed by Workman, Sh. Shyam Singh against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
3. Case No. Adj. 154/2000 filed by Workman, Sh. Amar Singh against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
4. Case No. Adj. 140/2000 filed by Workman, Sh. Bahadur against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
5. Case No. Adj. 150/2000 filed by Workman, Sh. Gopi Chand against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
6. Case No. Adj. 147/2000 filed by Workman, Sh. Laxmi Narayan against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
7. Case No. Adj. 145/2000 filed by Workman, Sh. Devi Singh against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
8. Case No. Adj. 168/2000 filed by Workman, Sh. Chhittarpal against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
9. Case No. Adj. 166/2000 filed by Workman, Sh. Shyam Singh against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
10. Case No. Adj. 144/2000 filed by Workman, Sh. Kumar Singh against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
11. Case No. Adj. 160/2000 filed by Workman, Sh. Dharm Singh against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
12. Case No. Adj. 148/2000 filed by Workman, Sh. Raghuwar against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
13. Case No. Adj. 157/2000 filed by Workman, Sh. Megh Shyam against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
14. Case No. Adj. 164/2000 filed by Workman, Sh. Shankarpal against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
15. Case No. Adj. 159/2000 filed by Workman, Sh. Shyam Sharan against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.

16. Case No. Adj. 151/2000 filed by Workman, Sh. Mohan Shyam against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
17. Case No. Adj. 169/2000 filed by Workman, Sh. Hari Singh against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
18. Case No. Adj. 170/2000 filed by Workman, Sh. Sobha Ram against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
19. Case No. Adj. 162/2000 filed by Workman, Sh. Raghuveer against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
20. Case No. Adj. 171/2000 filed by Workman, Sh. Ramesh Chand against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
21. Case No. Adj. 163/2000 filed by Workman, Sh. Radhey Shyam against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
22. Case No. Adj. 161/2000 filed by Workman, Sh. Mahender against termination claiming back wages w.e.f. 23.10.1996. The case is pending before Labour Court, Agra.
23. Besides the above stated cases one more Case No. 164/1999 is also pending before the Labour Court, Agra, regarding legality and illegality of closure. In this case number of workmen contesting against the Company is forty five (45), in which twenty three (23) workmen have already settled their case before Labour Court, Agra.

Note: Amount involved in these cases is equivalent to the outstanding back wages alongwith other benefits (as claimed by the workmen) w.e.f. 23.10.1996 upto the date of the final order, if the Company loses the case (Approximate liability of Rs. 20 lacs). And if the Company wins these cases, the Company will have to pay to the workmen only the Closure Compensation @ 15 days per year of completion of services, Gratuity @ 15 days per year of completion of services (if applicable) and the notice pay depending upon the length of service of the workmen, alongwith other legal dues, if any.

Settled cases but being contested for reinstatement

1. Case No. Adj. 152/2000 filed by Workman, Shri Shyam Kishore against termination claiming back wages w.e.f. 23.10.1996. *The Company **claims to have settled** the case but the workman is contesting for reinstatement with back wages and all legal benefits w.e.f. 23.10.1996.*
2. Case No. Adj. 156/2000 filed by Workman, Sh. Ram Jeet against termination claiming back wages w.e.f. 23.10.1996. *The Company **claims to have settled** the case but the workman is contesting for reinstatement with back wages and all legal benefits w.e.f. 23.10.1996.*
3. Case No. Adj. 142/2000 filed by Workman, Sh. Mom Chand against termination claiming back wages w.e.f. 23.10.1996. *The Company **claims to have settled** the case but the workman is contesting for reinstatement with back wages and all legal benefits w.e.f. 23.10.1996.*
4. Case No. Adj. 158/2000 filed by Workman, Sh. Mahilal against termination claiming back wages w.e.f. 23.10.1996. *The Company **claims to have settled** the case but the workman is contesting for reinstatement with back wages and all legal benefits w.e.f. 23.10.1996.*

5. Case No. Adj. 165/2000 filed by Workman, Sh. Hari Chand against termination claiming back wages w.e.f. 23.10.1996. *The Company **claims to have settled*** the case but the workman is contesting for reinstatement with back wages and all legal benefits w.e.f. 23.10.1996.
6. Case No. Adj. 139/2000 filed by Workman, Sh. Sobha Ram against termination claiming back wages w.e.f. 23.10.1996. *The Company **claims to have settled*** the case but the workman is contesting for reinstatement with back wages and all legal benefits w.e.f. 23.10.1996.
7. Case No. Adj. 146/2000 filed by Workman, Sh. Ralti Singh against termination claiming back wages w.e.f. 23.10.1996. *The Company **claims to have settled*** the case but the workman is contesting for reinstatement with back wages and all legal benefits w.e.f. 23.10.1996.

Amounts Owed to Small Scale Undertakings and Other Creditors

The name of Small Scale Undertakings and Other Creditors to whom the Company owes a sum exceeding Rs. 1 Lac which is outstanding more than 30 days, as on 30th September 2005 are as follows: Nil

Material Developments

There have been no material developments after the date of last balance sheet i.e. 30th September 2005, except that 44,64,402 bonus shares (in the ratio of 3:4) have been issued to the existing shareholders of the Company on 07th November 2005.

Adverse Events

There has been no adverse event affecting the operations of the Company occurring within one year prior to the date of filing of this Draft Red Herring Prospectus with the Registrar of Companies.

Defaults

The Company has not defaulted in meeting any statutory dues, institutional dues or bank dues. The Company has not defaulted in making any payment/refunds for debentures, fixed deposits and interest on debentures and fixed deposits, except as mentioned elsewhere in this Draft Red Herring Prospectus.

STATUTORY APPROVALS AND LICENCES

The Company has received all the necessary consents, licenses, permissions and approvals from the Government/RBI and various government agencies required for its present business and no further approvals are required for carrying on the present as well as the proposed business of the Company except the pending approvals as mentioned under this heading.

The Company has received the necessary consents, licenses, permissions and approvals from the Government and various Government agencies required for its present business and no further approvals are required for carrying on the present as well as the proposed business except as mentioned below. It must however, be distinctly understood that in granting the above consents/licences/permissions/approvals, the Government does not take any responsibility for the financial soundness of the Company or for the correctness of any statements or any commitments made or opinions expressed herein.

We have received the following Government and/or statutory approvals/ licenses/ permissions:

Incorporation

1. Certificate of Incorporation bearing no. 55-64140 dated January 06th 1995 from the Registrar of Companies, NCT of Delhi & Haryana
2. Certificate of commencement of business dated 31st January 1995

Industrial/Labour/ Tax

3. Permanent Account Number (PAN) AAACS9693J issued by Income Tax Department
4. Tax Deduction Account Number (TAN) DELS24543B, issued by the Income Tax Department, New Delhi
5. Sales Tax registration No. LC/30/136387/0589 under the Delhi Sales Tax Rules, 1975
6. Registration no. 03771106836 under the Punjab VAT Act, 2005
7. Registration no. 06073007256 under the Haryana VAT Act, 2003
8. Certificate of Registration (Excise) No. 7256 for the factory located at Bahalgarh, Haryana
9. Certificate of Registration (Excise) No. 21065017 for the factory located at Amritsar, Punjab
10. Service Tax Registration no. AAACS9693JST001 (Bahalgarh, Haryana)
11. Service Tax Registration no. AAACS9693JST002 (Amritsar, Punjab)
12. Importer-Exporter Code (IEC) No. 0595003303 issued by the Joint Director General of Foreign Trade, Ministry of Commerce, New Delhi vide certificate dated 10th September 2001
13. Factory license no: SPT/S-84/1343 issued by Chief Inspector of Factories, Haryana
14. License no. P/NC/HN/15/299 (P22942) issued by the Department of Explosives, Ministry of Commerce and Industry, Government of India.

15. Two Star Export House Certificate no. 000235 issued by the Office of the Joint Director General of Foreign Trade
16. Certificate of registration issued by Agricultural and Processed Food Products Export Development Authority, Ministry of Commerce, Government of India. Registration no. APEDA/REGN/IMP (7771)/95-96 issued on 30th May 1995 and valid till 31st December 2009
17. Registration No. HR-KL/15347 issued by the Regional Provident Fund Commissioner, under the Employee's Provident Funds and Miscellaneous Provisions Act, 1952
18. Factory has been registered with Central Excise Department vide registration No. 132 / SJ/GTA/KUN/DV/2005 under Finance Act, 1994.
19. Market Committee License No. 866-587/Board valid till March 31, 2006.
20. Certificate of approval of fumigation agency bearing No. 25/ 2003 dated September 08, 2003, was issued by Directorate of Plant Protection, Quarantine & Storage and the same is valid up to August 22, 2006.
21. The Factory was acknowledged vide Acknowledgement Certificate dated May 15, 1996 issued by Ministry of Industry, Government of India.
22. Approval for processing of Basmati Rice for export as required under the Export of Basmati Rice (Quality Control and Inspection) Rules, 2003 till May 07, 2006.
23. Solvent License is valid up to March 31, 2006.
24. Certificate of Weights and Measurement Department valid up to November 01, 2006.
25. Licence for Storage of sale for unit situated at Bahalgarh, issued by the Panchayat Samiti, Rai (Sonapat).
26. Approval no. BR - 04-007 issued by Export Inspection Agency- Delhi, Ministry of Commerce & Industry, Government of India for processing Basmati Rice for export

Certificate from Pollution Control Boards

27. Haryana State Pollution Control Board, has given grant of consent for discharge of effluent under Section 25/26 of the water (Prevention and control of Pollution) Act 1974, via letter no. HSPCB/Water Consent/1037 dated 3rd September 2004 valid from 1/4/2004 to 31/3/2005. Application for the renewal of the consent has been submitted and is still pending with authorities.
28. Haryana State Pollution Control Board, has given grant of consent for emission of air pollutants under Section 21/22 of the air (Prevention and control of Pollution) Act 1981, via letter no. HSPCB/Air Consent/1035 dated 3rd September 2004 valid from 1/4/2004 to 31/3/2005. Application for the renewal of the consent has been submitted and is still pending with authorities.
29. Certificate no. HSPCB/SR/2005/1794, issued by Haryana State Pollution Control Board regarding noise level inside and outside the DG room.
30. Punjab Pollution Control Board has given grant of consent for emission of air pollutants under Section 21 of the air (Prevention and control of Pollution) Act 1981, via consent no. ZO/JAL/ASR/CTO/APC/2005-06/F-37 dated 28th July 2005.

31. Consent under Sections 25 and 26 of Water (Prevention & Control of Pollution) Act, 1974 for the operation of M/s. Soni Rice Mill, G. T. Road, Nijarpura, Amritsar.

32. Consent to Operate M/s Soni Rice Mill, G.T. Road, Nijarpura Amritsar Industry are as under:

Consent Number	ZO/JAL/ASR/CTO/WPC/2005-06/F-32
Date of Issue	26.07.2005
Date of Expiry	25.07.2006

33. Certificate for the use of Boiler having registration no. HA715 and HA1089

34. A certificate bearing Registration No. A-254/92 dated November 30, 2004 was issued under the signatures of the Director of Factories to M/s. Soni Rice Mill, G. T. Road, Nijarpura, Amritsar and the same is valid until December 31, 2005.

Certificate for quality Standards

35. ISO 9002 certification no. Q18717 issued by SGS Yarsley International Certification System

36. ISO 14001:1996 certificate issued by BSI Management Systems for the environmental management system associated with rice processing

37. ISO 9001:2000 certification no. FM87812 by BSI Management systems for quality management systems

38. Certificate no. FSS 88999 issued by BSI Management systems for food safety systems

39. HACCP certificate no. FSS 88999 issued by BSI Management Systems

40. Various certificates issued by SGS India Private Limited certifying the organic nature of the crops at various locations as mentioned in the certificate

41. Certificate issued by SGS India Private Limited certifying products manufactured by Sunstar Overseas Limited are in accordance with the requirements of USDA Production standards

42. Certificate issued by Ecocert SA, certifying products manufactured by Sunstar Overseas Limited are in accordance with the requirements of USDA National Organic Program

43. Approval No. BR 04-007 issued by Export Inspection Agency, Delhi approving the plant for export of Basmati Rice

44. Registration certificate no. 163/HSSCA issued by the Haryana Seed certification agency, registering our Company as producer of certified seeds

45. Approval No. EIA/BEL/BR/IPQC/2004-05/710 to 720 approved by Export Inspection Agency-Delhi for export of Basmati Rice from Bahalgarh Plant (Haryana)

46. Certificate no. ML/REG/SH80/2000 issued by Spices Board, Ministry of Commerce, Government of India for exporting spices

Registered Trademarks

47. Certificate no. C.C.4044/2000-2001 issued by Senior Examiner of Trademarks, Trademarks Registry, Government of India, for Copyright registration in respect of the label "GATEWAY OF INDIA".

48. Certificate no. C.C.4023/2000-2001 issued by Senior Examiner of Trademarks, Trademarks Registry, Government of India, for Copyright registration in respect of the label "HELLO".
49. Trademark no. 1028895 issued by the Registrar of Trademarks, Government of India, in respect of the registration of trademark "NEELKAMAL".

Trademark approvals for which Application has been made but not yet received:

Following is the list of trademarks pending approvals:

Trade Mark No.	Date of App/ Trade mark Issue date	Valid Till	Brand Name	Class	Status
816967	31-08-98	--	Indica	30	Examination report received and advertisement is awaited
833414	22-12-98	--	Tyson	30	Examination report awaited
990379	15-02-01	--	Jahanpanah	30	Examination report awaited
993625	01/03/01	--	Jashan	30	Examination report awaited
1167403	17-01-03	--	Purely Yours	30	Examination report awaited
1195088	29-04-03	--	Nature's Choice	30	Examination report awaited
1167404	17-01-04	--	Nature's Pure	30	Examination report awaited

Government Approvals not yet applied for

Approvals for which renewal application has been made in the normal course of business:

Sr. No.	Approval / Consent	Authority	Status
6.	Factory Licence, Bahalgarh	Chief Inspector of Factories	Renewal applied for
7.	Factory Licence, Amritsar	Chief Inspector of Factories	Renewal applied for
8.	Contractors licence	Office of Labour Commissioner, Haryana and the licensing officer	Renewal applied for
9.	Various Trademark approvals	Trademark Registry Officer	As enumerated above
10.	Such other licenses/approvals as may be required by any central/state authorities	Central government/State government/municipal authorities	Application for the same shall be made in the due course of time.

The Company is proposing to expand its existing activities and has all the requisite approvals for carrying on the existing activities. No further approval from any government authority is required by the Company to undertake its current activities, save and except such approvals, which may be required to be taken in the normal course of business from time to time.

Investment Approvals

As per notification number bearing FEMA/20/2000-RB dated 03rd May 2000, as amended from time to time, under automatic route of the Reserve Bank the Company is not required to make an

application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment/transfer of the Equity shares to NRIs/FIIs shall be subject to the prevailing RBI Guidelines. Sale proceeds of such investments in equity shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The shareholders of our Company have approved this Issue under section 81(1A) of the Act by a Special Resolution at our Annual General Meeting held on 29th September 2005.

Prohibition by SEBI

Our Company, our Directors, our Promoters, the Directors of our Promoter Companies, the group companies, companies promoted by or Promoters and companies or entities with which our Company's Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India. Our Company, our Promoters, their relatives, group companies and associate companies have, not been detained as willful defaulters by RBI/government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Eligibility for the Issue

According to clause 2.2.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, an unlisted company may make an initial public offering (IPO) of equity shares or any other security, which may be converted into or exchanged with equity shares at a later date, only if it meets all the following conditions:

1. The company has net tangible assets of at least Rs. 3 crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets.

Particulars	For the year ended				
	31-03-2001	31-03-2002	31-03-2003	31-03-2004	31-03-2005
Fixed Assets (Net)	1401.39	1595.80	2262.02	2589.80	2916.30
Current Assets, Loans & Advances	8087.56	11597.25	13476.00	20598.44	20461.78
Trade Investments	0	0	0	0	0
Less: Current Liabilities & provisions	362.78	595.58	595.28	1680.99	639.37
Net Tangible Assets	9126.17	12597.47	15142.74	21507.25	22738.71
Monetary Assets	102.47	321.72	908.67	1223.24	1023.96

2. The company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years.

Particulars	For the year ended				
	31-03-2001	31-03-2002	31-03-2003	31-03-2004	31-03-2005
Net Profit after tax	1067.41	1277.63	901.78	413.85	680.98

3. The company has a net worth of at least Rs. 1 crore in each of the preceding 3 full years (of 12 months each).

Particulars	For the year ended				
	31-03-2001	31-03-2002	31-03-2003	31-03-2004	31-03-2005
Equity Share Capital	595.25	595.25	595.25	595.25	595.25
Share Application Money	40.51	11.50	11.50	13.00	0
Reserves & Surplus	3371.28	4550.51	5452.27	5832.64	6446.51
Less: Revaluation Reserves	0	0	0	0	0
Less: Misc. Exp	7.59	6.74	5.89	5.03	4.18
Net worth	3999.45	5150.52	6053.13	6435.86	7037.58

4. The company has not changed its name since inception.
5. The Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.

Disclaimer Clauses

SEBI Disclaimer Clause

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, UTI SECURITIES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES 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 PROSPECTUS, THE BOOK RUNNING 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 BOOK RUNNING LEAD MANAGER, UTI SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED 23RD JANUARY 2006, IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- I. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE.

II. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE 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 RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE.
- D. BESIDE US, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT SUCH REGISTRATIONS ARE VALID TILL DATE.
- E. WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

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

Disclaimer from the Issuer and the Book Running Lead Manager

Investors may note that Sunstar Overseas Limited and UTI Securities Limited accept no responsibility for statements made other than in this Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer Company or Book Running Lead Manager and that any one, placing reliance on any other source of information would do so at their own risk

The BRLM, UTI Securities Limited, do not accept any responsibility save to the limited extent as provided in terms of the Memorandum of Understanding entered into between the Company and the BRLM and the Underwriting Agreement to be entered into between the Company and the Underwriters.

All information will be made available by the Book Running Lead Manager and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc. We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Caution; Impersonation

As a matter of abundant caution attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68(A) 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."

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorised under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Delhi only.

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

Disclaimer Clause of the Bombay Stock Exchange Limited

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated [●] given permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document 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 offer document; 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 to mean that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of National Stock Exchange of India Limited

As required, a copy of the Draft Red Herring Prospectus has been submitted to the National Stock Exchange of India Limited ("NSE"). NSE has given vide its letter No. [●] dated [●] permission to the Company to use the NSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than Rs. 100 million and market capitalization shall not be less than Rs. 250 million at the time of the listing). NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

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

Filing

A copy of this Draft Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai – 400 021. A copy of the Red Herring Prospectus along with the documents required to be filed under section 60B of the Companies Act would be delivered for registration to the RoC, NCT of Delhi & Haryana, at: B-Block, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi – 110 003, at least 3 (three) days before the issue opening date. The final Prospectus would be filed with the Corporate Finance Department of SEBI and the ROC at the respective aforesaid addresses upon closure of the issue and on finalization of the issue price.

Listing

Applications have been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any Stock Exchange(s) in India.

BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non-Institutional portion and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the stock exchanges mentioned above, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or

within 70 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and all our directors jointly and severally shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE are taken within seven working days of finalization and adoption of the Basis of Allotment for the Issue.

Consents

Necessary Consents for the issue have been obtained from the following

1. Directors of the Company
2. Promoters of the Company
3. Bankers to the Company
4. Auditors to the Company
5. Legal Advisors to the Issue
6. Book Running Lead Managers to the Issue
7. Registrar to the Issue
8. Company Secretary and Compliance Officer
9. Syndicate Members
10. Underwriters
11. Escrow Collection Bankers to the Issue (will be finalized and necessary consent letter obtained before the final Offer document is filed with the Registrar of Companies, NCT of Delhi & Haryana)

The said consents would be filed along with a copy of this Draft Red Herring Prospectus with the RoC, NCT of Delhi & Haryana, as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus, for registration with the RoC, NCT of Delhi & Haryana.

Expert Opinion

Except as stated elsewhere in this Draft Red Herring Prospectus, we have not obtained any expert opinions.

Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees. The estimated Issue expenses are as follows:

Rs. in lacs

Sr. No	Particulars	Amount	% of total Issue size
a)	Book Running Lead Managers fees	[●]	[●]
b)	Registrars fees	[●]	[●]
c)	Underwriting commission @ [●]%	[●]	[●]
d)	Legal Advisors fees	[●]	[●]
e)	Printing, Postage, Advertisement and Marketing expenses	[●]	[●]
f)	Brokerage and selling expenses	[●]	[●]
g)	Stock Exchange fees for providing bidding terminals	[●]	[●]
h)	Other Miscellaneous expenses	[●]	[●]

Sr. No	Particulars	Amount	% of total Issue size
	Total	[●]	[●]

Fess payable is as per the Memorandum of Understanding signed with the Book Running Lead Manager and Registrars to the issue are as per the engagement letter signed with the Legal Advisor form part of the Material Contracts and are available for inspection at the Corporate Office of our Company at: 24-B, Alipur Road, Civil Lines, New Delhi – 110 054, India between 1100 hrs to 1500 hrs on any working day, excluding Saturday and Sunday from the date of the Prospectus to until the date of closing of the issue.

The Registrar to the issue will be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc as per the MOU. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders/ letter(s) of allotment by registered post.

Underwriting Commission, Brokerage and Selling Commission

An underwriting commission not exceeding [●]% of the total amount underwritten is payable to the underwriters on the offer price of the Equity Shares offered through this Draft Red Herring Prospectus to the public for subscription and underwritten in the manner mentioned in this Draft Red Herring Prospectus.

Brokerage for the issue will be up to [●]% of the issue price of the Equity Shares, which would be paid by our Company on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers' / Agents' codes on the application form, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

Previous Public or Rights Issues in the last 5 years

Our Company has not made any public or rights issue of Equity Shares/Debentures in the last 5 years.

Previous Issue of Shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration other than cash except as detailed in the section entitled 'Capital Structure' in this Draft Red Herring Prospectus.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its inception.

Details of capital issue made during last three years in regard to the issuer company and other listed companies under the same management within the meaning of section 370(1)(B) of the Companies Act, 1956.

There have been no capital issues during last 3 years by us. There are no other listed companies under the same management within the meaning of S. 370(1)(B) of the Act at present or during the last three years.

Promise vis-à-vis Performance – Last 3 issues

This being the initial public offering by our Company, there have been no promises made by us in the past.

Listed ventures of Promoters

There are no other listed ventures of the promoters.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued and outstanding as on the date of the Draft Red Herring Prospectus and terms of Issue

There are no outstanding debentures or bonds or redeemable preference shares and other instruments outstanding as on the date of filing of this Draft Red Herring Prospectus and terms of this Issue.

Stock Market Data

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Investors' Grievances Redressal Mechanism

We have appointed Intime Spectrum Registry Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance officer. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also coordinate with the Registrar to the Issue in attending to the investors' grievances.

We assure that any complaints received, shall be disposed off as per the following schedule:

Sr. No	Nature of the Complaint	Time Taken
1	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2	Change of Address	Within 7 days of receipt of information.
3	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

We have appointed Ms. Kiranpreet Gill as Compliance Officer who would directly liaise with SEBI with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre issue/post issue related problems. The Compliance officer will be available at our Registered Office.

Changes in Auditors during the last three years and reasons thereof

There has been no change in our Auditors during the last 3 years.

Capitalisation of Reserves or Profits during last five years

There has not been any capitalisation of reserves or profits during the last five years, except as stated in section titled “Capital Structure” on page no. [•] of this Draft Red Herring Prospectus.

Revaluation of Assets during the last five years

There has not been any revaluation of Assets during the last five years, except as stated in section titled Capital Structure on page no. [•] of this Draft Red Herring Prospectus.

SECTION IX - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, the Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide a Special Resolution passed at the Annual General Meeting of the Company held on 29th September, 2005.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend (including dividend), voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Mode of Payment of Dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We have been paying dividend in cash and intend to do so in the future.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Draft Red Herring Prospectus at a price of Rs. [●]/- per Equity Share. At any given point of time there shall be only one denomination of the Equity Shares of the Company, subject to applicable laws.

Compliance with SEBI Guidelines

The Company shall comply with all requirements of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time. The Company shall comply with all disclosure norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;

- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act and the Memorandum and Articles of our Company.

For a detailed description of the main provision of the Articles of Association of the Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., see the section entitled 'Main Provisions of Articles of Association' beginning on page [●] of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of [●] Equity Shares to the successful bidders.

Jurisdiction

The jurisdiction for the purpose of this Issue is with competent courts/authorities in Delhi.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the equity shares; or
- b) to make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the equity shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with

respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue amount, including devolvement of underwriters, if any, within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, the Company and every director of the Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act. If the number of allottees in the proposed Issue is less than 1,000 allottees, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after the Company becomes liable to pay the amount, the Company shall pay interest at the rate of 15% per annum for the delayed period.

Withdrawal of the Issue

The Company in consultation with the BRLM reserves the right not to proceed with the issue any time after the Bid/Issue opening date but before allotment without assigning any reason thereof.

Arrangements for Disposal of Odd Lots

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except as stated otherwise in this Draft Red Herring Prospectus, there are no restrictions on transfer/transmission on our Equity Shares.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign direct investment in Food processing Industry is permitted up to 100% under the automatic route.

Subscription by Non Residents, Eligible NRIs/FIIs

As per the extant policy of the Government of India, OCBs cannot participate in this Issue. As per the current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a person Resident outside India) Regulations, 2000, there exists a general permission to the NRIs, FIIs and Foreign Venture Capital Investors registered with SEBI to invest in shares of an Indian company by way of subscription in a Public Issue. However, such investments would be subject to other investment restrictions under the RBI and/or SEBI regulations as may be applicable to such investors. Based on the above provisions, it will not be necessary for the investors to seek separate permission from the FIBP/RBI for the specific purpose. However, it is to be distinctly understood that there is no reservation for NRIs, FIIs and Foreign Venture Capital Funds

registered with SEBI. Applicants will be treated on the same basis with other categories for the purpose of allocation.

Registration of Equity Shares under US Laws

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

ISSUE STRUCTURE

This Issue is being made through a 100% Book Building Process. The present Issue of 56,00,000 Equity Shares of Rs.10/- each at a price of Rs. [●] for cash aggregating Rs. [●] lacs comprising of Employee's Reservation of 2,80,000 Equity Shares aggregating Rs. [●] lacs and Net Issue to the Public of 53,20,000 Equity Shares aggregating Rs. [●] lacs. The issue would constitute 34.96% of the post issue paid up capital of Sunstar Overseas Limited. The details of the issue structure are as follows:

	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to 2,80,000 Equity Shares	Up to 26,60,000 Equity Shares	At least 7,98,000 Equity Shares	At least 18,62,000 Equity Shares
Percentage of Issue Size available for allocation	Up to 5% of the Issue	Up to 50% of the Net Issue to the public (of which 5% shall be reserved for Mutual Funds) less allocation to Non-Institutional Bidders and Retail Individual Bidders.* Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The Unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	At least 15% of the Net issue to the public or Net Issue size less allocation to QIBs and retail individual bidders.*	At least 35% of the Net issue to the public or Net Issue size less allocation to QIBs and non institutional bidders.*
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid	[●] Equity Shares and thereafter in multiples of [●] Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of [●] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of [●] Equity Shares.	[●] Equity Shares and in multiples of [●] Equity Shares.
Maximum Bid	Not exceeding [●] equity Shares	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Such number of Equity Shares per retail individual investor so as to ensure that the Bid amount does not exceed Rs. 1,00,000/- which has to be in multiples of [●] Equity Shares.

Mode of Allotment	Demat mode	Demat mode	Demat mode	Demat mode
Trading Lot/Market lot	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share
Who can apply**	Permanent employees of the Company, including working directors	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lacs and pension funds with minimum corpus of Rs. 2500 lacs in accordance with applicable law.	Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian individuals, HUF (in the name of Karta), and NRIs (applying for an amount exceeding Rs. 1,00,000/-)	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.
Terms of payment	Margin Amount applicable to Employees at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application form to the members of the syndicate
Margin Amount	Full amount on bidding	10% of the Bid amount in respect of bids placed by QIB bidder on bidding	Full amount on bidding	Full amount on bidding

* Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spill over inter-se from any other categories, at the discretion of the Company in consultation with the BRLM's subject to applicable provisions of SEBI Guidelines.

**** In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid Cum Application Form.**

Note:

- 1. Equity Shares being offered through this Draft Red Herring Prospectus can be applied for in dematerialized form only.**
- 2. 'Subject to valid bids being received at or above the Issue Price, under-subscription, if any, in any of the categories, would be allowed to be met with spill over from any of the other categories, at the discretion of the Company in consultation with the BRLM.**

ISSUE PROCEDURE

Note: The SEBI Guidelines have been recently amended on 19th September 2005. Pursuant to those amendments, certain significant changes have been made, including with regard to the allocation procedure for QIBs. Certain changes may be made to the terms of the Issue and the description of the Issue procedure based on the discussions the BRLMs may have and clarifications that they may obtain from SEBI and the Stock Exchanges.

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Net Issue to the Public shall be available for allocation to Qualified Institutional Buyers on a proportionate basis (of which 5% shall be allocated for Mutual Funds). Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. We, in consultation with the BRLM(s), reserve the right to reject any Bid procured by any or all members of the Syndicate without assigning any reasons therefor in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Illustration of Book Building and Price Discovery Process (*Investors should note that this illustration is solely for the purpose of illustration and is not specific to the Issue*)

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs.60 to Rs.72 per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the Bidding/Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of the Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLM and Co-BRLM, will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective category.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this Draft Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category		Colour of Bid-cum-Application Form
Indian Public including QIBs, Non-Institutional Bidders or NRIs applying on a non-repatriation basis	:	White
Non-residents, NRIs or FIIs applying on a repatriation basis	:	Blue
Permanent Employees of the Company	:	Pink

Who Can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
4. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
5. Indian mutual funds registered with SEBI;
6. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI;
9. State Industrial Development Corporations;
10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident funds with minimum corpus of Rs. 25 crores and who are authorized under their constitution to invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 25 crores and who are authorized under their constitution to invest in Equity Shares;
13. Multilateral and bilateral development financial institutions;
14. Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
15. Eligible Non-residents including NRIs and FIIs on a repatriation/non- repatriation basis subject to applicable local laws; and

16. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.

As per existing regulations, Overseas Corporate Bodies (OCBs) cannot bid/participate in this issue.

The BRLM(s) and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals.

In accordance with the current regulations, the following restrictions are applicable for investments by mutual funds: No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs: The Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of our Company in case such sub-account is a foreign corporate or an individual.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds: The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the Company's paid-up capital. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of the Company's paid-up equity capital.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid size

- a) **For Employees:** The Bid must be for minimum [●] Equity Shares and in multiples of [●] Equity Shares thereafter, subject to a maximum bid for 2,80,000 Equity Shares.
- b) **For Retail Individual Bidders:** The Bid must be for minimum [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000/-. In case the Bid Amount is over Rs. 1,00,000/- due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

- c) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000/- and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000/- for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000/- or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Information for the Bidders

1. We will file the Red Herring Prospectus with the Registrar of Companies, at least 3 (three) days before the Bid/Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
3. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from our registered office or from the BRLM(s), or from a member of the Syndicate.
4. Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLMs or Syndicate Member or their authorised agent(s) to register their Bid.
5. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
6. The price band shall be advertised at least one day prior to the Bid opening date/Issue opening date.

Method and Process of bidding

- a) We, with the BRLM, shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Draft Red Herring Prospectus filed with RoC and publish the same and the Price Band in two national newspapers (one each in English and Hindi) and a regional newspaper. This advertisement shall contain the salient features of the Red Herring Prospectus as specified under Form 2A of the Companies Act, the method and process of bidding and the names and addresses of the members of the Syndicate. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period.
- b) Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
- c) The Bidding Period shall be a minimum of 3 working (three) days and not exceed 7 working (seven) days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one regional newspaper and the Bidding Period may be extended, if required, by an additional 3 working (three) days, subject to the total Bidding Period not exceeding 10 working (ten) days.

- d) During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
- e) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” on page [●] of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
- f) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph “Build up of the Book and Revision of Bids” on page [●] of this Draft Red Herring Prospectus.
- g) The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRS’s for each Bid cum application Form.
- h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment and Payment into the Escrow Account” on page [●] of the Draft Red Herring Prospectus.

Bids at Different Price Levels

- a) The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10 each, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1. In accordance with SEBI Guidelines, the Company in consultation with the BRLMs can revise the Price Band by informing the Stock Exchanges, releasing a press release, disclosure on the website of the members of the Syndicate, if any and notification on the terminal of the members of the Syndicate. In case of a revision in the Price Band, the Issue will be kept open for a period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. The Company in consultation with BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- b) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual and Employee Bidders may bid at “Cut-off”. However, bidding at “Cut-off” is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**
- c) Retail Individual Bidders, who bid at the ‘cut-off’ agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at ‘cut-off’ shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e.

the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account.

- d) The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% of the Cap Price and the Floor Price disclosed in the Red Herring Prospectus.
- e) Any revision in the Price Band shall be widely disseminated including by informing the Stock Exchanges, issuing a press release and making available this information on the Bidding terminals.
- f) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
- g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at 'cut-off' Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non Institutional category in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off
- h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account

Application by Mutual Fund

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made

Application by NRI

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour)

Escrow Mechanism

The Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the

full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Draft Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. Payment of refund to the Bidders shall also be made from the Escrow Account as per the Escrow Agreement Draft Red Herring Prospectus.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

In case of Non-institutional Bidders and Retail Individual Bidders, each Bidder shall, with the submission of the Bid-cum- Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (For further details, see “Issue Procedure - Payment Instructions” on page [●] of this Draft Red Herring Prospectus) and submit the same to the members of the Syndicate to whom the Bid is being submitted. In case of QIB Bidders, the Margin Amount has to be submitted along with the Bid to the members of the Syndicate. Bid-cum-Application Forms accompanied by cash and stock invests shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and no later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders i.e. QIBs, Non-Institutional Bidders, Employees, and Retail Individual Bidders would be required to pay their Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading “Issue Structure” on page [●] of this Draft Red Herring Prospectus and shall be uniform across all the bidders in the same category. Where the Margin Amount applicable to the Bidder is more than 10% and less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Issue. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-Cum-Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date.

Electronic Registration of Bids

- a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one BSE/NSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- c) BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be assessed on BSE's website at www.bseindia.com or on NSE's website at www.nseindia.com.
- d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor
 - Investor Category – Individual, Corporate, NRI, FII, Mutual Fund, etc
 - Numbers of Equity Shares bid for
 - Bid price
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form
 - Depository Participant Identification No. and Client Identification No. of the demat account of the Bidder.
- e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
- f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g) Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on Page [●] in this Draft Red Herring Prospectus.
- h) It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or BRLM(s) are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.
- i) It is also to be distinctly understood that the approval given by BSE and NSE for the use of their online IPO system should not in any way be deemed or construed that this Draft Red

Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

- a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- b) The book gets build up at various price levels. This information will be available with the BRLM(s) on a regular basis.
- c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or he had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIBs, the members of the Syndicate shall collect the payments in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- h) In case of discrepancy of data between NSE or BSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid cum Application forms shall be final and binding to all concerned.
- i) The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three working days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the

Floor Price can move up or down to the extent of 20% of the Floor Price disclosed in the Red Herring Prospectus.

- j) Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper and also indicating the change on the relevant websites and the terminals of the members of the Syndicate.

Price Discovery and Allocation

- a) After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- b) The Company, in consultation with the BRLM shall finalise the "Issue Price", the number of Equity Shares to be allotted.
- c) The allocation for QIBs for up to 50% of the Net Issue to public, of which 5% shall be reserved for Mutual Funds, would be on a proportionate basis, subject to valid bids being received at or above the Issue Price in the manner as described in the section titled "Basis of Allotment". The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Net Issue to public, respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- d) Under subscription, if any, in Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of the Company and the BRLMs. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. Any under subscription in the Equity Shares reserved for allocation to Bidders in the Employee Reservation Portion would be treated as part of the Net Issue to the public and allocation in accordance with the Basis of Allocation described in the section "Statutory and Other Information" beginning on page [●] of this Draft Red Herring Prospectus.
- e) Allocation to NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue/ Allocation of Equity Shares to them.
- f) The BRLM, in consultation with us, shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- g) The Company in consultation with the BRLM(s), reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allocation, without assigning reasons whatsoever.
- h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the closure of bidding.

Signing of Underwriting Agreement and RoC Filing

1. The Company, the BRLM(s) and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.

2. After signing the Underwriting Agreement, we will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus meeting

A statutory advertisement will be issued by the Company after the filing of the Red Herring Prospectus with the RoC. This advertisement, in addition to the information (in the format and contain the disclosures specified in Part A of Schedule XXA of the SEBI Guidelines), that has to be set out in the statutory advertisement shall indicate the Price Band along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of Red Herring Prospectus and Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

- a) The BRLM or Registrars to the Issue shall send to the Syndicate Members, a list of their Bidders who have been allocated Equity Shares in the Issue.
- b) The Members of the Syndicate/BRLM would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid amount into the Escrow account on or prior to the time of bidding shall pay in full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
- c) Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.

Designated Date and Transfer of Funds to Public Issue Account

Successful Bidders will receive credit for the Equity Shares directly in their depository account. **Equity shares will be allotted only in the dematerialized form to all the allottees.** Successful Bidders will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

We will ensure the allotment of Equity Shares within 15 days of the Bid/ Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would ensure that credit is given to the successful Bidders' depository accounts within two working days from the date of allotment.

General Instructions

Do's:

- a) Check if you are eligible to apply;
- b) Complete the bid-cum-application form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
- e) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the Syndicate Member;
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- h) Ensure that the Bid is within the Price Band;
- i) Investors must ensure that the name given in the bid cum application form is exactly the same as the name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
- j) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000/- or more. In case neither the PAN nor the GIR number has been allotted, mention "Not Allotted" in the appropriate place.

Don'ts:

- a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b) Do not Bid for lower than minimum Bid size;
- c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- e) Do not pay bid amount in cash, through stock invest, by money order or by postal order.
- f) Do not provide your GIR number instead of PAN number;
- g) Do not Bid at cut off price (for QIB Bidders and Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 1,00,000/-);

- h) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law.
- i) Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.

Instructions for Obtaining the Bid-Cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the Syndicate Members or BRLM'S

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis and Pink colour marked "Employees" for Employees of the Company).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum of Rs. 1,00,000/-.
- (d) For non-institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000/- and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
- (e) In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Permanent Employees of the Company

For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees/executive (working) directors of the Company, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid-cum-Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. pink colour Bid-cum-Application form marked "Employees").
- Eligible Employees, as defined above, should mention his/her employee number at the relevant place in the Bid-cum-Application Form.

- The sole/ first bidder should be Eligible Employees as defined above.
- Only eligible employees would be eligible to apply in this Issue under this Reservation Portion.
- Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 1,00,000/- in any of the bidding options can apply at Cut-Off. This facility is not available to other Eligible Employees whose minimum Bid amount exceeds Rs. 1,00,000/-.
- The maximum bid in this category by any Eligible Employee cannot exceed [•] Equity Shares
- Bid/ Application by Eligible Employees can be made also in the “Net Issue to the Public” and such bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Under subscription in this category would be added back to the Non-Institutional and Retail Individual Bidders category in the ratio of 50:50. In case of under-subscription in the Net Issue to public portion, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
- If the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to Para “Basis of Allocation” on page [•] of this Draft Red Herring Prospectus.

Bidder's Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participants Name, Depository Participants Identification Number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, the Bidder's bank account details. **These bank account details would be printed on the Refund order, if any, to be sent to the Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder's sole risk and neither the BRLM nor the Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM 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 BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorise the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected. Investors should note that the refund cheques will be overprinted with details of bank account as per the details received from the depository.

Bids under Power of Attorney

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

In case of Bids made by provident fund with the minimum corpus of Rs. 25 crores and pension fund with the minimum corpus of Rs. 25 crores, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the

Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

In case of Bids made by mutual fund registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as the Company/BRLM may deem fit.

Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis

NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour).

Bids and Revision to Bids must be made:

- On the Bid cum Application Form or Revision Form, as applicable and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- **By NRIs:** For a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum Bid amount of Rs. 1,00,000/- for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs. 1,00,000/- would be considered under Non Institutional Category for the purposes of allocation. For further details see "Maximum and Minimum Bid Size" on page [•] of the Draft Red Herring Prospectus.
- **By FIIs:** For a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter so that the Bid Amount exceeds Rs. 1,00,000/-. For further details see section titled "Maximum and Minimum Bid Size" on page [•] of the Draft Red Herring Prospectus.
- In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

We shall open an Escrow Account of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. The BRLM and Syndicate Member(s) shall also open Escrow Accounts of the Syndicate with one or more of the Escrow Collection Banks for the collection of the margin amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue

1. The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:

i.	In case of Resident Bidders	:	Escrow Account – Sunstar Overseas Limited Public Issue
ii.	In case of Non Resident Bidders	:	Escrow Account - Sunstar Overseas Limited Public Issue – NR
iii.	In case of Employees of the Company	:	Escrow Account - Sunstar Overseas Limited Public Issue – Employees

In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.

In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts

should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

4. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
5. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
7. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash / Stockinvest / Money Orders / Postal Orders will not be accepted.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated 05th November , 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest will not be accepted.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Syndicate Member at the time of submission of the Bid. Member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form in the case of QIB Bidders, prescribed however, that for QIB Bidders the Syndicate member shall collect the QIB Margin and deposit the sum in a specified escrow account.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the BRLM/Syndicate Member will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids in single or joint names will be deemed to be multiple bids if the sole and/or first bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

Bidders in the Employees Reservation category can also bid in the “Net Issue to the Public” and such Bids shall not be treated as multiple Bids.

We reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

PAN or GIR Number

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention “Not Applicable” and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention “Applied for” in the Bid cum Application Form. Further, where the Bidder(s) has mentioned “Applied for” or “Not Applicable”, the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

Unique Identification Number - MAPIN

With effect from 01st July 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (MAPIN) and the requirement to quote MAPIN under MAPIN Regulations/Circulars vide its circular MAPIN/Circular-13/2005.

Right to Reject Bids

The Company, the BRLM and the members of the Syndicate reserve the right to reject any Bid without assigning any reason therefor in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders and Employees, we would have a right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:-

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bid by minor;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons
6. PAN or GIR Number not given if Bid is for Rs. 50,000 or more;
7. Copy of PAN card/PAN allotment letter not submitted along the bid cum application form;
8. Bids for lower number of Equity Shares than specified for that category of investors;
9. Bids at a price less than the lower end of the Price Band;
10. Bids at a price more than the higher end of the Price Band;
11. Bids at cut-off price by Non-Institutional and QIB Bidders;
12. Bids for number of Equity Shares, which are not in multiples of [●];
13. Category not ticked;
14. Multiple bids as defined in this Draft Red Herring Prospectus;
15. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
16. Bids accompanied by Stockinvest/money order/ postal order/ cash;
17. Bids not duly signed by the sole /joint Bidders;
18. Bid-cum-Application Form does not have the stamp of the Syndicate Member;
19. Bid-cum-Application Form does not have Bidder's depository account details;
20. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid-cum-Application Form; or
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
22. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
23. Bids by OCBs;
24. Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act;
25. Bids by NRIs not disclosing their residential status;
26. Any other reason which the BRLMs or the Company deem necessary.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among the Company, the Depositories and the Registrar:

1. An Agreement dated [•] among NSDL, the Company and Intime Spectrum Registry Limited;
2. An Agreement dated [•] among CDSL, the Company and Intime Spectrum Registry Limited

All bidders can seek allocation only in dematerialised mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected. All Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. Non-transferable allocation advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his/her Depository Participant.
8. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. BSE, where Equity Shares are proposed to be listed is connected to NSDL and CDSL.
9. The trading of our Equity Shares would only be in dematerialized form for all investors in the demat segment of BSE.
10. Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them, pursuant to the issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form

number, number of Equity Shares applied for, date of Bid Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

The Company has appointed Ms. Kiranpreet Gill (Company Secretary) as the Compliance Officer. The Compliance Officer can be contacted at Sunstar Overseas Limited, 24B, Alipur Road, Civil Lines, New Delhi – 110 054. Telephone: (011) 2399 4383 – 87; Fax No: (011) 2399 4326 Email: ipo@sunstaroverseas.com

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

Impersonation

As a matter of abundant caution attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68(A) 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."**

Interest on Refund of Excess Bid Amount

We shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated 31st July 1983, as amended by their letter No. F/14/SE/85 dated 27th September 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated 27th October 1997, with respect to the SEBI Guidelines.

BASIS OF ALLOTMENT

I) For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 18,62,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 18,62,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a

minimum of [•] Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allocation, refer below.

II) For Non Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 7,98,000 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 7,98,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

III) For QIB Bidders

- Bids received from the QIB bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the issue price.
- The QIB portion shall be available for allocation to QIB bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
 - i. In the event that Mutual Fund Bids exceed 5% of the QIB portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB portion.
 - ii. In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - iii. Equity shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
 - (b) In the second instance allocation to all QIB's shall be determined as follows:
 - i. In the event that the oversubscription in the QIB portion, all QIB bidders who have submitted bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB portion.
 - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Share on a proportionate basis along with other QIB Bidders.
 - iii. Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB bidders on a proportionate basis.
 - (c) The aggregate allocation to QIB Bidders shall be up to 26,60,000 Equity Shares.

IV) For Bidders in Employee Reservation category

- Bids received from the Bidders in Employee Reservation category at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Bidders in Employee Reservation category will be made at the Issue Price.
- The Equity Shares under the Employee Reservation portion shall be available for allotment to Bidders who have bid in this category at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full allotment shall be made to the Bidders in Employee Reservation category to the extent of their demand.
- If the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/ application size of [•] Equity Shares. For the method of proportionate basis of allotment, kindly refer to the paragraph on the following pages on method of proportionate basis of allotment.

Procedure and Time Schedule for Allotment of Equity Shares

The Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason thereof in case of QIBs. In case of Non- Institutional Bidders and Retail Individual Bidders, the Company has a right to reject bids based on technical grounds. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date, and the Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if Equity Shares are not allotted, refund orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

Method of Proportionate Basis of Allocation in the Retail and Non-Institutional Portions

In the event of the Issue being over-subscribed, the basis of allotment to Retail and Non Institutional Bidders shall be finalized by the Company, in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. The allocation shall be made in multiples of one share, on a proportionate basis as explained below subject to minimum allocation being equal to [•] Equity Shares:

- a) The subscription in the Retail and the Non-Institutional portion will be computed separately.
- b) Bids which are eligible for pure proportionate allotment as provided in the SEBI (DIP) Guidelines shall be those which have applied for a minimum shares arrived at by multiplying the minimum shares to be allotted by the number of time the category is subscribed. Allotment to such bidders will be calculated as shares applied for divided by the number of time the category is subscribed.
- c) If the pure proportionate allotment to a Bidder is a number that is more than minimum allotment lot but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is

lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

- d) The balance of the bids will be those, which will not be directly entitled for allotment of minimum shares. Such bidders will be allotted shares by a drawal of lots in a fair manner to ensure that each successful bidder (determined by drawal of lot) gets the minimum number of shares to be allotted.
- e) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising bidders applying for minimum number of Equity Shares.

Letters of allotment or refund orders

The Company shall give credit to the beneficiary account with depository participants within 2 working days of finalization of the basis of allotment of Equity Shares. The Company shall despatch refund orders above Rs. 1,500/-, if any, by registered post or speed post at the sole or first bidder's sole risk within 15 days of the Bid/Issue Closing Date. In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- a) Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- b) Despatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- c) The Company shall pay interest @ 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within 15 day being the prescribed time period stated above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue. Refunds will be made by Electronic Clearing Services (ECS), Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) wherever available and permitted by SEBI and RBI or through Cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Disposal of Applications and Application Money

The Company shall ensure dispatch of allocation advice or refund orders and give benefit to the Beneficiary Account with Depository Participants and submit the documents pertaining to the allocation to the Stock Exchanges within two working days of date of finalisation of allocation of Equity Shares. The Company shall dispatch refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk or through electronic mode wherever available and permitted by SEBI and RBI. Where refunds are made through electronic means a communication shall be sent to applicant within 15 days of closure of the issue giving the details of the bank where refunds being credited with amount being credited and expected date of electronic credit of refund.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for allocation and trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalization of the basis of allotment.

In accordance with the Act, the requirements of the Stock Exchange and the SEBI Guidelines, we further undertake that:

1. Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue closing date
2. Dispatch of refund orders will be done within 15 days from the Bid/Issue closing date
3. Our Company shall pay interest at 15 % per annum (for delay beyond 15 days time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credit are not made to investors within the 15 day time period prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allocation advice to the Registrar to the Issue. Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by the Company as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest in case of delay in Despatch of Allotment Letters/Refund Orders in case of Public Issues

The company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of public issue. The company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the date of the closure of the issue.

Despatch of Refund Orders

The Company shall ensure despatch of refund orders of value over Rs. 1,500 by registered post or speed post only and refund orders of value up to Rs. 1,500 by under Certificate of Posting and adequate funds for the purpose shall be made available to the Registrar to the Issue by the Company.

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated 31st July 1983, as amended by their letter No. F/14/SE/85 dated 27th September 1985, addressed to the stock exchanges, and as further modified by SEBI's clarification XXI dated October 27, 1997, with respect to the SEBI (DIP) Guidelines.

Undertaking by the Company

We undertake as follows:

- a. That the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
- b. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within 7 working days of finalization of the basis of allotment;

- c. That the funds required for dispatch of refund orders by registered post shall be made available to the Registrar to the Issue by the Company;
- d. That the certificates of Equity Shares/refund orders to non-resident Indian applicants shall be dispatched within specified time;
- e. That the promoters' contribution in full, wherever required, shall be brought in advance before the issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public;
- f. That no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under-subscription, etc.

Utilisation of Issue Proceeds

The Board of Directors of our Company certify that:

- a. All monies received out of this issue of shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act;
- b. Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies had been utilized;
- c. Details of all unutilized monies out of the issue of shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the form in which such unutilized monies have been invested;
- d. The utilization of monies received under promoter's contribution and reservations shall be disclosed under an appropriate head in the Balance Sheet of the Company indicating the purpose for which such monies have been utilized; and
- e. The details of all unutilized monies, out of the funds received under promoter's contribution and reservations, shall be disclosed under a separate head in the Balance Sheet of the Company indicating the manner in which such unutilized monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI. **As per current foreign investment policies, FDI in the food processing sector is allowed up to 100% under the automatic route.**

RBI, vide its circular A.P.(DIR Series) Circular No. 53 dated December 17, 2003, permitted FIIs to subscribe to shares of an Indian Company in the public issue without prior approval of RBI, so long as the price of equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian Companies is available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of the Company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-issue paid up capital of the Company. No single NRI may own more than 5% of the post-issue paid up capital of the Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non repatriable.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of the Company. However, the limit of 24% can be raised up to the permitted sectoral cap for that Company after approval of the board of directors and shareholders of the Company. The issue of equity shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company. In respect of an FII investing in equity shares of a Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that Company.

The above information is given for the benefit of the Bidders and neither the Company nor the BRLM(s) are liable for any changes in the regulations after the date of this Draft Red Herring Prospectus.

SECTION X - DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

The Authorized capital of our Company is Rs. 20 crores divided into 2,00,00,000 Equity Shares of Rs. 10/- each.

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of our Company are detailed below:

SHARE CAPITAL AND VARIATION OF RIGHTS

3.
 - A) The authorized share capital of the Company shall be as specified in the Memorandum of Association.
 - B) The Company may from time to time, by ordinary resolution increase the Share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
 - C) Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company than issued, the new shares may be issued of different classes upon such terms and conditions, and with such rights, privileges, and conditions attached thereof as the general meeting resolving upon the creation thereof shall direct and if no direction be given m as the Board shall determine, and in particular such shares may be issued with a preferential or qualified right to dividend and in the distribution of assets of the Company.
 - D) Subject to the provisions of the Act, the shares shall be under the control of the Board, who may invite subscription from, allot or otherwise dispose or any class of shares to such persons and at such terms and conditions as the Board may determine, provided that such shares shall not be allotted to persons other than the members of the company except with the sanction of the company in general meeting.
 - E) Subject to the provisions of the Act, the company shall have power to Issue shares at a premium or discount.
 - F) The company may, by ordinary resolution:
 - I) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
 - II) sub divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum, subject, nevertheless, to the provisions of clause (d) of sub-section (1) of section 94:
 - III) cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person;
 - G) The company may, by special resolution, reduce in any manner and with, and subject to any incident authorized and consent required by law:
 - I) Its share capital
 - II) Capital Redemption Reserve Accounts; and

III) Share Premium Accounts.

- H) The company may place, reserve, or distribute as bonus shares among the Members or otherwise to apply, any monies received by way of premium on shares, debentures issued by the company, capital reserve by whatever name called and any monies received in respect of shares and their subsequent sale.
 - I) 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 arises 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.
 - J) Subject to the provisions of the Act, the directors may issue and allot Shares for consideration in cash or otherwise in payment or in part payment for any property, moveable or immovable, tangible or intangible, or assets of every kind and description, supplied or transferred or for services rendered to the company at any time for pursuing the objects of the company.
 - K) Subject to the provisions of sections 80, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the company are liable, to be redeemed on such terms and conditions as the company before the issue of shares may, by special resolution determine.
 - L) Notwithstanding anything to the contrary contained in the forgoing Articles, the directors of the company may, without requiring any resolution of the company in general meeting, or without making any offer to the existing shareholders of the company, increase the share capital, caused by the reservation and/ or allotment of any shares by exercise of an option by the debenture holders to whom debenture have been issued, or to financial institutions specified by the Central Government, from whom loans have been raised by the company.
 - M) Notwithstanding anything to the contrary contained in those articles with regard to issue of share capital, the Company may issue warrants, whether are or attached to any shares, debentures or other securities, to such persons as the Board may decide, and entitling the warrants to subscribe to the share capital of the company at such price on such terms and conditions as may be approved by the company in a general meeting.
4. A) If at any time the share capital is divided into different classes of share, the rights attached to any class (unless otherwise provided by the terms of issue of the share of that class) may subject to the provisions of the Act, and whether or not the company in 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 of the holders of the shares of that class.
- B) Subject to the provisions of the Act, to every such separate general meeting; the provisions of these Regulations relating to General meeting shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one - third of the issued shares of the class in question.

- C) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of shares of that class, be deemed to be varied by the creation or issue further shares ranking pari-passu therewith.
5. Except as required by law, no person shall be recognized by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided any other rights in respect of any shares except an absolute right to the entirety thereof in the registered holder,
6. The company may pay commission, underwriting commission and brokerages In any issue of shares, debentures and other securities in accordance with the provisions of the Act, and/or any prevailing guidelines in force

SHARE CERTIFICATES

7. The certificate of little to share shall be issued under the seal of the company And shall be issued, sealed and signed in conformity with the provision of the Companies (issue of share certificate) Rules, 1960 or any statutory modification or re- enactment thereof for the time being in force. Any two or more joint allottees or owners of a share shall, for the purpose of this Articles be treated as a single member and the certificate of any share may be delivered to any one of such joint allottees or owners on behalf of all of them.
8. The company shall, within three months after the allotment of any of its share debentures or debenture stock and within two months after the application for the registration of the transfer of any such shares, debentures or debenture stock, complete and dispatch the Certificate of all shares, debentures and debenture stock allotted or transferred, unless the conditions of issue of shares, debenture or debenture stock otherwise provide.
9. The Board of Directors may renew / duplicate a share or Debenture Certificate, if such certificate:
- I) Is proved to have been lost or destroyed, or
 - II) Having been defaced or mutilated or form is surrendered to the Company, or
 - III) Is old, decrepit, or worn out or where the cages on the reverse for recoding transfers are fully utilised

CALLS ON SHARES

10. A) The Board may, from time to time, make call upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.
- B) Each member shall, subject to receiving at least thirty days notice specifying the time to time and place of payment, pay to the company at the time or times and place so specified the amount called on his shares.
- C) A call may be revoked or postponed at the discretion of the Board.

11. A call shall be deemed to have been made at the time when the resolution of the board authorizing the call was passed and may be required to be paid by instalments.
12. The joint- holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
13.
 - A) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time to actual payment at such rate as the Board may determine.
 - B) The Board shall be at liberty to waive payment of any such interest wholly or in part.
14.
 - A) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purpose of these Regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
 - B) In case of non-payment of such sum, all the relevant provisions of the Regulations as to be payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Provided that any amount be paid in advance of call on any shares, may carry interest at a rate determined by the Board but shall not in respect thereof confer a right to dividend or to participate in profit.
15. The Provisions of the above clauses shall, to the extent applicable, cover calls on debentures.

LIEN

16.
 - A) The company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that article 5 thereof will have full effect and such lien shall extend to all dividends, rights and bonuses from time to time declared in respect of such shares.
 - B) Unless otherwise agreed the registration of a transfer of shares shall not operate as a waiver of the Company's lien, if any on such shares.
 - C) The Directors may at any time declare any shares wholly or in part to be Exempt from the provisions of this clause.
 17. The company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:
- Provided that no sale shall be made
- I Unless a sum in respect of which the lien exists is presently payable, or

- II Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for time being of the share or the person entitled thereto by reason of his death or insolvency.
- 18.
 - A) to give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof.
 - B) The purchaser shall be registered as the shareholder of the shares comprised in any such transfer.
 - C) The purchaser shall not be bound to see to the application of the purchase Money, nor shall his title to the shares be affected by any irregularity or Invalidity in the proceedings in reference to the sale.
 - D) The proceeds of the sale shall be received by the company and applied in Payment of such part of the amount in respect of which the lien exists as is presently payable.
 - E) The residue, if any, shall, subject to a like lien for sums not presently Payable as existed upon the shares before the sale, be paid to the person Entitled to the shares at the date of sale.
- 19. No member shall exercise any voting rights in respect of any share registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has exercised any right of lien.

FORFEITURE OF SHARES

- 20.
 - A) If a member falls to pay any call or installment of a call, on the day appointed for payment thereof, the Board may at any time thereafter during such time as any part of the call or installment remains unpaid. Remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest, which may have accrued.
 - B) The notice aforesaid shall
 - I name a further day (not being earlier than the expiry of fourteen days from the date of service of notice) on or before which the payment as required by the notice is to be made; and
 - II state that, in the event of non payment on or before the day so named, the share3s in respect of which the call was made will be liable to be forfeited.
 - C) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment as required by the notice has been made, be forfeited by a resolution of the Board to that effect.
- 21.
 - A) A forfeited share may be sold or otherwise disposed of in such manner as the Board thinks fit.
 - B) At any time before a sale or disposal as aforesaid, the Board, may cancel the forfeiture on such terms as it thinks fit.

22. A) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain able to pay to the company all monies which, at the date of forfeiture, were payable by him to the company in respect of the shares.
- B) The liability of such person shall cease, if and when the company shall have received the payment in full of all such monies in respect of the shares.
23. A) A duly verified declaration in writing that the declarant is a Director, the Manager or the Secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts there in stated as against all persons claiming to be entitled to the share.
- B) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share is sold or disposed of.
- C) The transferee, shall thereupon be registered as the holder of the share.
- D) The transferee shall not be bound to see to the application of the purchase Money, if any, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or Disposal of the share.
24. A) The provisions of these regulations as to forfeiture 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 the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
- B) The forfeiture of share shall involve the extinction of all interest in and also of all claims and demands against the company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
25. The provisions of the above clauses shall, to the extent applicable, cover forfeiture of debentures.

TRANSFER AND TRANSMISSION OF SHARES

26. A) The instrument of transfer on any share in the Company shall be executed by or on behalf of both the transferor and transferee. The transferor shall be deemed to remain a holder of the share until the name of transferee is entered in the Register of members in respect thereof.
- B) Shares in the Company shall be transferred in the form prescribed by the Companies (Central Government) General Rules and Forms 1956. The Company shall not charge any fees for registration of transfer. The provisions of the Act for the time being in force, shall be complied with in respect of all transfer of shares and registration thereof.
27. Subject to the provisions of the Act, and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may in their absolute and unqualified

discretion decline to register any transfer of shares without assigning any reason thereof. The Directors may also decline to recognize any Instrument of transfer unless it is accompanied by the certificate(s) of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. If the Directors refuse to register the transfer of any shares, they shall, within two months after the date on which the transfer was lodged with the company send to the transferee and the transferor notice of the refusal provided that registration of the transfer shall not be refused merely on the ground of the transferor, being either alone or jointly with any other person, indebted to the company on any account whatsoever except a lien on the share.

28. The Board may also refuse to register a transfer when any statutory prohibition or any attachment or prohibitory order of a competent authority restrains the Board from transferring the shares out of the name of the transferor or when a Transferor objects to the transfer, provided he serves on the company within a Reasonable time a prohibitory order of a Court of competent jurisdiction.
29. Every Instrument of transfer shall be left at the premises designated by the Board for this purpose 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.
30. The registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine.

Provided that such registration shall not be suspended for more that forty-five days in any year and provisions of the Act shall be complied with.
31.
 - A) On the death of a member, the survivor or survivors where the member was a joint holder, and his legal representatives where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares.
 - B) Nothing in clause (A) shall release the estate of a deceased joint holder from any liability in respect of any share, which had been jointly held by him with other persons.
32.
 - A) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either-
 - I) to be registered himself as holder of the share: or
 - II) to make such transfer of the share as the deceased or insolvent member could have made.
 - B) The Board shall, in either case have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member has transferred the shares before his death or Insolvency.
33.
 - A) If the person so becoming entitled 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.

- B) If the person aforesaid shall elect to transfer the share, he shall testily his election by executing a transfer of the share.
 - C) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfer of shares Shall be applicable to any such notice or transfer as aforesaid as if the Death or Insolvency of the member had not occurred and the notice or transfer signed by that member,
34. A person so becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to select 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 monies, payable in respect of the share until the requirements of the notice have complied with.

BORROWING POWERS

35. A) Subject to the express provisions of the Act, the Company shall have power to borrow from any persons and secure the payment of any sums or sums of money for the purpose of the company and the Directors may, from time to time, at their discretion exercise this power, and may themselves lend to the Company on security or otherwise.

Provided further that no debt Incurred or security given in excess of limit imposed by the Act shall be Invalid or Ineffectual except in the case of Express notice to the lender or the recipient of the security at the time when the debt was Incurred or security given, that limit Imposed has been or was hereby exceeded.

- B) The Directors may raise, or secure the repayment of, any sum or of any sum or sums in such manner and upon such terms and conditions in all respects as they may think it and In particular by creation of any mortgage or charge on the whole or any part of the property, present or future, or uncalled capital of the company or by the issue of bonds, perpetual, convertible, or redeemable debentures or debenture stock of the company charged upon all or any part of the property of the company, both present and future, including its uncalled capital for the time being.
- C) Subject to the provisions of the Act and the rules made there under the Directors may receive deposits for such terms and bearing interest at such rates as the directors may decide from time to time The deposits may be received from any person or persons including the Directors and the shareholders of the Company.

GENERAL MEETINGS

37. A) All general meetings other than Annual General Meeting shall be called Extraordinary General meetings.

- B) The Board may, whenever it thinks fit, or on the requisition of such number of members as prescribed in Section 169 of the Act convene an extraordinary general meeting.
 - D) The company shall in each year hold, in addition to any other meeting, a meeting called the Annual General Meeting, at such time and place as may be determined by the Board, and not more than 15 months shall elapse between one Annual General Meeting and that of the next. If for any reason the meeting cannot be so held the same may be extended by a further period of three months. Subject to the provisions of the Act.
38. A) A General Meeting of the Company may be called by giving not less than twenty one days notice in writing or after giving such shorter notice as provided for in the Act.
- B) Notice of every meeting of the Company shall be given:
- I) to every member of the Company
 - II) to the persons entitled to a share in consequence of the death or Insolvency of a member
 - III) to the Auditor or Auditors for the time being, of the company in the manner provided for in the Act.
- C) Accidental Omission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings of the meeting.
39. The Company shall give to its member's notice of resolutions requiring special notice at the same time and in the same manner as it gives notice of the meeting or if that is not practicable, shall give notice thereof either by advertisement in a newspaper having circulation, In the State In which the registered office is situated, not less than 21 days before the meeting.
40. Subject to the provisions of the Act, the receipt of representation, if any, made by a retiring auditor or by a Director sought to be removed from office as a Director, must be stated in the notice of meeting, and a copy of the representation shall be sent to the members of the company, if the representations are received in time.

PROCEEDINGS AT GENERAL MEETINGS

41. A) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business
- B) Save as herein otherwise provided, 5 members present in person shall be a quorum. As long as the core promoter shareholders hold shares in the company, quorum shall be complete only when 3 of them attend the meeting.
- C) If within fifteen minutes from the time appointed for the meeting, a quorum is not Present, the meeting, if convened upon requisition, shall stand dissolved, but in any other case it shall stand adjourned in accordance with the provisions of Section 174(4) of the Act, with the future proviso that a quorum in accordance with clause (B) above be present.
42. The chairman, if any of the Board, or in his absence the Managing Director of the company shall preside as chairman at every general meeting.

43. A) The chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- B) No business shall be transacted at any adjourned meeting other than the Business left unfinished at the meeting from which the adjournment took place.
- C) It shall not be necessary to give any notice of an adjournment or of the Business to be transacted at an adjourned meeting, except where the Meeting is adjourned for thirty days or more.
44. No act or resolution, which under the provisions of the Act is permitted or required to be done or passed by the company in general meeting shall be sufficiently so done or passed unless it is effected by a resolution which is adopted by an affirmative vote of at least three fourths majority of members present and voting.
45. Every resolution or question submitted to a general meeting for decision shall be decided in the first instance by a show of hands, and before or on the declaration of the result of the voting on a resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion, and shall be ordered to be taken by him on a demand made in that behalf by the person (S) specified below viz.:
- I) by at least five members having the right to vote on the resolution and present in person ; or
- II) by any member or members present in person and having not less than one tenth of the total voting power in respect of the resolution; or
- III) by any member or members present in person and holding shares in the company conferring a right to vote on the resolution being holders of shares on which an aggregate sum has been paid up which is no less than one tenth of the total sum paid up on all those shares conferring that right.
46. In the case of an equality of votes, whether by show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded shall be entitled to a second or casting vote.
47. The demand for a poll may be withdrawn at any time by any of the persons who made the demand.
48. A poll demanded on a question of adjournment shall be taken up forthwith, and on any other question shall be taken up at such time not being later than 48 hours from the time when the demand was made as the chairman may direct.
49. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

VOTES OF MEMBERS

50. Subject to any rights or restrictions for the time being attached to any class or classes of shares;
- I) on a show of hands, every member present in person shall have one vote; and

- II) on a poll, the voting rights of members shall be as laid down in Section 87.
51. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders.
- For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
52. A) A body corporate (whether a company within the meaning of this Act or not) may, if it is a member of the company by resolution of its board of directors or other governing body, authorize any individual, as it thinks fit, to act as its representative at any meeting of members of the company.
- B) The person authorized by the resolution as aforesaid, shall be entitled to exercise the same right to vote by proxy, on behalf of the body corporate, which the represents, as the person could exercise if he were a member.
53. A) Any member of the company entitled to attend and vote at a meeting of the company shall be entitled to appoint another person whether a member or not, as his proxy to attend instead of himself and the proxy so appointed shall have no right to speak at the meeting,
- B) The instrument appointing proxy and the power of attorney or authority, if any, under which it is signed or a notary ally certified copy of that power or authority shall be deposited at the registered office of the company not less than 48 hours before the time of holding the meeting or adjourned meeting or in the case of a poll, not less than 24 hours before the appointed time for the taking of the poll, and in default instrument of proxy shall not be treated as valid.
54. An instrument appointing a proxy shall not be questioned, if it is in any of the forms set out in schedule IX of the Act.
55. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect to the shares in respect of which the proxy is given.
56. Every member entitled to vote at meeting of the company on any resolution to be moved there at shall be entitled during the period beginning twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect the proxies lodged at any time during the business hours of the company, provided not less than three days notice in writing of the intention so to inspect is given to the company.
57. Several executors or administrators of a deceased member in whose name any share is registered shall for the purpose of these articles be deemed to be members registered jointly in respect thereof.
58. On a poll, votes may be given either personally or by proxy, and person entitled to more than on e vote need not use all his votes, or cast all the votes he uses in the same way.
59. Any objection as to the admission or rejection of a vote, either on a show of hands, or on a poll made in due time, shall be referred to the chairman who shall

forthwith determine the same, and such determination made in good faith shall be final and conclusive.

BOARD OF DIRECTORS

60. The number of directors shall be not less than three and more than twelve, subject however, to the power of company to increase or decrease the said numbers in a general meeting.
61. The directors are not required to hold any shares in the company as qualification shares.
62. The first Directors of the company are the following:
- | | | | |
|----|----------------------|----|-----------------------|
| 1. | Shri Naresh Aggarwal | 2. | Shri. Rakesh Aggarwal |
| 3. | Smt Sadhna Aggarwal | 4. | Shri Rajiv Sharma |
| 5. | Shri Rohit Aggarwal | 6. | Shri Kewal Krishan |
- Goel
7. Shri Kapil Aggarwal
63. The board shall have power at any time, and from time to time, to appoint a person as an additional director, or fill up a casual vacancy.
64. The board shall have the power to appoint an alternate director in place of a director during the latter's absence for a period of not less than three months.
65. At each Annual General Meeting of the company, one third of such 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.
66. Any director or other person referred to in Section 314 of the Act may be appointed to hold any office or place of profit in the company or any of its subsidiaries subject to the provisions of the Act.
67. A director of this company may be or become a director or member of any other company promoted by this company or in which it may be interested as a vendor, shareholder, buyer or otherwise and no such director shall be accountable for any benefits received as a director or as a member of such company.
68. Subject to the provisions of Section 297 of the Act, neither shall a director be disqualified from contracting with the company either as a 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 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.
69. Every director shall comply with the provisions of Section 299 of the Act with regard to disclosure of his concern or interest in any contract or arrangement entered into or to be entered into by the company.

70. Save as permitted by section 300 of the act or any other applicable provisions of the Act, 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.
71. No Director shall as a Director take any part, in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the company if he is in any way, whether directly or indirectly concerned or interested in such contract or arrangement not shall his presence count for purpose count for purpose of forming a quorum at the time of any such discussion or vote, and if he does vote, his vote shall be void; provided, however, that nothing herein contained shall apply to :
- a) Any contract of indemnity against any loss, which the Directors, or any one or more of them, suffer by reason of becoming or being surety for the company.
 - b) Any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the director consists solely-
 - I) In his being:
 - a) A Director of such Company and
 - b) The holder of not more than shares of such number and value therein as is required to qualify him for appointment as Director thereof he having been nominated as such Director by the Company; or
 - II) In his being a member holding not more than two percent of its paid up share capital.
72. Acts done by a person as a director shall be valid notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions in the Act or in the Articles, provided that nothing in the Act shall be deemed to give validity to acts done by a director after his appointment has been shown to the Company to be invalid or to have been terminated.
73. Unless otherwise determine by the company in general meeting, each director shall be entitled to receive out of the funds of the company a fee not exceeding Rs.1000 per meeting of the board of directors and in addition to reimbursement of out of pocket expenses incurred as a consequence of their attending the meeting.
74. The Board of Directors shall appoint one amongst themselves as a Managing Director of the company, who shall be a nominee of the core promoter shareholders.
75. The Managing Director shall be responsible for the day-to-day management, supervision and control of the operations of the company subject to the supervisions of the Board.
76. The Managing Director and other whole time directors shall receive such remuneration, perquisites and commission as recommended by the Board within the overall ceilings as stipulated by the Act and Various amendments thereto, from time to time, subject to approval of the company in a general meeting.
77. The tenure, remuneration, retirement and other terms of appointment of Managing Director and other whole-time directors shall be governed by the

provisions of any contract or agreement or other arrangement between him and the company, however that, he shall cease to be a Managing Director or other Whole time Director, if he cease to hold the office of director for any cause.

78. Subject to the provisions of the Act and in particular, to the prohibitions and restrictions contained in Section 292 thereof, the Board may, from time to time entrust to and confer upon a Managing Director for the time being, such of the powers exercisable 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 power 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, after and vary all or any of such powers.

PROCEEDINGS OF BOARD

79. A) The Board of Directors may meet for the dispatch of business, adjourn and otherwise regulate its meeting as it thinks fit, provided however that the board shall meet once in every three months in accordance with the Act.
- B) A director may, and secretary on the requisition of a Director shall at any time summon a meeting of the Board.
- C) A notice along with a statement of business to be transacted at the meeting, shall be given at least 7 days prior to the date of meeting, to every director in India. Notice may be waived or a meeting be called by giving shorter notice with the prior approval of the chairman.
80. The Chairman of the company and in his absence the Managing Director shall be the Chairman of the Board.
81. A) The Quorum for a meeting of the Board shall be two Directors or one-third of its total strength whichever is greater, if quorum is not present within fifteen minutes from time appointed for holding a meeting, it shall be adjourned until such date and time as the chairman of the Board may decide.
- B) Notwithstanding what is contained in clause (A) above, Quorum for the meeting shall be complete only when the meeting is attended by at least two directors who are also core promoter shareholders.
82. A) A meeting of the board at which a quorum be present shall be competent to exercise all or any of the authorities, power and directions by or under these Articles of the Act for the time being vested in or exercisable by the Board.
83. Questions arising at any meeting of the Board shall be decided by a majority of votes, in case of equality of votes, the Chairman of the Board shall have a second or casting vote.
84. The continuing directors may act notwithstanding any vacancy in its body but if and so long as their number is reduced below the quorum fixed by the Articles for a meeting of the Board, the continuing director or directors may act for the purpose of increasing the number of directors to that fixed for the quorum or for summoning a General Meeting of the Company but for no other purpose.
85. The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the board.

86. The meeting and proceedings of any such committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meeting and proceedings of the board, so far as the same are applicable thereto, and are not superseded by any regulations made by the board while constituting the committee under clause 85.
87. Save as otherwise provided by the Act, a resolution in writing signed by all the members of the board or of a committee thereof for the time being entitled to receive notice of a meeting of the board or committee, shall be as valid and effectual as if it had been passed at a meeting of the Board or committee duly convened and held.
88. All acts done by any meeting of the Board or by any person acting as a Director shall notwithstanding that it shall afterward be discovered that there was some defect in the appointment of directors or persons acting as aforesaid or that they or he or any of them were or was disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.
89. Subject to the provisions of the Act, the control of the Company shall be Vested in the board which 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 by the Act or any other provision of law or by the Memorandum of Association of the Company or by these Articles to be exercised or done by the Company in General Meeting.
90. 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.
91. Without prejudice to the general powers, the Board shall have the following specific powers: -
- A) To carry out the object and exercise the powers contained in clause ill of the Memorandum of Association of the company;
 - B) To delegate, subject to the provisions of the Act, any of its powers to any committee of directors, Managing Director or the Secretary of the Company
 - C) To provide for the management of the affairs of the company in any specified locality in or outside India and to delegate to a person in charge of the local management, such powers as the board may think fit.
 - D) To appoint at anything and from time to time by a power of attorney under seal, any person authorities to exercise such of the powers delegated to them and for such period and subject to such conditions as the Board may from time to time think fit, with power to such attorneys, to sub-delegate all or any of the powers, authorities and descriptions vested in the attorney for the time being.
 - E) To institute, conduct, defend compound or abandon any legal proceeding by or against the Company or its officers or otherwise concerning the affairs of the company and also to compound and allow time for payment of satisfaction or

any debt due and claims or demands by or against the company and to appoint, advocates, Counsel and other legal advisers for such purposes or for any other purposes and settle and pay their remunerations.

- F) To set aside portion of the profits of the company to form a fund or funds before recommending any dividends for the objects mentioned above;
- G) To exercise the powers conferred by the Act with regard to having an official seal for use aboard;
- H) To exercise the powers conferred on the Company by the Act with regard to the keeping of foreign registers;

SECRETARY

- 92. The Board may appoint any person as the Secretary of the Company on such terms and conditions as the board may decide and delegate to him such of its powers which it deems fit and to remove any secretary so appointed and fill up the vacancy in the said office. A director may be appointed as a Secretary.

THE SEAL

- 93. The Directors shall provide a Common seal for the purpose of the company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.
- 94. The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the board or a committee of the board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the board may appoint for the purpose; and those two director and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.
- 95. Save as otherwise provided in the Act, any director or the secretary or any person appointed by the board for the purpose shall have power to authenticate any documents affecting the constitution of the company and any resolution passed by the company or the board and any books, records, documents and accounts relating to the business of the company and to certify copies. If records, documents, accounts and books are kept elsewhere than at the registered office, the local manager or other officer of the company having the custody thereof shall be deemed to be a person appointed by the board of directors as aforesaid.
- 96. A document purporting to be a copy of a resolution of the board or an extract from the minutes of a meeting of the board which is certified as such in accordance with the provisions of the last preceding Article, shall be conclusive evidence in favour of all persons dealing with the company upon the faith thereof that such resolution has been duly passed or as the case may be, that such extract is true and accurate record of a duly constituted meeting of the board.

DIVIDENDS AND RESERVE

- 97. The company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the board.
- 98. The board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

99. A) The board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks proper as a reserve or reserves which shall, at the description to the board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends, and pending such application, may at the sole description, either be employed in the business of the company or be invested in such investments as the board may, from time to time, think fit.
- B) The board may also carry forward any profits, which it may think prudent not to divide, without setting them aside as a reserve.
100. A) Subject to the rights of the persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
- B) No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of these regulations as paid on the shares.
- C) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particulars date such share shall rank for dividend accordingly.
101. 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.
102. A) Any General Meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and the board shall give effect to the resolution of the meeting.
- B) Where any difficulty arises in regard to such distribution, the board may settle the same as it think expedient, and in particular may issue fractional certificates, and fix the value for distribution of such specific assets or any part thereof and may determine that cash payment shall be made to any member upon the footing of the values so fixed in order to adjust the rights of all parties, and may vest such specific assets in trustees as may seem expedient to the board.
103. A) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheques or warrants through the post directed to the registered address of the holder or in case of joint holders to the registered address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct.
- B) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
104. Any one of the two or more joint holders of a share may give effectual receipts for any dividends, bonuses or other monies payable in respect of such share.

105. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein, in the manner mentioned in the Act.
106. No dividend shall bear interest against the company.
107. Any Annual 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 if so arranged between the company and the member set off against the call. The making of a call under this clause shall be deemed ordinary business of an ordinary general meeting, which declare a dividend.
108. All dividends on any share not having a legal registered owner entitled to require payment of and competent to give a valid receipt shall remain in suspense until some competent person be registered as the holder of the share.
109. If share are issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plants, which cannot be made profitable for a long period, the board may, on behalf of the company.
- I pay interest on so much of that share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in the Act, and
 - II charge the sum so paid by way of interest on capital as part of the cost of construction of the work or building or the provisions of the plant.
110. No dividend shall to payable except in cash. Provided that nothing in the foregoing shall 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.

SECRECY

114. Every director, secretary, auditor, trustee for the company, its members or debenture holders, members of a committee, officer, servant, agent, employee, attorney or other person employed or about the business of the company shall so required by the board before entering upon his duties sign a declaration pledging himself to observe a strict secrecy respecting all transaction of the company with its customers and in such a declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the board or by any general meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions of these Articles. Any such person is found to have breached the pledge, the board is entitled to dismiss the said person without notice and without compensation.
115. No shareholder or other person (not being a director) shall be entitled to enter upon the property of the company or to inspect or examine the premises or properties of the company without the permission of the board or to require discovery of or any information respecting any details of the trading of the company or any matter which is or may be in the nature of a trade secret, or secret process or of any matter whatsoever which may relate to the conduct of the business of the company and which in the opinion of the board it will be inexpedient in the interest of the company to allow inspection of contracts

entered into by the company with third parties for obtaining rights under their secret know-how process and other secret information.

116. Any director or officer or any other person who has given the pledge of secrecy shall be entitled, if he thinks fit, to decline to answer any questions concerning the business of the company which may be put to him on any occasion including any meeting of the company on the ground that the answer to such question would disclose directly or indirectly, the trade secrets of the company.

WINDING UP

117. If the company shall be wound up, and the assets, available for distribution among the members as such, shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members, in proportion to the capital paid up which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.
118. A) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not
- B) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members of different classes of members.
- C) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustee upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

DEMATERIALISATION OF SECURITIES

121. 1 For the purpose of this Article, the expression Beneficial Owner, Depository, Registered Owner and Security shall have the meaning as defined in the Depositories Act, 1956 or any re-enactments or modifications thereof.
2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize/re-materialize its securities and to offer securities in the dematerialized form pursuant to the Depositories Act, 1996.
3. All the securities held by a Depository shall be dematerialized and be in a fungible form.
4. Nothing contained in these Articles relating to transfer of securities in physical form shall apply to transfer of securities held in Demat form.

5. Notwithstanding anything contained in these Articles, where the securities are dealt within a Depository, the Company shall intimate the details of allotment of securities to Depository immediately on allotment of such securities.
6. The Register and index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be the Register and Index of members and other security holders of the Company.
7. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner. The Depository, as the registered owner, shall not have any voting rights or any other rights in respect of the securities held by it. Every person holding securities of the Company and whose name is entered as beneficial owner in the records of the Depository shall be deemed to be a member of the Company. Every beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities that are held by a Depository."

SECTION XI - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts not being contracts entered in the ordinary course of business carried on by our Company which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus delivered to Registrar of Companies, NCT of Delhi & Haryana at New Delhi for registration and also the documents for inspection referred to hereunder, may be inspected at our corporate office situated at: 24B, Alipur Road, Civil Lines, New Delhi – 110 054 between 1100 hrs to 1500 hrs on any working day, excluding Saturday and Sunday, from the date of this Draft Red Herring Prospectus until the Issue closing date.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated 04th January 2006 with UTI Securities Limited, appointing them as the Book Running Lead Manager to this Issue.
2. Memorandum of Understanding dated 13th January 2006 signed by our Company with Intime Spectrum Registry Limited, appointing them as Registrar to the Issue.
3. Letter dated 23rd August 2005 by Luthra & Luthra, Law Offices, offering their services to act as legal advisors to the issue.
4. Tripartite Agreement dated [●] between the Company, Intime Spectrum Registry Limited and NSDL.
5. Tripartite Agreement dated [●] between the Company, Intime Spectrum Registry Limited and CDSL.

DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association as amended from time to time.
2. Certificate of Incorporation No. 55-64140 dated 06th January 1995 from the Registrar of Companies, NCT of Delhi & Haryana to Sunstar Overseas Limited.
3. Certificate of Commencement of Business dated 31st January 1995 issued by the Registrar of Companies, NCT of Delhi & Haryana to Sunstar Overseas Limited
4. Resolution passed by the shareholders under Section 81(1A) of the Act, at the Annual General Meeting of the Company held on 29th September 2005, approving the issue.
5. Agreement dated 01st February 1995 between M/s. Star Overseas and us, taking over the then existing business of M/s. Star Overseas.
6. Consent from the Directors, Compliance Officer, Auditor, Lead Managers, Registrar to the Issue, Bankers to the Issue, Bankers to the Company, Underwriters, Legal Advisor and Tax Consultant to act in their respective capacities.
7. Certificate dated 07th November 2005 from M/s. R.K. Gulati & Associates, Chartered Accountants and Statutory Auditors of the Company detailing the Tax Benefits.
8. Auditor's report dated 09th January 2006 included in the Draft Red Herring Prospectus and copies of the Balance Sheet referred in the said report.

9. Copy of the Auditors Certificate dated 07th January 2006 regarding the sources and deployment of funds as on 20th December 2005.
10. Copies of Power of Attorneys from Directors to sign the offer document on their behalf.
11. Copies of Initial Listing Application made to BSE and NSE.
12. Copy of in-principal approval for listing from BSE and NSE dated [●] and [●] respectively.
13. Copies of quotations obtained for Plant and Machinery.
14. SEBI observation Letter No. [●] dated [●].

SECTION XII - DECLARATION

We, hereby declare that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the government or the guidelines issued by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors

Mr. Naresh Aggarwal
Chairman

Mr. Rakesh Aggarwal
Managing Director

Mr. Rohit Aggarwal
Joint Managing Director

Mr. Sumit Aggarwal
Director

Mr. Ravinder Kumar Passi
Director

Mr. Kishore Asthana
Director

Signed by the General Manager (Finance & Accounts)
Mr. Narender Sidhar

Signed by the Company Secretary and Compliance Officer
Ms. Kiranpreet Gill

Date: _____

Place: New Delhi