



USHER AGRO LIMITED

(Originally incorporated as Usher Agro Limited on June 20, 1996 under the provisions of Companies Act, 1956 vide registration no.: 11-100380 (CIN: U01100MH1996PTC100380) and received the Certificate for Commencement of Business on July 04, 1996 from the Registrar of Companies, Maharashtra, Mumbai. For details of changes in the address of our registered office, please refer to page no. 64 of this Prospectus)

Registered & Corporate Office: C – 617, Hilton Tower, Sher-E-Punjab, Andheri (East), Mumbai - 400 093.
Tel: +91-22-2836 3387, 2837 8967; **Fax:** +91-22-2837 8967 **Email:** usher@vsnl.com **Website:** www.usheragro.com
Contact Person: Ms. Rutika Pawar – Company Secretary & Compliance Officer

PUBLIC ISSUE OF 1,20,12,000 EQUITY SHARES OF FACE VALUE Rs. 10/- EACH OF USHER AGRO LIMITED (HEREINAFTER REFERRED TO AS THE “COMPANY” OR “ISSUER”) AT A PREMIUM OF Rs.5/- PER SHARE (I. E. AT A PRICE OF Rs.15/- PER SHARE) FOR CASH AGGREGATING TO Rs. 18,01,80,000/- (HEREINAFTER REFERRED TO AS THE “ISSUE”) COMPRISING OF PROMOTERS CONTRIBUTION OF 32,00,000 EQUITY SHARES OF FACE VALUE Rs.10/- EACH AT A PRICE OF Rs. 15/- FOR CASH AGGREGATING TO RS. 4,80,00,000/- (HEREINAFTER REFERRED TO AS THE “PROMOTERS CONTRIBUTION”). THE NET OFFER TO THE PUBLIC IS OF 88,12,000 EQUITY SHARES OF FACE VALUE Rs.10/- EACH AT A PRICE OF Rs.15/- FOR CASH AGGREGATING TO Rs. 13,21,80,000/- (HEREINAFTER REFERRED TO AS THE “NET ISSUE”).

THE ISSUE WOULD CONSTITUTE 66.69% OF POST ISSUE PAID UP CAPITAL OF OUR COMPANY. THE ISSUE PRICE OF RS.15/- PER EQUITY SHARE IS 1.5 TIMES THE FACE VALUE.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs. 10/- each per Equity Share and the Issue Price is 1.5 times the face value. The issue price (as determined and justified by the Company and Lead Manager as stated under the “Basis for Issue Price” starting from Page No 29 of this Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the shares are listed. No assurance can be given regarding an active and sustained trading in the shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of ‘Risk Factors’ starting from Page No. (v) of this Prospectus.

ISSUER’S ABSOLUTE RESPONSIBILITY

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

SAFETY NET SCHEME

IDBI Capital is providing Safety Net Scheme in this Issue. For further detail refer Page No.11 of this Prospectus.

LISTING

The Equity Shares issued through this Prospectus are proposed to be listed on Bombay Stock Exchange Ltd. (BSE), the Designated Stock Exchange. The in-principle approval for listing of the Equity Shares of our Company from BSE has been received vide their letter dated 24th April, 2006.

LEAD MANAGER TO THE ISSUE



IDBI CAPITAL MARKET SERVICES LIMITED

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REGISTRAR TO THE ISSUE



INVESTOR SERVICES OF INDIA LIMITED

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SECTION I – DEFINITIONS AND ABBREVIATIONS

“Usher” or “the Company” or “our Company” or “Usher Agro” or “Usher Agro Limited ” or “we” or “us” or “our” or “Company” unless the context otherwise requires, refers to, Usher Agro Limited, a public limited company incorporated under the provisions of the Companies Act, 1956.

CONVENTIONAL/ GENERAL TERMS

Term	Description
Articles/Articles of Association/ AoA	Articles of Association of Usher Agro Limited.
Companies Act / Act	The Companies Act, 1956 as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time being NSDL and CDSL.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A person registered as such under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under.
FII	Foreign Institutional Investor as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) registered with SEBI.
Financial Year / Fiscal / FY	Period of twelve months ended June 30, of that particular year, unless stated otherwise.
Indian GAAP	Generally Accepted Accounting Principles in India.
Memorandum of Association / MoA	Memorandum of Association of Usher Agro Limited.
NRI / Non-Resident Indian	A person resident outside India who is a citizen of India or is person of Indian Origin (as defined in Foreign Exchange Management (Deposit) Regulations, 2000).
QIB	Qualified Institutional Buyer as registered with SEBI under clause 2.2.2 B (v) of SEBI (DIP) Guidelines 2000.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992.
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, including instructions and clarifications issued by SEBI from time to time.

ISSUE RELATED TERMS

Term	Description
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Prospectus.
Application Form	The form in terms of which the investors shall apply for the Equity Shares of the Company.
Bankers / Bankers to the Issue	Bankers to the issue being ICICI Bank Ltd, HDFC Bank Ltd and Allahabad Bank.
Designated Stock Exchange / BSE	Bombay Stock Exchange Limited.
Face Value	Face Value of Equity Share of our Company, in this case being Rs. 10/- each.



First Applicant	The Applicant whose name appears first in the Application Form.
Equity Shares	Equity Shares of the Company of the face value Rs. 10/- each, unless otherwise specified in the context thereof.
Equity Shareholders	Person(s) holding Equity Share(s) of the Company unless otherwise specified in the context thereof.
IPO/Offer/Issue	This public issue of 1,20,12,000 equity shares of Rs. 10/- each for at a price of Rs. 15/- each aggregating to Rs. 18,01,80,000/-
Issue Closing Date	The date on which the Issue closes for subscription.
Issue Opening Date	The date on which the Issue opens for subscription.
Issue Period	The period between the Issue Opening Date and Issue Closing Date and includes both these dates.
Issue Price	The price at which the Equity Shares will be issued by our Company i.e. Rs. 15/- per Equity Share.
Issue Size	1,20,12,000 Equity Shares of our Company at a price of Rs. 15/- for cash aggregating to Rs. 1801.80 lacs.
Issuer/ the Company	Usher Agro Limited.
Lead Manager/ Lead Merchant Banker	Lead Manager to the Issue, in this case being IDBI Capital Market Services Limited.
Net Issue	The net offer to the public is 88,12,000 Equity Shares of face value Rs. 10/- each at a price of Rs. 15/- each for cash aggregating to Rs. 1321.80 lacs.
Prospectus	The Prospectus to be filed with the ROC containing inter alia the Issue price and the number of Equity Shares to be issued and certain other information.
Promoters	Promoters of our Company being Mr. Vinod Kumar Chaturvedi and Mr. Manoj Chaturvedi.
Promoter Contribution	Promoters contribution of 32,00,000 Equity Shares of face value Rs. 10/- each at a price of Rs. 15/- each for cash aggregating to Rs. 480 lacs.
Public Issue Account	In accordance with Section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies for the Public issue.
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being Investor Services of India Limited.
Registered Office / Registered Office of the Company	C – 617, Hilton Tower, Sher-E-Punjab, Andheri (East), Mumbai – 400 093.
ROC/RoC	The Registrar of Companies, Maharashtra, 100, Everest Building, Marine Lines, Mumbai – 400 002.
Safety Net	An arrangement of buy back of shares from Original Resident Individual Allottee(s) up to 800 shares as per terms and conditions of Safety Net Scheme between Issuer Company and Lead Manager.

INDUSTRY/ COMPANY RELATED TERMS

Term	Description
Atta	Wheat Flour
APEDA	Agriculture and Processed Food Products Export Development Authority.
Auditors	The Statutory Auditors of the Company, M/s. Dinesh C. Bangar & Co., Chartered Accountants.
Board/ Board of Directors	Board of Directors of Usher Agro Limited.
Cogeneration/Co-generation of Power	Cogeneration of Power implies generation of power from by-product i.e. husk while main operations of the Company are different from power generation.

DG Sets	Diesel Generator (DG) Sets.
Equity Shares	Equity Shares of the Company of face value Rs. 10/- each unless otherwise specified in the context thereof.
Equity Shareholders	Persons holding Equity Shares of the Company unless otherwise specified in the context thereof.
Husk	The outer layer of paddy.
Maida	Refined wheat flour used in bakery etc.
Paddy	Rice grain covered in husk shell.
RECL	Rural Electrification Corporation Limited.
SIDBI	Small Industrial development Bank of India.
UAL/ Usher/ Usher Agro	Usher Agro Limited.

ABBREVIATIONS

Abbreviation	Full Form
A/c	Account
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
Bn	Billion
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
DCA	Department of Company Affairs
DP	Depository Participant
EBITDA	Earning Before Interest Tax Depreciation and Amortization
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
ESOP	Employee Stock Option Plan
FCI	Food Corporation of India
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto
FIPB	Foreign Investment Promotion Board
FMCG	Fast Moving Consumer Goods
GoI	Government of India
HACCP	Hazard Analysis & Critical Control Point
HP	Horse Power
HUF	Hindu Undivided Family
IDBI Capital	IDBI Capital Market Services Limited
IDBI Ltd./IDBI	Industrial Development Bank of India Limited
IPO	Initial Public Offering
ISO	The International Organization for Standardization
KVA	Kilo Volt Ampere
LM	Lead Manager
MAT	Minimum Alternate Tax
MD	Managing Director
Mn	Million
MSP	Minimum Support Price



MT	Million Tonnes
MW	Mega Watt
N.A	Not Applicable
NABARD	National Bank for Agriculture and Rural Development
NAV	Net Asset Value
NHAI	National Highways Authority of India
NHB	National Housing Bank
NOC	No Objection Certificate
NR	Non-Resident
NRE Account	Non-Resident External Account
NRI(s)	Non-Resident Indians
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Body
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
ROCE	Return on Capital Employed
ROE	Return on Equity
RONW	Return on Networth
RTA	Registrar & Transfer Agent
Rs. / Rupees / INR	Indian Rupees
SEC.	Section
SEBI	Securities and Exchange Board of India
SIA	Secretariat for Industrial Assistance
TPA	Tons per Annum
TPD	Tons per day
TPDS	Targeted Public Distribution System (India)
U.K	United Kingdom (of Great Britain and Northern Ireland)
U.P.	Uttar Pradesh
UPPCL	Uttar Pradesh Power Corporation Limited
UPFC	Uttar Pradesh Financial Corporation Limited
USA	United States of America
VAT	Value Added Tax



SECTION II – RISK FACTORS

CERTAIN CONVENTIONS - USE OF MARKET DATA

In this Prospectus, unless the context otherwise requires, unless stated otherwise, the financial data in this Prospectus is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI Guidelines included elsewhere in this Prospectus. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "lacs" means "one hundred thousand" and the word "million" means "ten lac" and the word "Crore" means "ten million". Throughout this Prospectus, all figures have been expressed in lacs. Unless otherwise stated, all references to "India" contained in this Prospectus are to the Republic of India.

Industry data used throughout this Prospectus has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Prospectus is reliable, it has not been independently verified neither by the Company nor the Lead Manager. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources

For additional definitions, please refer to the section titled 'Definitions and Abbreviations' on page no. i of this Prospectus. In the section titled 'Main Provisions of the Articles of Association' on page no. 122 of this Prospectus, defined terms, have the meaning given to such terms in the Articles of Association of our Company.



FORWARD LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements.

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

- General economic and business conditions in India;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch various projects for which funds are being raised through this Issue;
- Prices of raw materials we consume and the products we produce.
- Changes in laws and regulations relating to the industry in which we operate;
- Changes in political and social conditions in India;
- Any adverse outcome in the legal proceedings in which our Company is involved; and
- The loss or shutdown of operations of our Company at any times due to strike or labour unrest or any other reason.

For further discussion of factors that could cause our actual results to differ, please refer to the section titled ‘Risk Factors’ beginning from page no.(v) of this 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 members of the Syndicate, 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 LM will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to this Issue.



RISK FACTORS

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

To obtain, a complete understanding of our Company, you should read this section in conjunction with the sections titled “Business Overview” and “Management Discussion and Analysis of Financial Condition and Results of Operations” in this Prospectus as well as the other financial and statistical information contained in this Prospectus.

In this Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in “Risk Factors”, “Management discussion and analysis of financial condition and results of operations” and elsewhere in this Prospectus, unless otherwise indicated, have been calculated on the basis of the amounts disclosed in the financial statements prepared in accordance with the Indian Accounting Standards.

A. INTERNAL TO THE COMPANY

We are a new entrant in the manufacturing of Suzi, Atta and Maida and our promoters are first generation entrepreneurs.

The key promoters have been carrying out rice milling business for the last 10 years and have successfully implemented the earlier projects and are profitability running them. We have expanded our capacity and operations over the last 10 years; starting from one unit for rice at Mathura of capacity 5400 TPA and presently we have two units at Mathura of capacity 10800 TPA and one unit at Buxar with capacity 46800 TPA. The existing units of our Company are operating profitably.

We have not placed orders for purchase of plant and machinery for the modernization of rice mill plant and the Co-generation power plant.

The total cost of the plant and machineries required to be purchased for the proposed project envisaging setting up of wheat roller flour mill, modernization of rice mill and setting up of 1 MW Co-generation power plant is estimated at Rs.962.70 lakh. However, we have already purchased plant & machineries worth Rs. 477.36 lacs for wheat roller flourmill project and the same is under installation.

We are yet to place the orders for plant and machineries required for modernization of the rice mill and for setting up of 1 MW co-generation power plant. We have initiated negotiations in respect of technical specifications with some vendors and the orders will be placed in due course as per the implementation schedule. For further details please refer to the section titled ‘Plant & Machineries’ beginning on page 19 of this Prospectus.

Means of Finance includes, an amount of Rs.50 lacs to be received as Central Subsidy for part financing the Wheat Roller Flour Mill Project. However, there could be a delay or uncertainty in the receipt of the subsidy from the Government.

Our company will make an application for the receipt of the Central Subsidy in due course of time. However, in the eventuality of delay or non-receipt of central subsidy of Rs. 50 lacs, we will utilize internal accruals to fund the gap, if any.

Any delay in the commencement of operations as scheduled as per the proposed plan may affect our profitability.

We propose to set up a Wheat Roller flourmill, modernization of the existing rice mill plant and set up a 1 MW Co-generation power plant at Mathura. The wheat roller flourmill project is in the advance stage of completion. We have received major plant and machineries, and the erection and installation work is going on. Commercial production of Wheat roller flourmill is likely to start in September 2006.



We have already started technical and commercial negotiations for the plant and machineries needed for the modernization of the rice mill and the co-generation power project; and the orders will be placed in due course as per schedule of implementation. We expect to commence operation for the entire business plan as per the 'Schedule of Implementation' mentioned on page no. 26 in this Prospectus

We have not applied for or have not yet received various approvals required for the project for which funds are being raised.

We require various consents/permissions/approvals from various governmental authorities for project for which the funds are being raised from this Issue. Details are as follows: -

Sr. No.	Approval/Consent	Authority	Status
1.	Application to District Industrial Center, Mathura for approval of additional electricity load for 500KVA.	Electricity Department Mathura	Application to District Industrial Center has been made dated March 22, 2005.
2.	Permission required for use and discharge of effluent/sewage from its wheat roller flour mill at Mathura, U.P.	U.P. Pollution Control Board	Application is made to authority dated March 24, 2005.
3.	Permission from U.P. Pollution Control Board for setting up Co-generation power plant	U.P. Pollution Control Board	Will be applied in due course
4.	Permission from U.P. Electricity Board for setting up Co-generation power plant.	U.P. Electricity Board	Will be applied in due course

The cost of the project has not been appraised by any financial institution/bank or external agency and is based on the estimates of our Management.

The cost of project for the wheat roller flourmill, modernization of the rice mill and setting up of the Co-generation power plant has been estimated after taking into considerations all the aspects of the cost. Moreover provision for contingency is made for any increase in the cost of project due to factors like inflation, etc. Further, the wheat roller flourmill project has been part financed by a term loan from IDBI Ltd. to the extent of Rs. 590 lacs. We have successfully implemented all our previous projects within the time and cost estimated with the help of the knowledge and experience of its management.

Our business is dependent on our processing facilities. The loss of or shutdown of operations at any of our processing facilities may have a material adverse effect on our business, financial condition and results of operations.

There has been no major breakdown in past 10 years of our operations resulting into major operational losses. We take precautions to minimize the risk of any significant operational problems at our facilities like preventive maintenance of major equipments, keeping / maintaining adequate inventory of spares, training of manpower etc.

Our business is dependent on agricultural production.

Our Company is related to agro-based industry and our main raw materials are paddy and wheat. In India, agriculture is primarily dependent on climatic conditions. Therefore, in any year, if there is a shortfall of paddy and wheat production on account of adverse climatic conditions, our performance may be affected adversely.

Our operations require high working capital.

We are operating in the sector, where the need of working capital is on higher side as compared to other sectors. We are presently meeting our need based working capital requirement by way of cash credit & other limits from banks and enjoys good credibility with our existing bankers. It is proposed to fund part of working capital and long-term working capital requirement out of the proceeds of the issue.



We have not provided for Contingent Liabilities

Contingent liabilities not provided include: Demand from Deputy Commissioner (Assessment) Trade tax Mathura for Trade tax aggregating to Rs. 10,06,297/- against which we have preferred appeals before Joint Commissioner (Appeal) Trade Tax Mathura. Our Company has not made any provision for the said Liability in its books of accounts in the current year.

We have not applied for or have not yet received various approvals required for running our current business operation.

Sr. No.	Approval/Consent	Authority	Status
1	Permission required for use and discharge of effluent/sewage from its rice mill plant at Buxar.	Bihar Pollution Control Board	Application is made to the authority dated September 2, 2005.
2.	Permission to generate and commence use of electricity from DG sets installed at Buxar Unit	Electrical Inspectorate Bihar	Will be applied in due course

One of our existing processing facilities is at Buxar, which is in Bihar State. Any localized social unrest in Bihar could have material adverse effect on the operation and business, of our company.

The plant at Buxar in Bihar is located in industrial area and we are operating in Bihar state for last 3 years and have not faced any problem till date. Our management has taken adequate care to hire contract labour from surrounding areas only.

Food processing Industry is a regulated industry

Rice and wheat is an essential commodity, and is included within the purview of the Essential Commodities Act, 1955 and consequently, its production supply and distribution are regulated by the state and central government. The Ministry of Consumer Affairs, Food & Public Distribution imposes levy quota on rice, which specifies that producers/owners of rice mills shall sell the specified quantity of rice to Government specified agencies under levy Scheme at a predetermined price. The levy quota varies from state to state viz. at Bihar it is 40% and at Uttar Pradesh it is 60%. The price fixed by the Government for sale of levy rice may be less than the total cost of production resulting in loss. We thus operate in an industry, which is regulated and any change in governmental or legal policies to the detriment could adversely affect the business, operations and profitability of our Company.

Government fixes price for Levy Rice based on Minimum Support Price (MSP) declared by it for Paddy. Levy on Rice is applicable only on coarse grain and Basmati is excluded from the levy compulsion. In normal circumstances production cost of levy rice does not exceed the predetermined levy price for Rice however, in such eventuality our company can change the product mix and produce rice, which is not under levy scheme.

Our existing activities are dependent upon availability of unskilled labour. Large labour intensive operations call for good monitoring and maintenance of cordial relations. Non-availability of labour and/or any disputes between the labour and the management may affect our business operations.

Our Company provides to the workers a congenial work environment. Our Company assigns works to labour contractor for carrying out a specific job like loading, unloading etc and does not directly employ the workers. Labours are very easily available in both U.P and Bihar zone.

Our loan agreements contain several restrictive covenants.

We have entered into agreements with IDBI Ltd. for long-term borrowings and Allahabad Bank and United Bank of India for working capital assistance. The agreements entered into by us and guarantees given by our Promoters for availing such loans and financial facilities contain several restrictive covenants, some of which operate on a day-to-day basis, and the others which operate on any default by us in meeting our repayment obligations, or not complying with the terms of those agreements. These covenants, especially (but not restricted to) those which require us to obtain approval of bankers for undertaking certain activities, and those which



operate on default, are restrictive and can prejudicially and adversely affect and continue to affect our current operations and future plans. However the Company has obtained consents for this issue and will obtain the necessary approval before initiating any other changes as and when required.

Working capital availed from Allahabad Bank & United Bank of India is repayable on demand.

Registered Office of our Company is situated in premises, which is not owned by us.

Mr. Vinod Kumar Chaturvedi, Managing Director and key promoter of our Company owns the premises in which the Registered office of our Company is situated. We have entered into lease agreement dated December 30, 2003 with Mr. Chaturvedi for a period of 5 years at a rent of Rs. 5000 per month. We have an option also to renew the lease for a further period of 5 years.

We have not obtained shop and establishment certificate for the registered office situated at Andheri

Competition from existing established Players.

There is no cutthroat competition in the rice market particularly in the non-basmati segment and wheat flour product market. There is ample scope in the market for the existing player as well as new entrant because of the present size and ever growing need for rice & wheat products. We have also developed our marketing network during last 10 years of operation and have been selling our product successfully.

B. EXTERNAL TO THE COMPANY

Significant change in the Government's economic liberalization and deregulation policies could disrupt the business and adversely affect the financial performance of our Company.

The Government of India has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on public and private sector entities, including our Company, and on market conditions and prices of Indian securities, including in the future on our Equity Shares. Any significant change in the Government's policies or any political instability in India could adversely affect the business and economic conditions in India and could also adversely affect our business, future financial performance and the price of our Equity Shares.

Significant climatic changes as being witnessed presently all around the world could pose a major threat to the health of the agriculture segment.

The year 2005 and 2006 has been a years of natural disasters with huge climatic changes being witnessed in almost all parts of the world. Heavy rains and flooding have been witnessed in various parts of India. Apart from this several other natural calamities like earthquakes and the Tsunami have taken place in India during this years. Environmentalists are concerned about the impact of release of green house gases into the atmosphere and its impact on the planet. Continuation of such events could hamper our operations and hence our profitability.

Sensitivity to the economy and extraneous factors

Our Company's performance is correlated to the performance of the economy and the financial markets. The health of the economy and the financial markets in turn depends on the domestic economic growth, state of the global economy and business and consumer confidence, among other factors. Any event disturbing the dynamic balance of these diverse factors would directly or indirectly affect the performance of our Company.



The price of our Equity Shares may be highly volatile

The Equity Shares of our Company are currently not listed. The price of our Equity Shares on the Indian Stock Exchanges may fluctuate after this Issue as a result of several factors including:

- Volatility in Indian and global securities market;
- Our results of operations and performance;
- Performance of our competitors and perception in the Indian market about investment in the Food Processing sector;
- Adverse media reports, if any, on our Company or the Indian Food Processing industry;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant development in India's economic liberalization and de-regulation policies; and
- Significant development in India's fiscal and environmental regulations.

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

A slowdown in economic growth in India could cause the business to suffer

The overall performance of the Indian Economy during the year 2004-05 was satisfactory with a GDP growth rate of 6.9%. This growth momentum has been very optimistic for the year of 2005-06 with a GDP growth at 8.4%. Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could adversely affect the business of our Company, including future financial performance, shareholders' funds and ability to implement strategy and the price of our Equity Shares.

Risks arising from changes in taxation policies

Statutory taxes and other levies may affect the margins in the event of Company's inability to pass on such expense to our customers. Any increase in any of these taxes or levies, or the imposition of new taxes and levies in the future, may have a material adverse impact on our business, results of operations and financial condition.

Factors beyond the management's control

Political, Economical and Social unrest, terrorist attacks, civil disturbances and regional conflicts in the country could adversely affect the business of our Company. Natural calamities and adverse weather conditions could have a negative impact on business of the Company.

Notes to Risk Factors:

1. Investors are advised to refer to the para on "Basis for Issue Price" on Page No. 29 of this Prospectus before making any investment in this Issue.
2. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in accordance with the SEBI Guidelines and in consultation with BSE (the Designated Stock Exchange).
3. Public Issue of 1,20,12,000 Equity Shares of face value Rs. 10/- each for cash at a price of Rs. 15/- per Equity Shares aggregating to Rs. 18,01,80,000/- comprising of Promoter's Contribution of 32,00,000 Equity Shares of Rs. 10/- each at a price of Rs. 15/- each for cash aggregating to Rs. 4,80,00,000/- the Net offer to the public is of 88,12,000 Equity Shares of Rs. 10/- each at a price of Rs. 15/- each for cash aggregating to Rs. 13,21,80,000/-
4. Pre-Issue Networth of our Company is Rs. 1023.45 lacs and Post-Issue Networth will be Rs. 2825.25 lacs.
5. The book value per share of our Company as on June 30, 2005 is Rs.14.79/-. The book value of the shares of our Company according to the audited financials for the period ending May 31, 2006 is Rs. 17.06/-



6. The average cost of acquisition of Equity Shares of Rs. 10/- each by our Promoters, is as follows:

Name of the Promoter	Average cost of acquisition of shares (Rs.)
Mr. Vinod Kumar Chaturvedi	10.00
Mr. Manoj Chaturvedi	10.00

7. Other than as disclosed either in related party transaction or otherwise in this Prospectus, the promoters / directors / key management personnel of our Company have no interest, other than in reimbursement of expenses incurred and normal remuneration and benefits arising out of the shareholding in our Company or out of any business relation with any of the ventures in which they are interested.
8. We have entered into a lease agreement for our registered office situated at Andheri with our Managing Director for a period of 5 years at a rent of Rs. 5000/-, which can be renewed for a further period of five years. Details of other Related Party Transactions for the year ended June 30, 2005 and for the period ending May 31, 2006 are given on Page No 91 of this Prospectus.
9. There are no material events occurring after the balance sheet date, which have an impact on financial statements as on May 31, 2006.
10. Our Company and the Lead Manager will keep this Prospectus updated and keep the shareholders informed of any material change / development.
11. The notes on significant accounting policies have been furnished in the auditor's report.
12. We have not issued any shares other than cash or out of revaluation of assets since inception.

Investors are free to contact the LM and/ or Issuer for any clarification or information or for any complaint pertaining to the Issue, which we will be obliged to attend.



SECTION III – INTRODUCTION

SUMMARY

This is only a summary and does not contain all information that one should consider before investing in the Equity Shares offered by our Company. Investors should read this entire Prospectus, including the information on the section titled 'Risk Factors' beginning from page no.(v) and the section titled 'Financial Statements' and related notes beginning from page no.78 of this Prospectus before deciding to invest in the Equity Shares offered by our Company.

INDUSTRY SUMMARY

Food processing sector is the thrust area and growing at a fast speed. The Food processing industries are those units which add value to agricultural products/residues, both food and non-food, by processing in to products which are marketable or usable or edible, or by improving storability. The government has accorded them a high priority, with a number of fiscal relief's and incentives, to encourage commercialization and value addition to agricultural produce, for minimizing pre/post harvest wastage, generating employment and export growth.

As a result of several policy initiatives undertaken since liberalization in August 1991, the Industry has witnessed fast growth in most of the segments. The Indian food-processing sector is on the brink of a revolution that will modernize the entire food chain, as the total food production in India is likely to double in the next ten years.

The Food Processing Industries Department, under Ministry of Agriculture assists the sector in playing a significant role in diversification and commercialization of agriculture, improving value addition of the agricultural produce, generating employment, enhancing income of farmers and creating surplus for export of agro foods through its policies and plans.

The 70 billion dollar Indian food processing Industry including 22 billion dollar value added products is characterised by the predominance of small and tiny units spread all over the country. The agro-food industry today employs about 20% of the country's labour force and contributes 15.19% of the total industrial output. Food processing industry in India is declared as a priority area with the entire sector delicensed. (Source: Press Information Bureau-Government of India)

A. RICE

Rice is the predominant staple food for 17 countries in Asia and the Pacific, nine countries in North and South America and eight countries in Africa. Rice is cultivated in 113 countries, the staple food for over half the world's population.

Rice provides 27 percent of dietary energy supply and 20 percent of dietary protein intake in the developing world. Rice is low fat and high in energy. About four-fifths of the world's rice is produced by small-scale farmers and is consumed locally. Rice cultivation is the principal activity and source of income for about 100 million households in Asia and Africa. (Source: Multi Commodity Exchange of India Limited)

Throughout history rice has been one of man's most important foods. Archeological evidence suggests that rice has been feeding mankind for more than 5,000 years.

Traditionally, paddy was being de-husked, milled and polished using small size inefficient machinery. Over the years rice-milling activity has improved its efficiency to reduce the breakage of rice and improve the yield. India is the second largest rice producing country.

In addition to direct consumption rice is also used for making noodles, rice cakes, puddings, puffed and propped rice products, baked rice products, fermented rice products etc.



B. WHEAT PRODUCTS

Wheat is a cereal grain grown and consumed worldwide. Wheat is more popular than any other cereal grain use in baked goods. Its popularity stems from the gluten that forms when flour is mixed with water. Without gluten, raised bread is hard to imagine. Wheat is also preferred because of its mild, nutty flavor. Both the factors account for wheat being the most widely grown cereal grain in the world.

Today, thousands of varieties of wheat are grown throughout the world, most requiring fertile soil and a temperate climate. Major wheat growing countries include China, India, France, and Russia. Recent projections by the International Food Policy research Institute (IFPRI) indicate that, by 2020, two-thirds of the world's wheat consumption will occur in developing countries, where wheat imports are estimated to double by 2020.

As noted earlier in this report, wheat demand worldwide is calculated to rise by 40% from 1993 to 2020 to reach 775 million tons. The expected increase in demand is partly motivated by population growth but also results from substitution out of rice and coarse grain cereals as incomes rise and populations become increasingly based in urban areas. (Source: Multi Commodity Exchange of India Limited)

Till recent past unbranded wheat grain was largely sold in India as commodity, with negligible value addition. However, rising income and consequent emphasis on improved quality are driving the evolution of wheat sector. Due to this the demand is shifting from unbranded wheat products to branded wheat products.

The factors that make the Indian wheat sector inherently attractive are the consumption of wheat product by very large number of people. There is a definite change in food consumption pattern of individuals due to two important factors viz. Consumer income and increasing internationalization and convergence of dietary habits.

Growth in packaged Atta industry is driven by four factors viz. (i) Rise in disposable income, (ii) Value of Time, (iii) Demand for improved quality and hygiene and (iv) Economic / Non Economy of small scale Chakkis.

OUR BUSINESS

Our Company is operating in food processing industry, considered to be one of the fast growing industrial segments having huge potential for growth. our plants are situated at Mathura in U.P and Buxar in Bihar. Our existing operations are mainly into milling of paddy for which a conventional rice mill plant is at Mathura, U.P. and fully automatic rice mill plant at Buxar (which is considered as a rich rice belt in Bihar). Presently, we are producing raw white rice of different grades of both *basmati* and non-*basmati* rice at Mathura (U.P) Plant based on conventional technology with an installed capacity of 10800 TPA and at Buxar we are producing raw white rice, parboiled rice & steam rice with an installed capacity of 46800 TPA.

We have been operating in the agro sector for the last 10 years and our sales have grown from Rs. 101 lacs in the first financial Year i.e. 96-97 to Rs 3316 lacs in the year 2004-05 and 3515.56 lacs for the period of eleven months ending 31st May 2006. The Profit of our company has also increased manifold during the same period; from Rs. 3.01 lacs in 1996-97 to Rs. 98.13 lacs in the year 2004-05 and 145.33 lacs for the period of eleven months ending 31st May 2006.

In the year 2003-04 our Company has supplied largest quantity of Rice i.e. 5820 MT to U.P. state Government in Agra region under Levy Scheme of State Government of Uttar Pradesh. We were also been awarded a recognition certificate by Regional Food Controller (RFC), Agra Region for the same. We have also obtained a letter of appreciation for dispatching fully loaded train of Rice and paddy from Buxar Station, Bihar to Mathura, U.P.

We have recently obtained ISO 9001:2000 Certificate for manufacturing & marketing of rice, from International Industrial Certification Co. Ltd., Korea vide their certificate dated September 17, 2004.

We have also obtained a Hazard Analysis and Critical Control Point (HACCP) Management system certificate dated February 5, 2005 from International Industrial Certification Co. Ltd., Korea for manufacturing & marketing of rice.

We are setting up Wheat Roller Flour Mill with the capacity 250 MT per day at Mathura, which is expected to start its commercial production in September 2006. We are entering in the wheat product segment by



manufacturing Atta, Maida, Suji and Bran. Demand of these products is increasing due to various factors such as rise in disposable income, increasing value of time, increasing demand for improved quality standard and hygiene of the products and non-economics of small-scale chakkis in wheat segment.

We also intend to modernize our existing rice mill plant at Mathura by installing latest and advanced machineries, which will enhance our capability to produce higher quality of rice.

Along with this we also propose to set up new 1 MW Co-generation power plant based on rice husk at our existing plant at Mathura for captive consumption, this will reduce our power cost resulting in reduction in average cost of production.



THE ISSUE

Equity Shares Offered	1,20,12,000 Equity Shares
Out of Which:	
Promoter's contribution in this issue	32,00,000 Equity Shares
Net Offer To The Public	88,12,000 Equity Shares
Out of Which:	
Retail portion (minimum 50% of the net offer to public)	At least 44,06,000 Equity Shares (Allotment on a proportionate basis)
Non-Retail portion (maximum 50% of the net offer to public)	Not more than 44,06,000 Equity Shares (Allotment on a proportionate basis)
*Under subscription in any of the category, shall be allowed to be met through over subscription in any other category.	
Equity Shares outstanding prior to the Issue	60,00,000 Equity Shares
Equity Shares outstanding after the Issue	1,80,12,000 Equity Shares
Use of Issue proceeds: -	Please refer the section "OBJECT OF THE ISSUE" on page 18 of this Prospectus for detailed discussion on the Objects of the issue.

***Safety Net: -**

The Lead Manager to the issue is providing Safety Net facility to the Original Resident Individual Allotees. For the details of the Safety Net Scheme, please refer to page no. 11 of this Prospectus.



SUMMARY OF FINANCIAL DATA

The following summarized adjusted financial position of our Company has been prepared in accordance with Indian GAAP, the Companies Act, 1956 and the SEBI Guidelines and restated as described in the Auditor's Report of M/s. Dinesh C. Bangar & Co, Chartered Accountants dated August 11, 2006 in the section titled "Financial Statements". Investors should read this financial data in conjunction with our financial statements for each of Financial Year Ended 30th June 2001, 2002, 2003, 2004, 2005 and eleven (11) months period ended 31st May 2006, including the Notes thereto and the Reports thereon, which appears under the paragraph on "Auditor's Report" on page 78 in this Prospectus, and "Management Discussion and Analysis of Financial Condition and Results of Operations" as reflected in the Financial Statements on page 92 of this Prospectus.

STATEMENT OF ASSETS & LIABILITIES (AS RESTATED)

		(Rs.in lacs)					
	Particulars	30.06.2001	30.06.2002	30.06.2003	30.06.2004	30.06.2005	31.05.2006 (11 month)
A	Fixed Assets						
	Gross Block	103.11	103.11	453.26	1,148.30	1,153.65	1164.36
	Less: Depreciation	10.25	15.04	19.89	59.55	109.80	156.86
	Net Block	92.86	88.07	433.37	1,088.75	1,043.85	1,007.50
	Add: Capial Work in Progress		803.75	625.99	38.09	529.63	825.49
		92.86	891.82	1059.36	1,126.84	1,573.48	1,832.99
B	Investments	NIL	NIL	NIL	NIL	NIL	NIL
C	Current Assets, Loans and Advances						
	Inventories	108.50	107.09	164.21	231.80	467.01	605.35
	Sundry Debtors	70.03	82.15	128.70	450.90	600.64	665.74
	Cash and Bank Balances	7.43	56.13	27.74	22.57	77.89	50.17
	Loans and Advances	40.33	47.24	52.64	57.55	25.78	19.30
		226.29	292.61	373.29	762.82	1,171.32	1,340.56
D	Liabilities and Provisions						
	Secured Loans	149.22	404.99	575.00	840.92	1,295.68	1,375.59
	Unsecured Loans	18.05	11.90	5.73	-	-	-
	Deferred Tax Liability	-	-	5.62	37.35	88.58	98.57
	Current Liabilities	26.69	41.53	86.28	170.38	145.74	228.76
	Provisions	0.36	0.58	0.87	7.45	17.60	39.65
		194.32	459.00	673.50	1,056.10	1,547.60	1,742.57
E	Net Worth (A+B+C-D)	124.83	725.43	759.15	833.56	1,197.20	1,430.98
F	Represented By						
	Share Capital	50.07	353.59	600.00	600.00	600.00	600.00
	Share Application Money	-	279.9	33.49	33.49	310.00	407.53
	Reserves & Surplus	74.98	92.12	125.79	208.35	306.48	451.80
	Less: Miscellaneous Expenses not Written off	0.22	0.18	0.13	8.28	19.28	28.35
		124.83	725.43	759.15	833.56	1,197.20	1,430.98



STATEMENT OF PROFIT & LOSSES (AS RESTATED)

(Rs. In lacs)

	Particulars	30.06.2001	30.06.2002	30.06.2003	30.06.2004	30.06.2005	31.05.2006
							(11 months)
A	Income						
	Sales	633.59	606.24	893.43	2,440.49	3,310.08	3,509.02
	Other Income	6.31	13.96	10.23	6.24	6.04	6.54
	Total	639.90	620.20	903.66	2,446.73	3,316.12	3,515.56
B	Expenditure						
	Raw Material Consumed	500.31	545.54	802.29	2,054.92	2,843.86	3,008.22
	Manufacturing Exp	32.50	11.95	14.25	57.97	40.78	45.49
	Staff Costs	33.00	11.36	15.03	32.72	38.82	40.83
	Administration & Selling Expenses	29.71	13.43	18.80	64.79	64.29	70.34
	Interest	23.83	15.73	8.45	73.96	117.28	125.64
	Depreciation	4.47	4.79	4.85	39.65	50.26	47.06
	Preliminary Expenses W/off	0.04	0.04	0.04	0.67	0.67	0.62
		623.86	602.84	863.71	2,324.68	3,155.96	3,338.20
C	Net profit Before tax and Extra Ordinary Items	16.04	17.36	39.95	122.05	160.16	177.36
	Taxation	0.06	0.22	0.66	6.80	10.80	21.00
	Deferred tax provision	-	-	2.43	31.73	51.23	9.99
	Income tax paid for prior period assessment	-	-	-	0.96	-	-
	FBT	-	-	-	-	-	1.05
D	Net profit Before Extra Ordinary Items	15.98	17.14	36.86	82.56	98.13	145.32
	Extra Ordinary Items (net of tax)	-	-	-	-	-	-
E	Net Profit After Extra Ordinary Items	15.98	17.14	36.86	82.56	98.13	145.32



GENERAL INFORMATION

USHER AGRO LIMITED

Originally incorporated as Usher Agro Limited on June 20, 1996 under the provisions of Companies Act, 1956 and received the Certificate for Commencement of Business on July 04, 1996 from the Registrar of Companies, Maharashtra, Mumbai.

Registered & Corporate Office: - C – 617, Hilton Tower, Sher-E-Punjab, Andheri (East), Mumbai - 400 093.

Tel: +91 -22 2836 3387, 2837 8967; Fax: +91 -22 2837 8967;

Website: www.usheragro.com; Email: usher@vsnl.com.

Plants:

Mathura: 239, Maholi Post, Krishna Nagar, Off Delhi-Agra Highway, Mathura, U.P.-281004.

Tel: (0565) 2460421 / 2461068; Fax: - (0565) 2461068

Buxar: Plot No. 1898, Chaubeji ki chhavani, Jalilpur Thana, Raipur, Dist. Buxar (Bihar).

Tel: (06183) 267150; Fax: - (06183) 225846

Registered with Registrar of Companies, Maharashtra,
100, Everest Building, Marine Lines, Mumbai – 400 002
Registration No.: - 11-100380; CIN: U01100MH1996PTC100380

Board Of Directors

Name	Designation
Promoter Directors:	
Mr. Vinod Kumar Chaturvedi	Managing Director
Mr. Manoj Chaturvedi	Whole Time Director
Independent Directors:	
Mr. Ajay Prakash Arora	Director
Dr. Shri Prakash Arora	Director
Mr. Vijay Ranchan (IAS Retd.)	Director
Major General (Retd.) Vinod K. Khanna	Director
Mr. Edwin E. Fernandes	Nominee Director, (IDBI)

For more details on our Directors, please refer to the section titled 'Our Management' on page no. 66 of this Prospectus.

Company Secretary & Compliance Officer

Ms. Rutika Pawar

Address 617, Hilton Tower,

Sher-E-Punjab,

Andheri (East),

Mumbai - 400 093.

Tel: +91-22 2836 3387/3957 5716

Fax: +91-22 2837 8967

Email: usher@vsnl.com

The investors are requested to contact the above-mentioned Compliance Officer in case of any pre-issue/post-issue problems such as non receipt of letters of allotment / refund orders / demat credits not made etc.



Bankers to the Company

Industrial Development Bank of India Ltd.

Maurya Centre, 1-Fraser Road,
Post Bag No. 183, Patna – 800 001
Tel No: +91-612 223 0450, 222 5676
Fax No: +91-612 222 0758
Website: www.idbi.com
Email: a.jabbar@idbi.co.in
Contact person: Mr. Abdul Jabbar

Allahabad Bank

216, Dr. Annie Besant Road,
Worli, Mumbai – 400 025
Tel: +91 -22 2493 0744
Fax: +91 -22 2492 7798
Email: albromumbai@vsnl.net
Contact person: Mr. Nazar Ahmed

United Bank of India

United Bank of India Building
25, Sir Pheroz Shah Mehta Road,
Fort, Mumbai – 400 001.
Tel: +91 -22 2287 1261/2
Fax: +91 -22 2288 6909
Email: crm.west@unitedbank.co.in
Contact person: Mr. Pravir Kumar Dutta

HDFC Bank Limited

Emerging Corporates Group
Trade world, 'A' Wing, 2nd floor
Kamala Mills Compound
Senapati Bapat Marg
Lower Parel, Mumbai – 400 013
Tel: +91 -22 2498 8484, 2498 8280
Fax: +91 -22 2496 0773
Email: vishal.raghuvanshi@hdfcbank.com
Contact person: Mr. Vishal Raghuvanshi

ISSUE MANAGEMENT TEAM

Lead Manager

IDBI Capital Market Services Limited

5th Floor, Mafatlal Centre,
Nariman Point,
Mumbai – 400 021.
Tel.: +91 -22 6637 1212 / 24;
Fax: +91 -22 2288 5848.
Website: www.idbicapital.com
E-Mail: usher.ipo@idbicapital.com
Contact Person: Ms. Meenakshi Kaushik / Ms. Lisa Shah



Registrars to the Issue

Investor Services Of India Limited

IDBI Building, 2nd Floor,
Plot No.39, 40 & 41,
Sector-11, Rajiv Gandhi Marg,
CBD Belapur,
Navi Mumbai - 400 614.
Tel.: +91 -22- 32660566,32660553
Fax: +91 -22 2757 9645
Website: www.isilindia.com
E-mail: usher@isilindia.com.
Contact Person: Mr. Nomani Nasir

Legal Advisor to the Issue

M/s. S.D.Israni & Co.

8/39, Grants Bldg.,
2nd Floor, Strand Road,
Colaba, Mumbai – 400 005.
Tel: +91 -22 5634 7342
Fax: +91 -22 2204 6146
Email: sdisrani@vsnl.com; sdisrani@gmail.com
Contact Person: Mr. S. D. Israni

Banker to the Issue

HDFC Bank Ltd.

26 A, Narayan Properties,
Off Saki Vihar Road,
Chandivali, Saki Naka,
Andheri (East)
Mumbai - 400 072
Tel: +91 -22 28569009 / 28474900
Fax: +91 -22 28569256
Email: viral.kothari@hdfcbank.com
Contact Person: Mr. Viral Kothari

ICICI Bank Limited

30, Mumbai Samachar Marg
Raja Bahadur Mansion
Fort, Mumbai- 400001
Tel: +91 -22 22627600
Fax: +91 -22 22611138
Email: sidhartha.routray@icicibank.com
Contact Person: Mr. Sidhartha Sankar Routray

Allahabad Bank

216, Dr. Annie Besant Road,
Worli, Mumbai – 400 025
Tel: +91 -22 2493 0744
Fax: +91 -22 2492 7798
Email: albromumbai@vsnl.net
Contact person: Mr. D.H.Sharma

**Refund Bankers to the Issue****HDFC Bank Ltd.**

26 A, Narayan Properties,
Off Saki Vihar Road,
Chandivali, Saki Naka,
Andheri (East)
Mumbai - 400 072
Tel: +91 -22 28569009 / 28474900
Fax: +91 -22 28569256
Email: viral.kothari@hdfcbank.com
Contact Person: Mr. Viral Kothari

Broker to the Issue

All brokers registered with SEBI and member of the Recognized Stock Exchange can act as brokers to the Issue

Auditor of the Company**M/s. Dinesh C. Bangar & Co.**

114 Gauri Premises Co-op society Ltd.
1st Floor Navghar
Vasai (E), Thane – 401 210
Tele fax: +91 -250 239 1654.
Email: dineshbv@vsnl.net
Contact Person: Mr. Dinesh C. Bangar

Credit Rating

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

IPO Grading

We have not obtained any IPO grading for this Issue of Equity Shares.

Trustees

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

Monitoring Agency

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI DIP Guidelines. So no agency has been appointed to monitor the utilization of funds.

Appraising Entity

The project is not appraised.

Underwriting

The present issue of Equity Shares is not underwritten.



SAFETY NET SCHEME

IDBI Capital is offering a Scheme of Safety Net to the successful allottees. The terms and conditions of the schemes are as under: -

1. This scheme is open only to Original Resident Individuals allottees (hereinafter referred to as eligible allottees) in this issue through this Prospectus.
2. This scheme is not open to Mutual Funds, Financial /Investment Institutions, Corporate Bodies, Banks, Insurance Companies, Trusts, Non-Resident Indians and Foreign Institutional Investors.
3. As per this scheme Lead Merchant Banker (IDBI Capital) to the Issue will buy shares of Usher Agro Limited at Rs. 15/- per share from eligible allottees up to a maximum of 800 equity shares per allottee, if the market value of the shares falls below the Issue Price.
4. This scheme will be open for a period of six (6) months from the date of allotment of Equity Shares in the proposed issue through this Prospectus.
5. Under this scheme, those eligible allottees who desire to sell their shares allotted to them in the above mentioned issue, may give their offer(s) in writing to M/s. IDBI Capital Market Services Limited, C/o Investor Services Of India Limited, IDBI Building, 2nd Floor, Plot No.39, 40 & 41, Sector-11, Rajiv Gandhi Marg, CBD Belapur, Navi Mumbai - 400 614.
6. The relevant delivery instruction slip would be delivered by eligible allottee to their respective depository participant, duly filled in, to ensure that the shares are transferred in the account of IDBI Capital Market Services Limited
7. The amount payable under this scheme on all deliveries upto and including the 24th day of the respective month shall be issued by way of cheque to the respective eligible allottee on the first working day of the next month. For all deliveries received thereafter, the allottee shall be eligible for payment in the subsequent month.
8. All the deliveries tendered once will be irrevocable for any reason including but not limiting to, market related or otherwise
9. IDBI Capital under no circumstances will be liable to offer this scheme to those other than eligible allottees holding the Equity Shares issued by our Company through this proposed issue.
10. This scheme will close on the expiry of six months from the date of allotment of shares and under no circumstances this scheme will be kept open for a longer period.
11. IDBI Capital shall have the right to get the shares transferred in its name or in its nominee's name and/or to sell and dispose off the same to any person at its sole discretion at anytime, at whatever price and on such terms and conditions as it thinks fit subject to the provisions of the Memorandum & Articles of Association of IDBI Capital and the provisions of the Companies Act, 1956.
12. The intending seller shall give and shall be deemed to have given an unqualified and unconditional warranty of the title in respect of shares which are offered for sale and the same shall be free from claims, liens, charges and encumbrances of whatsoever nature and if any defect is subsequently found in the signature of the allottee or in respect of the title thereto, the eligible allottee whose offer has been accepted by IDBI Capital shall indemnify IDBI Capital or its nominees as the transferee, for any loss or damages arising on account thereof.
13. This offer of IDBI Capital is an independent offer and the eligible allottees for this scheme shall be deemed to have exercised their prudence while deciding to make an investment in the Equity Shares of our Company on the basis of information given in this Prospectus.

In the opinion of our Board, the resources of IDBI Capital, who is providing Safety Net Scheme to the eligible allottees is sufficient to enable them to discharge their obligations for the Safety Net scheme in full.

The Net worth of IDBI Capital as per audited result of financial year ending March 31, 2006 is Rs. 43529 lacs.

The above Safety Net Arrangement has been accepted by our Board at the meeting held on January 31, 2006. The Safety Net Agreement has been entered between IDBI Capital and Usher Agro.



CAPITAL STRUCTURE

The Share Capital of our Company as on the date of filing of this Prospectus with SEBI is as below:

	PARTICULARS	Nominal Value (Rs.)	Premium (Rs.)	Total Amount (Rs.)
A	Authorised Capital			
	2,50,00,000 Equity Shares of Rs. 10/- each	25,00,00,000	-----	25,00,00,000
	Issued, Subscribed And Paid Up Capital			
	60,00,000 Equity Shares of Rs. 10/- each	6,00,00,000	-----	6,00,00,000
B	Present Public Issue			
	1,20,12,000 Equity Shares of Rs. 10/- each offered at a price of Rs. 15/- per share.	12,01,20,000	6,00,60,000	18,01,80,000
C	Out of (B) above Promoters Contribution			
	32,00,000 Equity Shares of Rs. 10/- each to be issued at a price of Rs. 15/- per share to Promoters.	3,20,00,000	1,60,00,000	4,80,00,000
D	Net Offer to Public in Terms of this Prospectus			
	88,12,000 Equity Shares of Rs. 10/- each to be issued at a price of Rs. 15/- per share	8,81,20,000	4,40,60,000	13,21,80,000
E	Equity Capital after the Issue			
	1,80,12,000 Equity Shares of Rs. 10/- each	18,01,20,000	6,00,60,000	24,01,80,000
D	Share Premium Account			
	Before Public Issue	----	NIL	----
	After Public Issue	----	6,00,60,000	----

Notes to the Capital Structure

1. History of changes made in the Authorized Share Capital:

Date	Particulars
Incorporation	2,50,000 equity shares of Rs.10/- each aggregating to Rs. 25 lacs
28.09.1996	Alteration in the capital clause by way of increase in authorised capital from 2,50,000 equity shares of Rs.10/- each aggregating to Rs. 25 lacs to 3,00,000 equity shares of Rs.10/- each aggregating to Rs. 30 lacs.
25.09.1997	Alteration in the capital clause by way of increase in authorised capital from 3,00,000 equity shares of Rs.10/- each aggregating to Rs. 30 lacs to 6,00,000 equity shares of Rs.10/- each aggregating to Rs. 60 lacs.
11.03.2002	Alteration in the capital clause by way of increase in authorised capital from 6,00,000 equity shares of Rs.10/- each aggregating to Rs.60 lacs to 60,00,000 equity shares of Rs.10/- each aggregating to Rs. 600 lacs.
29.09.2003	Alteration in the capital clause by way of increase in authorised capital from 60,00,000 equity shares of Rs.10/- each aggregating to Rs. 600 lacs to 1,50,00,000 equity shares of Rs.10/- each aggregating to Rs. 1500 lacs.
17.11.2005	Alteration in the capital clause by way of increase in authorised capital from 1,50,00,000 equity shares of Rs.10/- each aggregating to Rs. 1500 lacs to 2,50,00,000 equity shares of Rs.10/- each aggregating to Rs. 2500 lacs.



2.Share Capital History:

Date on which shares were allotted and made fully paid up	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reason of Allotment	Cumulative paid up capital (Rs.)	Cumulative Share premium (Rs.)
Subscribers to the Memorandum	700	10/-	10/-	Cash	Initial Subscription	7,000	Nil
22/10/1996	2,80,000	10/-	10/-	Cash	Further Issue of Shares	28,07,000	Nil
30/06/2000	2,20,000	10/-	10/-	Cash	Further Issue of Shares	50,07,000	Nil
15/03/2002	30,35,150	10/-	10/-	Cash	Further Issue of Shares	3,53,58,500	Nil
23/06/2003	24,64,150	10/-	10/-	Cash	Further Issue of Shares	6,00,00,000	Nil

3. Promoters Holding and Lock-In

a) The details of the Promoter's contribution and lock-in are as follows

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post-issue Equity Share capital of our Company shall be locked up by our Promoters for a period of three years from the date of allotment in this Issue. The Equity Shares, which are being locked-in, are not ineligible for computation of Promoters' contribution under Clause 4.6 of the SEBI Guidelines. The details of the promoters' Equity Shares locked-in for a period of three years are as follows:

Name of the Promoter	Date on which shares were allotted and made fully paid up	Consideration (Cash, Bonus, Kind, Etc.)	No. of Equity Shares	Face Value (Rs.)	Issue / Acquisition price (Rs.)	% of Post-Issue paid-up capital	Lock-in Period
Mr. Vinod Kumar Chaturvedi	23 rd June 2003	Cash	4,850	10	10	--	--
	Out of the present Issue	Cash	19,30,000	10	15	--	--
	Sub Total (A)		19,34,850	10		10.74	3 Years
Mr. Manoj Chaturvedi	15 th Mar 2002	Cash	3,97,550	10	10	--	--
	Out of the present Issue	Cash	12,70,000	10	15	--	--
	Sub Total (B)		16,67,550	10		9.26	3 Years
Total (A + B)			36,02,400			20.00	3 Years



b. 1 Year lock-in

Name of the Promoter	Date on which shares were allotted and made fully paid up	Consideration (Cash, Bonus, Kind, Etc.)	No. of Equity Shares	Face Value (Rs.)	Issue / Acquisition price (Rs.)	% of Post-Issue paid-up capital	Lock-in Period
Mr. Vinod Kumar Chaturvedi	20 th June 1996	Cash	100	10	10	--	---
	30 th June 2000	Cash	1,00,300	10	10	--	---
	15 th Mar 2002	Cash	18,21,090	10	10	--	---
	Sub Total (A)			19,21,490	10		10.67

Mr. Manoj Chaturvedi	30 th June 2000	Cash	50,000	10	10	--	---
	15 th Mar 2002	Cash	8,16,510	10	10	--	---
	Sub Total (B)			8,66,510	10		4.81
Total C = (A + B)			27,88,000			15.48	1 Year

- c) Other than the lock-in on the promoters' shares as stated above, the entire Pre-issue capital of our Company will be locked in for a period of one year from the date of allotment in this Issue.
- d) 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 Equity Share Capital.
- e) In terms of clause 4.16.1 (b) of the SEBI Guidelines, locked in Equity Shares held by the Promoters may be transferred to and amongst the Promoters/ Promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.
- Further, in terms of clause 4.16.1 (a) of the SEBI Guidelines, locked in Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.
- f) In terms of clause 4.15 of the SEBI Guidelines, locked-in securities held by promoters may be pledged only with banks or Financial Institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan.
- g) Promoters contribution has been brought-in in not less than the specified minimum lot of Rs. 25,000/- per application from each Promoter.
- h) Promoters shall bring in the full amount of the promoters' contribution including premium at least one day prior to the issue opening date (which shall be kept in bank account and the said contribution/ amount shall be released to the company along with the public issue proceeds.)



- i) Promoters have brought Rs. 460 lacs as promoter's contribution prior to this Issue out of which Mr. Vinod Kumar Chaturvedi has brought in Rs. 289.50 lacs and Mr. Manoj Chaturvedi has brought in Rs. 170.20 lacs. The funds deployed by our Company are as follows:-

Particulars	Rs. In Lacs
Wheat Roller Flour Mill	310
Working Capital for Wheat Roller Flour Mill	134
Issue Expenses	16
Total	460

4. Shareholding pattern of our Company prior and post Issue: -

Shareholders Category	Pre-issue		Post-Issue	
	Number	%	Number	%
Promoters				
Mr. Vinod Kumar Chaturvedi	19,26,340	32.10	38,56,340	21.41
Mr. Manoj Chaturvedi	12,64,060	21.07	25,34,060	14.07
Sub-Total (A)	31,90,400	53.17	63,90,400	35.48
Promoter Group				
Mrs. Samta Chaturvedi (Wife of Mr. Vinod Kumar Chaturvedi) (B)	3,32,100	5.54	3,32,100	1.84
Total Promoter and Promoters Group C=(A+B)	35,22,500	58.71	67,22,500	37.32
Others (D)	24,77,500	41.29	24,77,500	13.76
Public Issue (E)	-----	-----	88,12,000	48.92
GRAND TOTAL F=(C+D+E)	60,00,000	100.00	1,80,12,000	100.00

5. Particulars of ten largest shareholders as on the date of filing of this Prospectus with SEBI are as follows:

Name of the shareholder	No of Shares	% of present capital
Mr. Vinod Kumar Chaturvedi	19,26,340	32.10
Mr. Manoj Chaturvedi	12,64,060	21.07
Mr. Jay Kishore Chaturvedi	9,65,000	16.08
M/s. Raj Petro Products Ltd.	8,06,800	13.46
Mrs. Samta Chaturvedi	3,32,100	5.54
M/s. Samyash Sales Pvt. Ltd.	3,30,000	5.50
M/s. Regal Entertainment & Consultants Limited	1,05,000	1.75
Mr. Sukesh Chand Shastri	59,000	0.98
Mrs. Upasana Chaturvedi	54,000	0.90
Mr. Laxmipati Chaturvedi	27,500	0.46
Total	58,69,800	97.84



6. Particulars of ten largest shareholders, ten (10) days prior to the date of filing of this Prospectus with SEBI are as follows:

Name of the shareholder	No of Shares	% of present capital
Mr. Vinod Kumar Chaturvedi	19,26,340	32.10
Mr. Manoj Chaturvedi	12,64,060	21.07
Mr. Jay Kishore Chaturvedi	9,65,000	16.08
M/s. Raj Petro Products Ltd.	8,06,800	13.46
Mrs. Samta Chaturvedi	3,32,100	5.54
M/s. Samyash Sales Pvt. Ltd.	3,30,000	5.50
M/s. Regal Entertainment & Consultants Limited.	1,05,000	1.75
Mr. Sukesh Chand Shastri	59,000	0.98
Mrs. Upasana Chaturvedi	54,000	0.90
Mr. Laxmipati Chaturvedi	27,500	0.46
Total	58,69,800	97.84

7. Particulars of top ten largest shareholders two (2) years prior to the date of filing of this Prospectus with SEBI are as follows:

Name	No of Shares of Rs. 10 each	% of present capital
Mr. Vinod Kumar Chaturvedi	19,26,340	32.10
Mr. Manoj Chaturvedi	12,64,060	21.07
Mr. Jay Kishore Chaturvedi	9,65,000	16.08
M/s. Raj Petro Products Ltd.	8,06,800	13.46
M/s. Samyash Sales Pvt. Ltd.	3,30,000	5.50
M/s. Asian Petro Products & Exports Ltd.	2,00,000	3.33
M/s. Usher Financial Pvt. Ltd.	1,30,000	2.17
M/s. Regal Entertainment & Consultants Limited.	1,05,000	1.75
M/s. Lily Agencies Pvt. Ltd.	59,000	0.98
M/s Shruti Inorganic Pvt. Ltd.	54,000	0.90
Total	58,40,200	97.34

- 8 The Promoters/Promoter Group and Directors of our Company have not purchased or sold the Equity Shares of our Company during the period of six months preceding the date of filing of this Prospectus with SEBI, other than those mentioned below –

Name of Transferor	Name of Transferee	Date of Transfer	Number of shares	Face Value (Rs.)	Consideration	Transfer Price (Rs.)
Mr. Lalit Chaturvedi	Mrs. Samta Chaturvedi	31.01.2006	2,00,000	10	Cash	10
M/s Usher Financials Pvt. Ltd.*	Mrs. Samta Chaturvedi	31.01.2006	1,30,000	10	Cash	10

* Usher Financials Pvt. Ltd. is not a group Company of Usher Agro Ltd. They are also not holding any shares in our Company as of today. SEBI has suspended the Merchant Banking Category IV License of M/s Usher Financials Pvt. Ltd. for non-payment of SEBI fees on July 27, 1997 till the remaining period of registration. This company is not holding any Merchant Banking License as of today and they are not carrying any activities related to Merchant Banking.

9. The total number of members of our Company as on the date of filing this Prospectus is 25.



10. Our Company has not availed any bridge loan against the proceeds of this Issue.
11. Allotment shall be on a proportionate basis rounded off to the nearest integer subject to the minimum allotment being equal to the minimum application size. In case of over-subscription the proportionate allotment will be subject to the reservation for Retail Individual Investors as below: -
 - a) A minimum of 50% of the net offer to the public will initially be made available for allotment to retail individual investors.
 - b) The balance net offer to the public shall be made available for allotment to applicants other than retail individual investors.
12. Under-subscription, if any, in the Retail and Non Institutional categories would be allowed to be met with spill over interse from any other category, at the sole discretion of our Company in consultation with the LM.
13. Applicant cannot make an application for more than the number of Equity Shares offered to the public, i.e. 88,12,000 Equity Shares, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
14. The Equity Shares offered through this public issue shall be made fully paid-up as the entire money of Rs. 15/- per share (face value of Rs. 10/- + Premium of Rs. 5/-) is being called on application.
15. The Equity Shares will be issued and traded on the Stock Exchange only in dematerialized form. Hence the market lot of the Equity Shares is 1 (One share).
16. There are no outstanding warrants, options or right to convert debentures, loans or other instruments into our Equity shares.
17. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, 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 or application monies refunded on account of non-listing or under subscription etc.
18. 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 or exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise or if we enter into 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.
19. Our Company does not have any outstanding Employees Stock Option Plan.
20. Our Company has not made any public issue since its inception.
21. Our Company undertakes that at any given time, there shall be only one denomination for the shares of our Company and we shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
22. Our Company has not revalued its assets since inception.
23. An over-subscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearer multiple of one Equity Share while finalizing the allotment.
24. The Lead Manager to the Issue has entered into the scheme with our Company for providing safety net to the Resident Indian Individuals. As per this scheme Lead Merchant Banker will buy up to 800 Equity shares at the issue price i.e. Rs. 15/- per share from the original resident allottee, if the market price of the shares of the Company falls below the issue price i.e. Rs. 15/- per share. For detail of the scheme please refer page no. 11.



OBJECTS OF THE ISSUE

The objects of the present issue of equity shares are:

- To part finance Wheat Roller Flour Mill project at Mathura.
- To provide funds for the modernization of Rice Mill Plant situated at Mathura.
- To provide funds for Co generation Power project at Mathura.
- To Fund working capital requirement of Wheat Roller Flour Mill project at Mathura.
- To meet Long Term working capital requirements for existing operation.
- To meet the issue expenses.
- To list the Equity Shares of our Company on BSE

The main objects of our Memorandum of Association permits us to undertake our existing activities and the activities for which the funds are being raised by us, through the present Issue. Further we confirm that the activities we have been carrying out until now is in accordance with the objects clause of our Memorandum of Association

REQUIREMENT OF FUNDS

(Rs. In Lacs)

	Particulars	Amount
I	Wheat Roller Flourmill project at Mathura	1000.26
II	Modernization of Rice Milling Plant situated at Mathura	413.75
III	Co-generation Power project for captive consumption	345.18
IV	To Fund working capital requirement of Wheat Roller Flour Mill project at Mathura	447.88
V	Working capital requirements for existing operation	175.00
VI	Issue Expenses	120.00
	Total	2502.06

MEANS OF FINANCE

The project is proposed to be funded by way of this Issue, term loans from Banks, Subsidy and internal accruals. The proposed means of the finance for the project will be as under:

(Rs. In lacs)

Particulars	Amount
Proceeds from the proposed Public Issue	1801.80
Term Loans from Banks/FIs	590.00
Internal Accruals	60.26
Subsidy	50.00
Total	2502.06

The shortfall in funds, if any, shall be met from internal accruals and/or raising the debt funds.

Term Loans from Banks/FIs

The total term loan requirement of Rs. 590 lacs will be funded by Rupee Term Loan from IDBI. We have received the sanction from the IDBI. for Rs.590 lacs vide their letter dated January 28, 2005. IDBI has disbursed a sum of Rs. 531 lacs for Wheat Roller flourmill project up to August 11, 2006.

We hereby confirm that excluding the amount to be raised through the proposed public issue, firm arrangements of finance through verifiable means towards 75% of the stated means of finance have been made.

PROJECT DETAILS

The project envisages (i) setting up a Wheat Roller Flourmill with the capacity 250 MT per day at Mathura to manufacture Atta, Maida, Suji and Bran, (ii) installing latest and advanced machineries for the modernization of its existing rice mill plant at Mathura to produce higher and some other qualities of rice (iii) to set up 1MW Co-generation power plant based on rice husk at our existing plant at Mathura for captive consumption, this will reduce our power cost resulting in reduction in average cost of production.



The details of these are as follows: -

(I) WHEAT ROLLER FLOUR MILL AT MATHURA (Rs. 1000.26 Lacs)

We are setting up a Wheat Roller Flour Mill at its exiting land at Mathura with an installed capacity of 250 TPD at an aggregate cost of Rs. 1000.26 lacs. The details of cost are given below: -

Particulars	Area	Rs. In Lacs	Rs. In Lacs
Land Development		10.34	10.34
Building and Civil work			
Main Building	13424 sq. ft.	73.83	
Go downs	33781 sq. ft.	140.60	
Other – administrative, utility buildings etc.	4650 sq. ft.	25.59	
			240.02
Plant and Machinery (the brief bifurcation is given below)		397.73	397.73
Misc. Fixed Assets			
Furniture , office equipment, Trucks, Weight Bridge, Transformer, Quality Control Equipment, Staff Vehicles,		71.87	71.87
Pre Operative Expenses			
Establishment Exp., Interest during Construction, upfront fees to Institution, Increase in Authorized Share Capital		49.35	49.35
Contingency			
5% on Land Development and 7.5% on Building, Plant & Machinery and Misc. Fixed Assets		53.22	53.22
Margin money		177.73	177.73
TOTAL			1000.26

Detail bifurcation of Plant and Machineries

DESCRIPTION INCLUDING BROAD SPECIFICATION	NAME OF THE SUPPLIER	TOTAL COST	DATE OF PLACING ORDER	EXPECTED DATE OF DELIVERY
A) CLEANING SECTION				
Reel Machine	Devraj Hightech Ltd.	1.80	March, 2005	Already received
Cockle Cylinder	TMS-Bansal	4.67	March, 2005	Already received
Dry Destoner MTSC 65/120	TMS-Bansal	6.10	March, 2005	Already received
Horisontal Scourer MHXF - 30/150	Indopol Food Proc.	4.50	March, 2005	Already received
Intensive Dampeners MOZ -30/200	TMS-Bansal	4.00	March, 2005	Already received
Sillos 300 Ton	Site Fabrication	16.80	March, 2005	Already received
Other machinery viz. separator classiflar, aspiration Channel, dampening conveyor, fan cleaning, pre-cleaner Magnets, cyclone etc	Misc.	41.95	March, 2005	Already received
B) MILLING SECTION				
Double Diagonal Roller Mill	TMS-Bansal / World Trade Impex Czech Ruplic/ Spain make	81.00	March, 2005	Already received
Rolls Spares	TMS-Bansal	14.00	March, 2005	Already received



Plansifter 8 Food 16 sieves	TMS-Bansal	18.00	March, 2005	Already received
Purifier with Aspiration System	Mukul Engineering	11.50	March, 2005	Already received
Bran Finisher (In steel)		4.80	March, 2005	Already received
Pneumatla Systems		16.80	March, 2005	Already received
Fan high pressure/ Low Pressure		5.04	March, 2005	Already received
Reverse Jet Filter	TMS-Bansal	5.50	March, 2005	Already received
Bucket Elevatore	Devraj Hightech Ltd.	6.00	March, 2005	Already received
Sillos 125 ton each	Devraj Hightech Ltd.	14.00	March, 2005	Already received
Spouting , Ducting & exhaust for cleaning & Milling	TMS-Bansal	7.00	March, 2005	Already received
Automatic Damponing System NCS	TMS-Bansal	10.80	March, 2005	September 2006
Impact detacher	TMS-Bansal	5.60	March, 2005	Already received
Other machineris viz. drum sieve, fan purifier, magnet, Screw conveyors, dust collector, compressors, gravity pipe, cyclone refraction grinding etc	Misc	45.77	March, 2005	Already received
Electric Installations	Estimate			
-Control Panels,		4.25	March, 2005	Already received
-Switch Gears		7.50	March, 2005	Already received
-Power Factor automatic with capacitor		2.50	March, 2005	Already received
-Cables		8.00	March, 2005	Already received
-Hardware etc.		1.00	March, 2005	Already received
Electric Motors (various capacity)		16.01	March, 2005	Already received
		364.89		
Sales tax @ 4% on entire P&M		14.60		
Packing & Freight @ 3% of		10.95		
Plant & Machinery				
Erection		7.30		
		397.73		

Land, Site Development, Building and Civil Work

The Proposed project is being set up on an existing land at Mathura at Maholi Post, Krishna Nagar, Off Delhi-Agra Highway, in Uttar Pradesh. The land is owned by us therefore only cost of development of land, external and internal roads and boundary wall has been taken into account for land development cost, which is estimated as Rs. 10.34 lacs

Building and civil work comprises of ground plus four storied main building, godown, administrative and other utility building. The estimated cost of construction for the main factory building is Rs.73.83 lacs, cost of construction of godown is Rs.140.60 lacs and cost of construction of administrative and other utility building is Rs.25.59 lacs.



Plant and Machinery

Total cost of machineries is estimated, as Rs.397.73 lacs based on quotation received from various vendors Details of which is as follows:

a) Cleaning (Preparatory) Section: The wheat contains many impurities like sand, metal pieces, dirt and gunny pieces. The process of the cleaning is primary sieving for the removal of large size impurities, brushing for removal of dust attached to the surface of grain, removal of metal impurities.

The machinery required for the cleaning section mainly consist of drum sieve, classifier, magnets separator etc. Cleaned wheat is stored in silos for conditioning before milling.

b) Milling Section: The three major parts of wheat are Bran, Germ and the Endosperm. The bran and germ is separated as it affects the baking quality of the flour. The Roller Mill Process is a gradual reduction process where bran and its parts are broken down in succession of relatively gentle grinding stage. Grinding is done in Roller Mill with a pair of rolls mounted in parallel alignment that can be adjusted to do precision grinding. At each grinding stage products consist of mixture of coarse, medium and fine particles including the portion of the flour that are separated by sifting of material following each grinding stage. The produce is then sieved in plan shifters. Pneumatic lifts are used to feed in at the top and passes from the sieves to sieves by gravity flow.

The machines required in Milling Section mainly consist of Roller Mills, Plan Shifters, Bran Finishers, Reverse Jet Filters, Dampener, Pneumatic lifts etc.

c) Others: Roller Flour Mill will be fully automated and will have various other equipments such as Elevators, Cyclones, Air lock, Conveying System, Screening System, Dust Collection Equipments etc.

Misc. Fixed Assets

The miscellaneous fixed assets include furniture, jeep, weigh bridge office machines & equipment, fire-fighting equipment, testing equipment, & transformer including HT (High Tension) line. The cost of which is estimated as Rs. 71.87 lacs

Pre-operative Expenses

Preliminary and pre-operative cost includes, stamp duty and ROC fees, establishment expenses, legal expenses, interest during construction period, upfront fee, increase in Authorized Share Capital etc. We have estimated Preoperative Expenses as Rs. 49.35 lacs

Contingency

Provision for contingencies has been made at the rate of 5% of site development work and 7.5% on building and civil works and plant and machinery taking into account the implementation period of one year, which amounts to Rs. 53.22 lacs

Margin Money

Margin money for working capital of Rs.177.73 lakh is based on first full year operation at 70% capacity utilization.



(II) MODERNIZATION OF EXISTING RICE MILLING PLANT AT MATHURA (Rs. 413.74 Lacs)

The Proposed project is to convert the Mathura plant from Conventional Rice Mill Plant to Modern Rice Mill Plant that will enable us to process and produce all types of rice, thereby making it easier for purchasers to sources all varieties of rice from a single source. The modernization will result in saving in cost and increase in capacity utilization to the optimum level which will reduce the cost of operation and make the process cost effective. On implementation of the scheme the existing constraint of drying, storing, grading and finishing will be streamlined and enable us to maximize profits from the operations.

Estimated amount of the fund required for Modernization of Existing Rice Milling Plant at Mathura is as follows: -

Particular	Rs. In Lacs	Rs. In Lacs
Land Development		
Cost of leveling of the land	4.00	4.00
Building		
Procuring yard	6.00	
Paddy Stacking platform(20 nos. @2.25 lacs each)	45.00	
Labour and Staff Quarter	16.00	
Godown	15.00	
		82.00
Plant & Machinery		
Parboiling Plant	72.00	
Drying Plant	64.40	
Destoner	15.00	
Paddy Cleaning System	15.34	
Elevator	15.00	
Rice Finishing Plant for grading, sizing, cleaning and sorting	48.00	
Silos 4 nos.		
Taxes etc.	40.00	
Erection and commissioning	8.59	
	21.00	
		299.33
Preoperative Exp.		
Establishment Exp.	5.00	5.00
Contingencies @ 6%	23.41	23.41
TOTAL		413.74

Costs of Parboiling Plant & Drying Plant are based on quotation received from various vendors. Cost of other Plant & Machineries are based on internal estimate of our management. Orders for the Plant & Machineries are yet to be placed.

Land, Site Development, Building and Civil Work

The modernization is of the existing Rice Mill at Mathura therefore only the cost of leveling the outside area is taken as site development expenses. Total cost of leveling the land is estimated at Rs.4.00 lacs



The Building and civil work will consist of the following:

- **Paddy stacking platform:** Total 20 paddy stacking platforms are proposed to be constructed to store the paddy. These platforms will save the paddy from ground moisture and from the damage that may occur in the eventuality of water logging due to rain. Total cost of construction of these platforms is estimated for Rs. 45 lacs at the rate of 2.25 lacs for each platform.
- **Labour & Staff Quarter:** Rice Milling is labour intensive industry and labours hired are mostly from the state of Bihar and Eastern Uttar Pradesh. It is the general practice in the Rice Milling Industry to provide accommodation to the labour and plant operators at plant site. We propose to construct our own quarters, inside the factory premises of Mathura unit to accommodate the labour & staff. The cost of construction of these labour & staff quarter is estimated at Rs. 16 lacs.
- **Go down:** Additional storage place is proposed to be built for finished goods (rice). The cost of construction of these godowns is estimated at Rs. 15 lacs.

Plant and Machinery: -The total cost of Plant and machinery is estimated at Rs. 299.33 lacs, the detail of which are furnished as follows: -

- Parboiling Plant:** Presently we can produce only raw rice at our Mathura plant. The paddy after feeding to parboiling unit is precleaned by washing in water twice for degreasing of paddy. Before feeding the paddy into the parboiling tanks, water is taken into the tanks and heated to 70 degree centigrade using steam. At this stage paddy is steamed and then discharged into the dryer elevators. Cost of this parboiling plant is Rs. 72 lacs.
- Drying Plant:** The plant at Mathura is conventional rice mill plant where most of the functions are manual. Paddy, the raw material in Rice Mill is procured from farmers & through mandis. The paddy at the time of purchase contains moisture nearly 20-22% while for milling moisture content should not be more than 15%. At present the paddy is manually dried in Kachcha field in sunlight. This process requires lots of manual operations besides being completely dependent on the climatic condition., which is usually damp during peak season i.e. from Nov-Feb each year. Therefore drying becomes a major constraint. To overcome this difficulty, modernization scheme envisages installation of mechanical drying plant that will increase the capacity utilization, reduce the wastage and improve the quality of rice due to uniform drying of the paddy. Cost of this drying plant is estimated at Rs. 64.40 lacs.
- Destoner: Paddy Cleaning System, Elevators:** There is need for balancing equipment such as Elevators, Paddy cleaning system and Destoner to make the plant mechanical & automatic that will result in saving labour cost and producing better quality of rice. There will be no remains of dust or foreign particles in the end product. Cost of these machineries is estimated as Rs. 45.34 lacs.
- Rice Finishing Plant:** Our Plant at Mathura is conventional so we are not in a position to produce zero percentage broken rice and there is constraint to segregate the rice by its size both lengthwise & width wise. At present most of the post milling operations are manual. Therefore latest finishing equipments are envisaged to be installed. Cost of this plant is estimated at Rs. 48 lacs.
- Silos:** Paddy stacking platform & drying plant as mentioned above will help us to store maximum quantity of ready to mill paddy. The paddy is cleaned dried and then stored. Paddy stored after drying do not result in discolour, which generally happens if the paddy is not dried in 7 to 15 days of procurement Silos will be used to store the dried and cleaned paddy during the season to enable us to run the plant in off-season also. We will purchase 4 silos and cost is estimated as Rs. 10 lacs each aggregating to Rs.40 lacs.

Pre-operative Expenses

Expenses include establishment and administrative expenses during implementation of the project estimated at Rs. 5 lacs.

Contingency

Contingency has been provided at the rate of 6% of the total cost i.e Rs. 23.41 lacs.



(III) CO-GENERATION POWER PLANT AT MATHURA (Rs. 345.18 Lacs).

Our Company is proposing to set up Co-generation Power plant of 1MW capacity at Mathura by using Husk (a By-Product of Rice Mill). The power generated will be for captive use. This will enable us to save on in our energy cost.

Estimated amount of the fund required for Co-generation Power Plant:

Particular	Rs. In Lacs	Rs. In Lacs
Land Development		
Cost of leveling of the land	3.00	3.00
Building		
Power house building	23.00	23.00
Plant & Machinery		
Boiler	71.50	
Turbine	169.50	
Taxes	9.64	
Foundation & Freight	15.00	265.64
Misc. Fixed Assets		
Compressor, Piping, Electrical etc.	30.00	30.00
Preoperative Exp.		
Establishment Exp.	4.00	4.00
Contingencies @ 6%	19.54	19.54
TOTAL		345.18

Land, Site Development, Building and Civil Work

As the Co-generation of power plant will be constructed at the same location i.e existing Rice Mill plant at Mathura. The site development will consist of leveling of land. The Building and civil work will be towards powerhouse buildings. The cost of leveling of land is estimated at Rs. 3 lacs and Cost of construction of building is estimated at Rs. 23 lacs.

Plant and Machinery

Plant and Machinery will include Boiler, Turbine & Compressor, and Piping & Electrical Installation. Total cost is estimated at 265.64 Cost of Boiler and Turbine is based on quotation received from various vendors. Cost of other plant & machineries are based on internal estimate of the management. Orders for the Plant & Machineries are yet to be placed.

Pre-operative Expenses

Expenses include establishment and administrative expenses during implementation of the project, which is estimated at Rs. 4 lacs.

Contingency

Contingency has been provided at the rate of 6% of the cost of project, which amounts to Rs. 19.54 lacs.



(IV) WORKING CAPITAL REQUIREMENT

WHEAT ROLLER FLOUR MILL PROJECT (Rs. 447.88 Lacs)

Estimates of Current Assets level for Wheat Roller Flour Mill Project are as follows:

(Rs. In lacs)		
Item	Days	For the Year 2006-07
Raw Material	30	323.00
Consumable	180	3.00
Finished Goods	8	97.30
Receivables	30	389.20
Sub Total		812.50
Less: Sundry Creditor	15	161.50
Less: Margin Money @ 25%		203.13
Working Capital Requirement		447.88

Company is setting up Wheat Roller Flour Mill at Mathura for producing Wheat products viz. Atta, Maida, Suji and Bran. In food processing industry related to Wheat Roller Flour Mill and Rice Mill the working capital requirement is more and it is common and prudent practice to meet the working capital requirements through the long-term resources

(V) WORKING CAPITAL REQUIREMENT FOR EXISTING OPERATION. (Rs. 175 Lacs)

It is a known fact that old rice is sold at a higher price than the new rice. Paddy is seasonal in nature, particularly in Uttar Pradesh, Punjab and Haryana where only one Paddy crop is grown in a year, unlike Bihar and Andhra Pradesh where two or more crops of Paddy are grown in a year.

The seasonal nature of Rice Mil Industry requires stocking of more raw material during the crop time, this in turn needs more resources to be deployed. Banks have been conservative all through to finance agro and agro-based industry.

(VI) ISSUE EXPENSES: -

The total expenses of the Issue are estimated to be approximately Rs. 120 Lacs. The Issue related expenses include, among others, issue management fees, brokerage and printing and distribution expenses, legal fees, advertisement expenses, registrar and depository fees and listing fees.

Issue Expenses are estimated as follows:

Sr. No.	Particulars	Amount (Rs. in Lacs)
1	Lead Management fee, Safety Net and Selling Commission	81
2	Advertisement & Marketing Expenses	10
3	Printing & Stationery, Distribution, Postage, etc.	15
4	Registrar to the Issue	5
5	Legal Advisors to the Issue	4
6	Bankers to the Issue	4
7	Other Expenses	1
	Total	120

APPRAISAL

The project is not appraised so all the estimation of fund requirement is based on management internal estimation.



SCHEDULE OF IMPLEMENTATION

The implementation schedule is as under:

(1) Wheat Roller Flour Plant At Mathura

	COMMENCEMENT	COMPLETION	COMMENTS
(i) Acquisition & Development Of Land	Existing land	N.A.	Completed
(ii) Civil Works	November 2004	October 2005	Completed
(iii) Supply & installation of plant & machinery	May 2005	July 2006	Completed
(iv) Trial runs	August 2006	August 2006	----
(v) Commencement of production	September 2006	September 2006	----

(2) Modernization of Rice Mill Plant at Mathura

	COMMENCEMENT	COMPLETION	COMMENTS
(i) Acquisition & Development Of Land	Existing land	August 2006	Development being carried out
(ii) Civil Works	December 2005	October 2006	Lay out plan and appointment of Architect completed
(iii) Supply & installation of plant & machinery	April 2006	December 2006	Suppliers Selected
(iv) Trial runs	January 2007	January 2007	----
(v) Commencement of production	January 2007	January 2007	----

(3) Co-Generation Captive Power Plant At Mathura

	COMMENCEMENT	COMPLETION	COMMENTS
(i) Acquisition & Development Of Land	Existing land	August 2006	Development being carried out
(ii) Civil Works	April 2006	September 2006	Lay out plan and appointment of Architect is completed
(iii) Supply & installation of plant & machinery	April 2006	December 2006	Suppliers Selected
(iv) Trial runs	January 2007	January 2007	----
(v) Commencement of production	January 2007	January 2007	----



FUND DEPLOYED AS ON 11th AUGUST 2006

We have already deployed funds to the extent of Rs. 1088.88 lacs on the project upto August 11, 2006. M/s. Dinesh C. Bangar & Co.; Chartered Accountants has certified the fund deployed and their source vide their certificate dated August 11, 2006.

The details of amount spent are as under:

Particulars	(Rs. In Lacs)					
	Wheat Roller Flour Mill	Rice Modernization Plant	Co-generation Power Project	Working Capital	Issue Exp.	Total
Land & Site Development	11.89	0.90	-	-	-	12.79
Building & Civil Work	256.59	9.25	-	-	-	265.84
Plant & Machinery and Misc. Fixed Assets	477.36	-	-	-	-	477.36
Pre-operative Expenses	76.43	0.25	-	-	-	76.68
Margin Money for working capital	39.87	-	-	-	-	39.87
Working Capital for Wheat Flour Mill	-	-	-	134.00	-	134.00
Long term Working Capital for existing operation	-	-	-	10.00	-	10.00
Issue Expenses	-	-	-	-	21.09	21.09
Cash and Bank Balance	51.25	-	-	-	-	51.25
TOTAL	913.39	10.40	NIL	144.00	21.09	1088.88

SOURCES OF FUNDS DEPLOYED AS ON 11th AUGUST 2006

	(Rs. In Lacs)					
	Wheat Roller Flour Mill	Rice Modernization Plant	Co-generation Power Project	Working Capital	Issue Exp.	Total
Term Loan from IDBI	531.00	-	-	-	-	531.00
Internal Accrual	72.39	10.40	-	10.00	5.09	97.88
Subsidy	-	-	-	-	-	-
Share Application Money of Promoter (pending allotment in this proposed issue)	310.00	-	-	134.00	16.00	460.00
TOTAL	913.39	10.40	NIL	144.00	21.09	1088.88

DETAILS OF BALANCE FUND TO BE DEPLOYED

Our Company has to deploy balance Rs. 138.12 lacs towards Wheat Roller Flour Mill Project cost which will be towards Plant & Machinery, Misc. Fixed Assets, Pre operative Exp. and Margin Money for working capital.

Our Company will be deploying balance fund of Rs. 1326.32 lacs on the Rice Modernization Plant, Co-generation Power Project, Working Capital for Wheat Roller Flour Mill Project, Long Term Working Capital for existing operation and Issue Expenses as per the estimated cost given here in above.

In case of any upward variation in the actual deployment of the funds earmarked for the above activities will be met from internal accruals by us.



PERMISSION REQUIRED FOR IMPLEMENTATION OF THE PROJECT

Given below an indicative list of major license, approval or permission required and their present status in relation to proposed Wheat Roller Flour Mill Project, Modernization of Rice Mill Plant and Co-generation Power Plant.

Particulars	Status
a) Factory License under the Factories Act for plant at Mathura in U.P.	Obtained
b) Factory License under the Factories Act for plant at Buxar in Bihar.	Obtained
c) Secretariat for Industrial Assistance (SIA) acknowledgement	Obtained
d) Approval of U.P. Pollution control board for Rice mill plant	Obtained
e) Sanction for additional supply of electrical power from the U.P. State Electricity Board;	Applied For
f) Registration under the Contract Labour (Regulation & Abolition) Act for engaging contract labour, if any, employed by our Company for U.P	Obtained
g) Approval for Co-generation Power Plant from U.P. State Electricity Board / Government	Will be applied in due course

INTERIM USE OF PROCEEDS

Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposits with banks for the necessary duration. Such investments would be in accordance with investment policies approved by the Board and regulatory authority, if any, from time to time.

No part of the Issue proceeds will be paid by the Company as consideration to Promoters, Directors, key management personnel, subsidiaries, associate or group companies.

MONITORING OF UTILIZATION OF FUNDS

No separate Monitoring Agency been appointed for monitoring the utilization of proposed issue proceeds. Our Board will monitor the utilization of proceeds of this issue.



BASIS OF ISSUE PRICE

QUALITATIVE FACTORS

Experienced Promoters:

Our promoters are successfully running rice milling business for last 10 years. Ours is a profit making Company since the commencement of its business. In the Year 2003-04 our Company has supplied largest quantity of Rice i.e. 5820 MT to U.P. State Government in Agra region under Levy Scheme of State Government of Uttar Pradesh. We have been awarded a recognition certificate by Regional food Controller (RFC), Agra Region for the same.

Certificates like ISO 9001:2000 and HACCP are been received by us, which reflects our credentials and our track record.

Automated and Modernized Plant:

Our plant at Buxar (Bihar) is a fully automated and modernized plant with an installed capacity of 46800 TPA. Modernized Rice milling activity has improved its efficiency to reduce the breakage of rice and improve the yield. For the First time in History of Buxar station an outward train fully loaded with Rice and paddy was dispatched, which was from Rice mill at Buxar and the company has been awarded by the railway Authorities of Buxar in this regard

Branded Rice:

We are mainly producing Non Basmati rice under the brand name of "Rasoi Raaja". The brand has been registered with Trade Mark Authorities vide certificate No1396529 dated September 2,2004.

Till recent past unbranded wheat grain was largely sold in India as commodity, with negligible value addition. However, rising income and consequent emphasis on improved quality are driving the evolution of wheat sector. Due to this the demand is shifting from unbranded wheat product to branded wheat products.

Locational Advantage:

Our Company is enjoying a very good factory location both in Mathura and Bauxar. In Mathura factory is close to Mathra Delhi Highway and close to Agriculture Produce Mandi. So raw material availability (paddy for rice mill and wheat for Flour, Maida and suji) is very easily available and as there is 60% levy on rice in U.P so all the government agencies are in Mandi which is very close to factory so it reduces transportation expenses. The Buxar factory is also close to railway station.

QUANTITATIVE FACTORS

Information presented in this section is derived from restated financial statements prepared in accordance with Indian GAAP.

1. Adjusted Earning per Share (EPS) (on face value of Rs. 10/- per share)

Year ended	EPS (Rs.)	Weight used
June 30, 2003	1.03	1
June30, 2004	1.38	2
June 30, 2005	1.64	3
May 31,2006*	2.42	--
Weighted Average	1.45	

*not annualized

Note:

- (i) The Earning Per Share has been computed on the basis of the adjusted profits and losses of the respective years.
- (ii) The denominator considered for the purpose of calculating Earnings Per Share is the weighted average number of Equity Shares outstanding during the year.



2 Price/Earning (P/E) ratio in relation to Issue Price of Rs. 15/- per share.

a. Based on year ended June 30, 2005 EPS of Rs. 1.64 on Equity Share of face value of Rs.10/- each and the P/E Multiple is 9.15 times at an issue price of Rs. 15/-.

b. P/E for Food Processing Industry

Highest	41.5
Average	9.0
Lowest	3.5

(Source: Capital Market – Vol XXI/11, Jul 31-Aug 13,2006 Segment – Food Processing - Indian)

3. Weighted Average Return On Net Worth (RONW):

Year ended	RONW (%)	Weight Used
June 30, 2003	5.08	1
June30, 2004	10.32	2
June 30, 2005	11.06	3
May 31,2006*	14.20	--
Weighted Average	9.82	

*not annualized

4. Minimum return on total net worth after issue needed, to maintain EPS at Rs. 1.64 is 10.98 %

5. Net asset Value (NAV) per Equity share:

Net asset Value (NAV) per Equity share	Rs.
As on June 30,2005	14.79
As on May 31,2006	17.06
After the issue based on May 31,2006 results	15.69

6. Comparison with Industry Peer Set

Name of the Company	B.V. (Rs.)	EPS (Rs.)	P/E	RONW %
Usher Agro Limited*	17.06	2.42	6.19	14.20
Peer Group**				
Chaman lal sethia	22.3	2.3	12.3	6.0
KRBL	100.2	13.2	6.5	10.4
Satnam Overseas	63.05	11.0	6.1	15.4

* B.V., EPS and RONW for our Company are as per the restated audited statements by M/s. Dinesh C. Bangar & Co., Chartered Accountants. For details, please refer to the section titled 'Financial Statements' on page no. 78 of this Prospectus.

**Information for the peer group has been taken from Capital Market – Vol XXI/11, Jul 31-Aug 13,2006, Segment – Food Processing – Indian.

7. The Issue Price is 1.5 times of the face value of the Equity Shares.

Conclusion

The Equity Shares are being issued at a price of Rs. 15/- per share. The issue price is 1.5 times the face value of the shares. The pre-issue book value of the shares as on June 30, 2005 is Rs. 14.79 per share and as on May 31, 2006 is Rs. 17.06. The average PE multiple of the industry sector is 9.0. The present issue of shares is at a PE multiple of 6.14 times which is lower than the average PE multiple in the industry. The minimum return on networth required to be earned to maintain the weighted average EPS of Rs. 1.64 is 10.98 % whereas, we have already earned a RONW of 14.20 % for the period of 11 months ending May 31,2006.

Taking into account the above qualitative and quantitative factors, the Issue Price of Rs. 15/- per share is justified.



STATEMENT OF TAX BENEFITS

To,
The Board of Directors
Usher Agro Limited
C – 617, Hilton Tower,
Sher-E-Punjab,
Andheri (East),
Mumbai - 400 093

We hereby confirm that the information provided below states the possible tax benefits available to Usher Agro Limited ('the Company') and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence 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.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

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, where applicable have been/ would be met.

For Dinesh C Bangar & Co.
Chartered Accountants.

Sd/-

(Dinesh C Bangar)
Proprietor

Membership No.: 36247

Place: Mumbai
Date: February 2, 2006



STATEMENT OF TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

The Company is advised that under the current provisions of the Income tax Act, 1961 (hereinafter referred to as “The Act”) and existing laws for the time being in force, the following benefits are available to the Company and to its Shareholders. The tax benefits available to the “Company” and its Shareholders are as under the current tax law presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives, the Company may or may not choose to fulfill.

(A) Benefits to the Company Under Income-Tax Act, 1961 (‘the Act’):

1. Under section 10(23G) of the Act, the Company will be eligible to claim exemption on any income by way of dividends (other than dividends exempt under section 10(34) of the Act), interest or long-term capital gains from investments made by way of shares in specified power companies referred to in sub-section (4) of section 80IA of the Act and which satisfies the prescribed conditions.
2. Under section 10(34) of the Act, any income by way of dividends referred to in section 115O (i.e. dividends declared, distributed or paid on or after April 1st, 2003 by domestic companies) received on the shares of any company is exempt from tax.
3. Under section 10(35) of the Act, any income received from units of a Mutual Fund specified under section 10(23D) of the Act, is exempt from tax.
4. Under section 10(38) of the Act, any long-term capital gains arising to a shareholder from transfer of long-term capital asset, being equity shares in a company or a unit of an equity oriented fund (i.e. if the shares or units are held for more than twelve months) would not be liable to tax in the hands of the shareholder, if the following conditions are satisfied:
 - a) The transaction of sale of such equity share or unit is entered into on or after 1st October 2004;
 - b) The transaction is chargeable to securities transaction tax.
5. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains, if any, will be treated as long-term capital gains and the gains will be calculated by deducting from the gross consideration, the indexed cost of acquisition. The indexed cost of acquisition / improvement adjusts the cost of acquisition/ improvement by the cost inflation index, as prescribed from time to time.
6. Under section 54EC of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in certain notified bonds within a period of six months after the date of such transfer. However, if the company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. The bonds specified for this section are bonds issued by the National Bank for Agriculture and Rural Development (NABARD), National Highways Authority of India (NHAI), National Housing Bank (NHB), Rural Electrification Corporation Limited (RECL) and Small Industries Development Bank of India (SIDBI).
7. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains on the transfer of listed securities or units will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of six months after the date of such transfer and held for a period of at least twelve months. Eligible public issue means issue of equity shares which satisfies the following conditions, namely -
 - a) the issue is made by a public company formed and registered in India;
 - b) the shares forming part of the issue are offered for subscription to the public.



8. Under section 111A of the Act, short-term capital gains (i.e., if the shares are held for a period not exceeding twelve months), arising on sale of listed equity shares are taxed at the rate of 10% (plus applicable surcharge and cess) in cases where securities transaction tax has been levied.
9. Under section 112 of the Act, long-term capital gains, are subject to tax at a rate of 20% (plus applicable surcharge and cess) after indexation, as provided in the second proviso to section 48 of the Act. However, in case of listed securities or units, the amount of such tax could be limited to 10% (plus applicable surcharge and cess), without indexation benefit, at the option of the Company in cases where securities transaction tax is not levied.
10. Under section 115JAA(1A) of the Act, credit is allowed in respect of any Minimum Alternate Tax ('MAT') paid under section 115JB of the Act for any assessment year commencing on or after April 1st, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 5 years succeeding the year in which the MAT credit is allowed.
11. The Company will be entitled to a deduction of one-fifth of the preliminary Expenses incurred for the issue of Shares over a period of Five successive years beginning with the previous year in which the unit commences production or operation subject to the limit laid down in the Section 35D of the Income Tax Act, 1961.
12. Under section 32 of the IT Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixture, etc. and intangible assets such as patents, trademarks, copyright, know-how, licences, etc. if acquired after 31 March 1998. The Company can carry forward and set-off the unabsorbed depreciation allowance, if any, against its income of the future years. The Company is also entitled to carry forward and set-off its unabsorbed business losses for a period upto eight subsequent years for setoff against its business income.
13. By virtue of Section 80M, a deduction under this section would be available to a domestic company, which receives dividend from another domestic Company, and again distributes dividend out of its profits. The amount of deduction on the dividends, so received by domestic company from another domestic company, shall be limited to the extent of dividends distributed by the recipient company on or before the due date of filling of return.¹

(B) Benefits to the Shareholders of the Company under the Income-Tax Act, 1961:

Resident Shareholders

- 1 Under section 10(34) of the Act, any income by way of dividends referred to in Section 115O (i.e. dividends declared, distributed or paid on or after 1st April 2003) received on the shares of the Company is exempt from tax.
2. Under section 10(38) of the Act, any long-term capital gains arising to a shareholder from transfer of long-term capital asset being an equity share in a company will not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
 - a) The transaction of sale of such equity share is entered into on or after 1st October 2004;
 - b) The transaction is chargeable to such securities transaction tax.
3. Under section 88E of the Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.
4. Under section 48 of the Act, if the Company's shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(36) and section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration,



the indexed cost of acquisition. The indexed cost of acquisition /improvement adjusts the cost of acquisition / improvement by the cost inflation index, as prescribed from time to time.

5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains arising on the transfer of a long term capital asset will be exempt from capital gains tax if the capital gains are invested in certain notified bonds within a period of six months after the date of such transfer. However, if the Company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. The bonds specified for this section are bonds issued by the National Bank for Agriculture and Rural Development (NABARD), National Highways Authority of India (NHAI), National Housing Bank (NHB), Rural Electrification Corporation Limited (RECL) and Small Industries Development Bank of India (SIDBI).
6. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains on the transfer of listed securities or units will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of six months after the date of such transfer and held for a period of at least twelve months. Eligible public issue means issue of equity shares which satisfies the following conditions, namely
 - a) the issue is made by a public company formed and registered in India;
 - b) the shares forming part of the issue are offered for subscription to the public.
7. Under section 54F of the Act, long-term capital gains (in cases not covered under section 10(36) and section 10(38) of the Act) arising to an individual or Hindu Undivided Family ('HUF') on transfer of shares of the company will be exempt from tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
8. Under section 111A of the Act, short-term capital gains (i.e. if shares are held for a period not exceeding twelve months), arising on transfer of an equity share, are taxed at the rate of 10% (plus applicable surcharge & cess) in cases where securities transaction tax has been levied.
9. Under section 112 of the Act, long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and cess) after indexation as provided in the second proviso to section 48. However, in case of listed securities or units the amount of such tax could be limited to 10% (plus applicable surcharge and cess) without indexation benefit, at the option of the shareholder, in cases where securities transaction tax is not levied.

Non-Resident Indians / Non Residents Shareholders (Other than FIIs and Foreign venture capital investors)

1. Under section 10(34) of the Act, any income by way of dividends referred to in section 115O (i.e. dividends declared, distributed or paid on or after April 1st, 2003) received by a non-resident Indian shareholder (i.e. an individual being a citizen of India or Person of Indian origin who is not a 'resident') on the shares of the company is exempt from tax.
2. Under section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity share in a Company or a unit of an equity oriented fund would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
 - a) the transaction of sale of such equity share is entered into on or after 1st October 2004;
 - b) the transaction is chargeable to securities transaction tax.
3. Under section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

4. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in certain notified bonds within a period of six months after the date of such transfer. However, if the Company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. The bonds specified for this section are bonds issued by the NABARD, NHAI, NHB, RECL and SIDBI.
5. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains on the transfer of listed securities or units will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of six months after the date of such transfer and held for a period of at least twelve months. Eligible public issue means issue of equity shares which satisfies the following conditions, namely
 - a) the issue is made by a public company formed and registered in India;
 - b) the shares forming part of the issue are offered for subscription to the public.
6. Under section 54F of the Act, long-term capital gains arising to an individual or HUF on transfer of shares of the Company will be exempt from tax, if the net consideration from such shares is used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
7. Under section 111A of the Act, short-term capital gains (i.e. if the shares are held for a period not exceeding twelve months), arising on sale of listed equity shares are taxed at the rate of 10% (plus applicable surcharge & cess) in cases where securities transaction tax has been levied.
8. Under section 112 of the Act, long-term capital gains (i.e. if shares are held for a period exceeding twelve months), arising on transfer of shares in the company, shall be taxed at a rate of 20% (plus applicable surcharge and cess). However, in case of listed securities or units, the amount of such tax could be limited to 10% (plus applicable surcharge and cess), without indexation benefit, at the option of the shareholder, in cases where securities transaction tax is not levied.
9. Under section 115I of the Act, non-resident Indian shareholder (as defined therein) has an option to be governed by the provisions of Chapter XIII A of the Act, viz. “Special Provisions Relating to Certain Incomes of Non-Residents” which are as follows: -
 - a) Under section 115E of the Act, where shares in the company are acquired or subscribed to in convertible Foreign Exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding twelve months, shall be concessionaly taxed at the flat rate of 10% (plus applicable surcharge and cess).
 - b) Under provisions of section 115F of the Act, long-term capital gains arising to a Non-Resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
 - c) Under provisions of Section 115G of the Act, Non-Resident Indians are not required to file a return of income under Section 139(1) of the Act, if their only income is income from foreign exchange asset investments or long-term capital gains in respect of those assets or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
 - d) 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 XIII 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.



10. Under section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the double tax avoidance agreement ('tax treaty') entered between India and the country of fiscal domicile of the non-resident, if any, to the extent they are more beneficial to the non-resident.

Thus, a non-resident (including NRIs) can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever is more beneficial.

Foreign Institutional Investors (FIIs)

1. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115O (i.e. dividends declared, distributed or paid on or after 1st April 2003) received on the shares of the Company is exempt from tax.

2. In terms of section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long-term capital asset being an equity share in a company or a unit of an equity oriented fund would not be liable to tax in the hands of the investor if the following conditions are satisfied:

- a) The transaction of sale of such equity share is entered into on or after 1st October, 2004;
- b) The transaction is chargeable to securities transaction tax as explained below.

3. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from such taxable securities transactions. As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains,

4. The income by way of short-term capital gains / long-term capital gains realized by FIIs on sale of shares in the company would be taxed at 30% / 10% respectively, as per section 115AD of the Act. (However, in respect of short term capital gains referred to in section 111A the tax rate applicable will be 10%). The benefit of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable to a FII.

5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gain (in cases not covered under section 10(36) and section 10(38) of the Act) arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gain are invested in certain notified bonds within a period of six months after the date of such transfer for a period of at least three years. However, if the assessee transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. The bonds specified for this section are bonds issued by NABARD, NHAI, NHB, RECL and SIDBI.

6. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(36) and section 10(38) of the Act) on the transfer of listed shares of the Company will be exempt from capital gains tax if the capital gains are invested in shares forming part of an eligible public issue of an Indian Company within a period of 6 months after the date of such transfer and such are held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely

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

There is a legal uncertainty over whether the benefit under this Section can be extended to shares forming part of the offer for sale by the selling shareholders. It may be relevant to note that the CBDT has clarified vide its Circular no. 7/2003 dated September 5, 2003, that the term 'public issue' in the context of section 10(36) of the Act shall include the offer of equity shares in a company to the public through a Prospectus, whether by the company or by the existing shareholders of the company.



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

Venture Capital Companies/Funds

Under section 10(23FB) of the Act, all Venture capital companies/funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

Mutual funds

Under section 10(23D) of the Act, any income of Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder or Mutual Funds authorised by the Reserve Bank of India, subject to the conditions specified, would be exempt from income tax.

(C) Benefits to shareholders of the Company under the Wealth Tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence, shares are not liable to wealth tax.

(D) Benefits to shareholders of the Company under the Gift Tax Act, 1958.

Gift made after 1st October 1998 is not liable for any gift tax, and hence, gift of shares of the Company would not be liable for any gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2005.
2. The above Statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or list of all potential tax consequences.
3. The stated benefits will be available only to the sole/first named holder in case the share are held by joint holders.
4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
5. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

In view of the individual nature of tax consequences, each investor is advised to consult its/his/her own tax advisor with respect to specific tax consequences of its/his/her participation in our Issue.



SECTION IV - ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information presented in this section has been extracted from various publicly available documents and sources, including officially prepared materials from the Government and its various ministries and has not been prepared or independently verified by the Issuer or the LM.

Processed foods are often referred to as “value-added” products. This is mainly because Food processing industries are those units which add value to agricultural products/residues, both food and non-food, by processing in to products which are marketable or usable or edible, or by improving storability. For example wheat, which is transformed into higher value products like bread and pastry products.

Food Processing Industry is constantly growing in India. The major growth is expected in export market because India is being looked upon as good, competitive and reliable source for Agro based products.

The Government is consistently supporting the Food Processing Industry. The last budget has been very encouraging for the agriculture sector as it apparently attempts to thrust on agricultural credit, improving infrastructure facilities, free marketing of agriculture produce and encouraging exports of agriculture produce. India’s core competency is agriculture and it holds a key position in global trade of agriculture produce. India has become the second largest producer of rice accounting for 25% of global rice output. The government has accorded them a high priority, with a number of fiscal relief's and incentives, to encourage commercialization and value addition to agricultural produce; for minimizing pre/post harvest wastage, generating employment and export growth.

As a result of several policy initiatives undertaken since liberalization in August 1991, the industry has witnessed fast growth in most of the segments. The Indian food-processing sector is on the brink of a revolution that will modernize the entire food chain, as the total food production in India is likely to double in the next ten years.

RICE

Rice forms an integral part of the tradition for many cultures. Different cultures have different preferences regarding the taste, texture, color and stickiness of the rice varieties that they consume. Many countries have signature rice recipes, such as sushi, fried rice, curry, paella, risotto, pancit, and beans with rice. There are also many sweets and candies made from rice.

Rice is the predominant staple food for 17 countries in Asia and the Pacific, nine countries in North and South America and eight countries in Africa. Rice is cultivated in 113 countries - the staple food for over half the world's population. Rice provides 27 percent of dietary energy supply and 20 percent of dietary protein intake in the developing world. Rice is low fat and high in energy. Rice is primarily a high-energy calorie food. The major part of rice consists of carbohydrate in the form of starch, which is about 72- 75 percent of the total grain composition. The protein content of rice is around 7 percent.

In recent years its acceptance in the western world has provided signifies its increasing demand thereby global trade. About four-fifths of the world's rice is produced by small-scale farmers and is consumed locally. Rice cultivation is the principal activity and source of income for about 100 million households in Asia and Africa. Of the 840 million people suffering from chronic hunger, over 50 percent live in areas dependent on rice production for food, income and employment. (Source: multi commodity of exchange of India Ltd)

Specialty of Rice and its Uses

Rice is used in beer commonly called rice wine. Rice straw can also be used to make a coarse paper for writing, sketching, etc. Rice glue is made by boiling ground rice. Rice marble is a decorative effect of placing rice on book covers during their making. Rice calligraphy. *Alpana* is the calligraphic depiction of auspicious events in eastern India. They are finger paintings using rice powder mixed with water, painted on walls and floors in every rural household in Orissa and Bengal to accompany harvest and Hindu religious festivals.

Brown Rice (cargo rice): Dehulled rice that retains the bran coating is sometimes used as feed. Usually ground and sold as "rice meal", it can be fed to all types of animals; it is superior to rough rice as it contains less fibre and silica, and it is richer in protein and vitamins than polished rice.

Broken Rice: The broken rice separated out after the polishing stage has the same chemical composition as polished rice. It is remixed with the whole grains and sold as low-grade rice. It is also sold to the brewing industry for mixing with barley. In some countries it is used for the production of arrak or as the raw material for rice flour.

Rice Hulls (husks, chaff): Rice hulls are used in some countries for poultry litter that can later be fed to ruminants. It can be used in animal feed to stimulate appetite and decrease incidence of liver abscesses.

Rice Bran: The bran has 14-18% oil. Rice bran is the most important rice by-product. It is a good source of B-vitamins and is fairly palatable to farm animals. The oil has a marked softening effect on body fat and on the butterfat in milk. With attention to the oil content, rice bran is a valuable feed for all classes of livestock. The maximum amount advisable for cattle is about 40% of the total ration. Up to 25% can be included in poultry rations; double that amount has been used successfully in experiments. Rice bran that has not been defatted is a useful binder in mixed feeds. De-oiled rice bran can be used at higher levels than ordinary rice bran. Rice bran is often adulterated with rice hulls, as it should have a crude fiber content of 10-15%.

Domestic Scenario of Rice

Rice growing seasons

In India rice is grown under widely varying conditions of altitude and climate. Therefore, the rice growing seasons vary in different parts of the country, depending upon temperature, rainfall, soil types, water availability and other climatic conditions. In eastern and southern regions of the country, the mean temperature is found favourable for rice cultivation through out the year. Hence, two or three crops of rice are grown in a year in eastern and southern states. In northern and western parts of the country, where rainfall is high and winter temperature is fairly low, only one crop of rice is grown during the month from May to November. There are three seasons for growing rice in India viz.- autumn, winter and summer.

The main rice-growing season in the country is the '**Kharif**'. It is known as winter rice as per the harvesting time. The sowing time of winter (kharif) rice is June-July and it is harvested in November-December. About 84% of the country's rice crop is grown in this season and generally, medium to long duration varieties are grown in this season.

Summer rice is called as "Rabi" rice. The sowing time of summer rice is November to February and harvesting time is March to June. The area under summer rice is only 9% and early maturing varieties are mostly grown in this season.

In India Rice is cultivated in both season Kharif as well as Rabi. But major chunk of production comes from only Kharif Season. Only in Southern India due to its tropical environment condition it is possible to cultivate in Rabi season *also*.



Rice Producing Zones in India

In India major producing states are West Bengal, Uttar Pradesh, Andhra Pradesh, Punjab, Tamilnadu, Bihar, Orissa, Assam, Karnataka and Haryana. More than 50% of total production comes from the first four states

Production Zone	Percentage of Production
West Bengal	13.83
Uttar Pradesh	13.13
Madhya Pradesh	12.16
Orissa	10.65
Bihar	10.51
Andhra Pradesh	8.54
Assam	6.04
Tamil Nadu	5.45
Punjab	4.95
Maharashtra	3.69
Karnataka	3.05
Haryana	1.68
Gujarat	1.38
Kerala	1.28
J&K	0.67
Tripura	0.57
Meghalaya	0.38
Manipur	0.35
Rajsthan	0.33
Nagaland	0.32
Arunachal Pradesh	0.27
Himachal Pradesh	0.19
Mizoram	0.14
Goa	0.13
Pondicherry	0.06
Sikkim	0.03
Andaman and Nicobar island	0.02
Dadra and Nagar Haveli	0.02

(Source: Multi Commodities exchange of India Limited)

Consumption of Rice

There is increase in the consumption of rice every year in India. Year wise consumption of the rice is as follows:-

S.N.	Year	Consumption in M.Tons
1	2001	75.9
2.	2002	82.3
3.	2003	84
4.	2004	85

Source (Foreign agricultural Services)

Demand and Supply Gap

Demand for food grain in low-income countries like India are determined by two-basis factor viz. Population growth & income level. There is good demand for rice both Basmati and Non Basmat Rice. By 2025 more than 5 billion of the anticipated 10 billion people will depend on rice as their principal food.

Accordingly it is estimated that demand for food grains continue to grow at 2.5 to 2.8% p.a till 2020. Rice share in the projected food demanded would also increase. Demand for rice would be about 162 to 202 million ton by 2010 & 2020 A.D respectively.

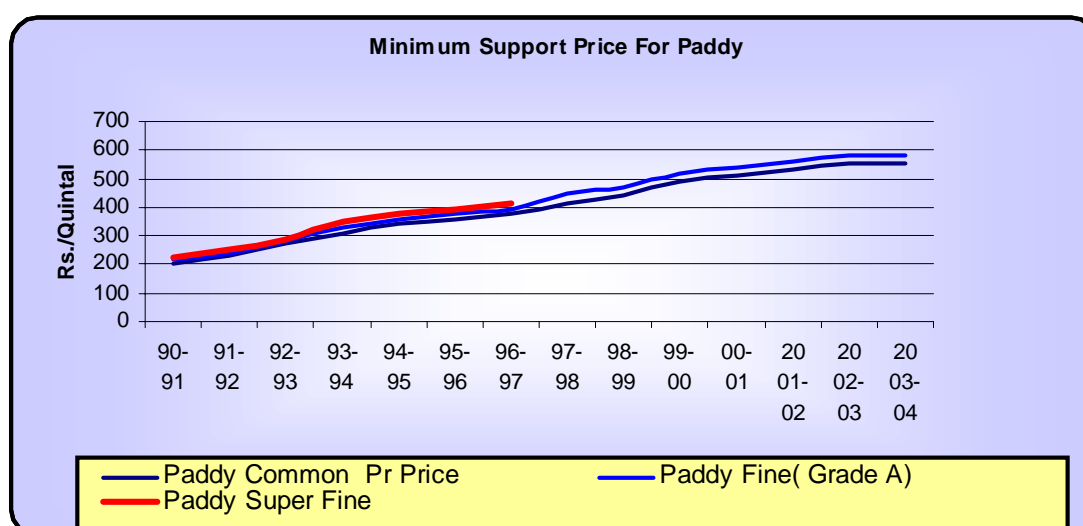
The production of rice in India is growing over the years. India produced 72.65 million ton of rice in the year 2002 – 03 and 87.00 million ton in the year 2003 – 04. (Source: Department of Agriculture & Co-operation, Ministry of Agriculture, Govt. of India).

Minimum Support Price

In India Prices of agriculture commodities is controlled by the Government. Government announces Minimum Support Price for 24 agriculture commodities including paddy. Government policy aimed at boosting production by way of ensured price realization to the farmers. In order to encourage farmers to increase their production, Government of India announces MSP well in advance i.e. around sowing time of the crop itself. The declaration of MSP, in advance can be taken as the backbone of green revolution in India because the farmer is assured to receive the value for his product. This assurance of the price is modulated through agriculture produce markets locally called ‘mandis’.

Food Corporation of India is one of the largest organizations in India, which is undertaking assured procurement of food grains on behalf of Government of India throughout the country. About 20 to 25% of the total rice production in the country is purchased both under levy from the rice mills and directly in the form of paddy from the farmers. Stocks of paddy directly purchased from the farmers are subsequently milled by FCI. Rice so purchased is transported from the surplus areas to deficit areas for distribution under PDS. In addition, movement is taken to deficit areas also for price stabilization through open sale. This not only ensures food for the poor but also checks prices of even finished products of rice.

In the past till 1996-97 government by and large adhered to the MSP as recommended by CACP and there was limited market distortion. Private trade played its role as long as market prices were higher than the MSP. But due to political reason time-to-time government announced MSP above what CACP had recommended. Such practices brought higher market distortions and private trade participation declined while burden on government kept increasing in terms of higher subsidy bill, higher storage and maintenance cost. Government took daring decision to discontinue the ritual of MSP increase every year. The paddy support price for MY 2003/04 was unchanged from the 2002/03 levels at Rs. 5,500 (\$120.8) per ton for common varieties and Rs. 5,800 (\$127.5)per ton for Grade A.



(Source: Multi Commodities exchange of India Limited)



Procurement of Rice under Levy System

Rice is also procured by the Government through statutory levy on rice millers and rice dealers. The percentage of levy rice is fixed by State Governments with the approval of Central Government taking into account requirements for the Central Pool, domestic consumption and marketable surplus. The Government of India before commencement of every Kharif Marketing Season fixes prices of levy rice.

Procurement of Rice during 2005-06 by FCI and state agencies

State / U.T.	2005-06*(OCTOBER to SEPTEMBER) (In '000 tonnes)		
	FCI	State agencies	Total
A & N Islands			
Andhra Pradesh	1556	12	1568
Assam	15		15
Bihar	60	15	75
Chandigarh	13		13
Chhatisgarh	247	2352	2599
Delhi			
Haryana	485	1514	1999
Himachal Pradesh			
Jammu & Kashmir	3		3
Jharkhand			
Karnataka	28	1	29
Kerala		41	41
Madhya Pradesh	62	46	108
Maharashtra	7	97	104
Nagaland			
Orissa	355	188	543
Punjab	1489	7083	8572
Rajasthan	20		20
Tamil Nadu		275	275
Uttar Pradesh	209	1860	2069
Uttaranchal	131	90	221
West Bengal	230	152	382
Total :	4910	13726	18636

Neg. - below 500 tonnes

*Position as on 13/02/2006

(Source: Department of Food and Public Distribution)

Stocks procured on behalf of the Government of India by FCI and other State Agencies is defined as stocks in the Central Pool. This rice in the Central Pool is issued against targeted population under ration (@35 kgs per family per month) and is also utilized for running various Welfare Schemes envisaged by the Government of India. Out of the procured stocks, FCI also ensured food security by maintaining buffer throughout the year varying from quarter to quarter. The stocks of rice, which are not liquidated during the year of its procurement, are carried forward in the Central Pool to the next year and in this fashion, such stocks are liquidated through open sales as well as exports.



Exports

India has been a traditional exporter of high quality rice (Basmati or Super Fine Parmal) but since 2001, it released about 13 million tonnes of common rice/parboiled rice for exports. Exports contribution was about 8 million tonnes during 2002-03. There are over 100 varieties of aromatic rice, of which Basmati is the costliest. There are 11 varieties grown in India, of which 4-5 is exported all over the world. But they are area specific. In the Middle East, the parboiled rice is preferred, while in Europe; the brown Basmati rice is preferred. In the U.S., Canada, Australia, New Zealand, Japan and 30 other countries, the white Basmati rice is sought after. India is the world's largest exporter of Basmati rice.

Major destinations for Indian nonbasmati, white/parboiled rice, were Bangladesh, Indonesia, Philippines, Nigeria, South Africa, Ivory Coast, and other African countries. India also exports around 600,000 metric tons of basmati rice every year, mostly to Saudi Arabia and other Middle East Countries, Europe, and the United States.

Over 80% of Basmati rice grown in India is produced for export. Saudi Arabian market, which is a major consumer of par boiled basmati rice, is hundred percent occupied by the Indian exporters for their better and aggressing marketing campaign which includes quality of the products as well as services. There are about 50 brands of Basmati rice currently being exported from India. "The growing trade also led to the setting up of the Basmati Development Fund (in 1995) whose responsibility include the promotion and protection of the Basmati rice".

Although exports were constrained by inconsistent government policies and infrastructure bottlenecks, Indian rice exporters managed to export significant quantities of rice in CY 2002 and CY 2003. In Year 2004 India 's sudden competitiveness in the world rice market has arisen due to a burgeoning demand from China, coupled with very low stocks in most traditional rice exporters of South- East Asia like Myanmar, Vietnam, and Pakistan.

Rice exports in September and October 2005 were 247,629 MT and 426,165 MT, respectively, taking January-October 2005 exports to around 4.5 million MT. (Source: Director General of Commercial Intelligence & Statistics, Ministry of Commerce)

International Scenario

Asia is the biggest rice producer, accounting for 90% of the world's production and consumption of rice. Per capita rice consumption has declined in recent years in many of the wealthier rice-consuming countries, such as Japan, the Republic of Korea and Thailand, because rising incomes have enabled people to eat more varied diet. Although rice is widely grown and consumed, less than 6% of world production (20-24 million tons) is traded annually. Major importing nations of rice are West Asian countries and African countries. Apart from it countries like Japan, Malaysia, and Brazil also figures in top 10 importing country. In West Asia and Middle East

Basmati rice is favourite and India is the major supplier in this category. Though Rice is cultivated largely in Asia its export mostly originates from other continents. Major rice exporters are Thailand, United States, Pakistan, Vietnam, India, Italy, Uruguay, Australia, China and Argentina. The Western countries are not major producers, but at the same time their consumption is negligible. Thus, a significant portion of their produce is exported.



World Production.

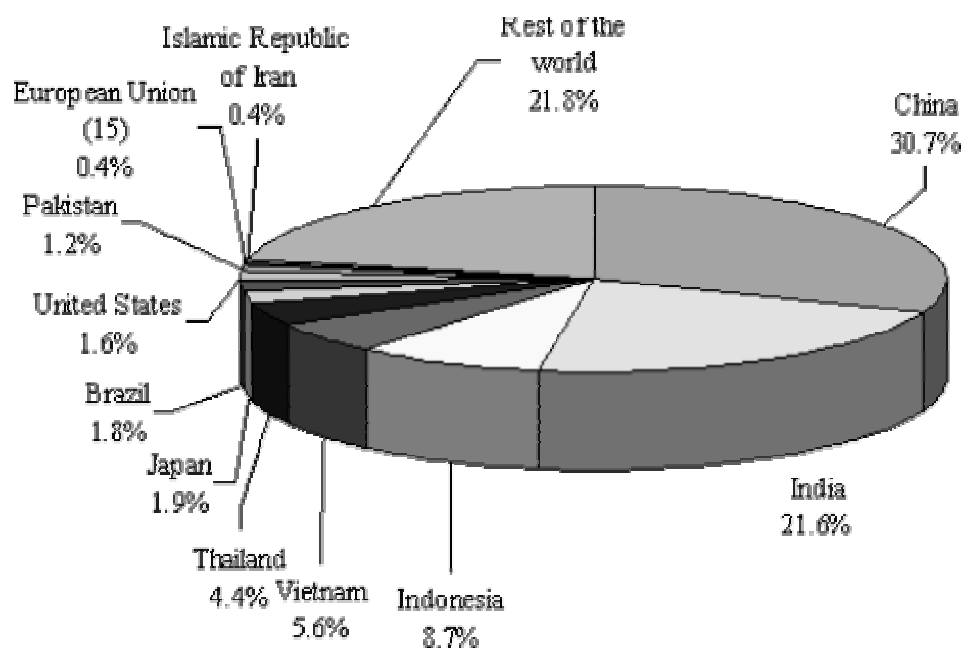
The Western countries are not major producers, but at the same time their consumption is negligible. Thus, a significant portion of their produce is exported

World Rice Production, Consumption and Stock

Particulars	2001/02	2002/03	2003/04
	MMT	MMT	MMT
Production	398.425	380.846	390.433
Consumption	411.169	411.398	414.106
Trade	27.888	27.357	24.712
Ending Stocks	136.821	106.269	82.596

(Source: USAD)

Distribution of the World Rice Production (Average 1999-2004)



(Source: UNCTAD Secretariat from the Food and Agriculture Organization of the United Nations (FAO) data)



WHEAT FLOUR MILL INDUSTRY

Food processing and packaging represents, perhaps, the biggest potential that the country's agriculture holds for the future. While India has an abundant supply of food grains, the food processing industry is still nascent.

Most Indian wheat is soft or medium hard, best suited for making flatbreads called "chapattis" or "rotis", the most popular wheat-based product. Consumers usually take their wheat to small flour mills where it is milled into wholemeal flour called "atta" for making rotis. Although the flour milling capacity in India is about 15 Mt, only 8-9 Mt are milled, mostly to produce all purpose flour or "maida" and semolina or "suji." There are around 200 large flourmills in India, with a milling capacity of around 15 million tons.

Recently, however, demand for branded atta milled and marketed by large flour mills, has increased due to its convenience. The demand for specialty wheat flour has also increased due to the growth of fast foods such as pizzas, hamburgers and cakes and increased consumption of pasta products. This increase in consumption is a direct result of the government's wheat import policy, which permitted the supply of various types of wheat to meet end-user needs and encouraged the development of the milling and baking industry. In the Market there are many branded wheat flour i.e. Shaktibhog, Ashirwad, Pills burry, etc shows the increasing demand of branded wheat flour.

The company is advantageously placed to exploit the increasing demand, as it is located near a large metropolitan city which itself has a huge demand, is also located in the wheat growing belt, which provides easy access to raw materials and being located close to Delhi, can also serve other markets all across the country. This is because Delhi is the major trading center for wheat products.

Indian Scenario of Wheat

Wheat is one of the most important staple food grains of human race. India produces about 70 million tons of wheat per year. It is now the second largest producer of wheat in the world. Being the second largest in population, it is also the second largest in wheat consumption after China, with a huge and growing demand. Uttar Pradesh, Punjab and Haryana contribute to nearly 80% of the total wheat production.

Minimum support prices (MSP) or procurement prices are announced by the government every year at the beginning of every wheat season. These prices are based largely on the cost of cultivation, which is systematically studied based on farm-level information every year by the CACP, as well as on market information. MSP has risen considerably over the decade of the 1990s, one of the major jumps coming after the economic reforms in the early 1990s. The issue prices or the price at which the grain is released to the government Public Distribution System (PDS) is fixed and revised only from time to time. The distribution is mainly by state governments through thousands of fair price shops spread throughout the country in the urban and rural areas. There is an element of subsidy in this but the government has been trying to target and reduce this in recent years.

Thus, the Government system handles only a small proportion and private merchants handle the large proportion of the total wheat production. Yet the support price operation and the PDS play a significant role in maintaining reasonable and stable food grain prices in the country for both the producers and consumers. However, substantial stocks are sometimes accumulated in the process these could rise to almost 20 million tonnes after the harvest and market arrivals, but decline over the rest of the year.

Trends in Area, Production and Productivity of Wheat in India

Production of wheat in India has shown a rising trend in the past 5 decades.. Food grain production in the frontline agricultural states of Punjab, Haryana and Western Uttar Pradesh, comprising the country's food bowl has decelerated. The miracle that began with wheat was replicated in rice.

The demand for wheat has increased by 2% (approximately) over the past 7 years while the supply of wheat has increased by 3% over the same time period. This indicates that the supply of wheat is more than needed for domestic use leading to stock surpluses. Since 1998 India's share in world wheat production is around 12 to 13 percent, at the same time, India's share in the world wheat consumption is around 10 – 11 percent. It shows that some sort of extra stock (around 1-2%) arises every year.



LATEST PRODUCTION/ SUPPLY/ DISTRIBUTION STATISTICS OF WHEAT IN INDIA

(Area in ,000 ha and qty. in ,000 tonnes)

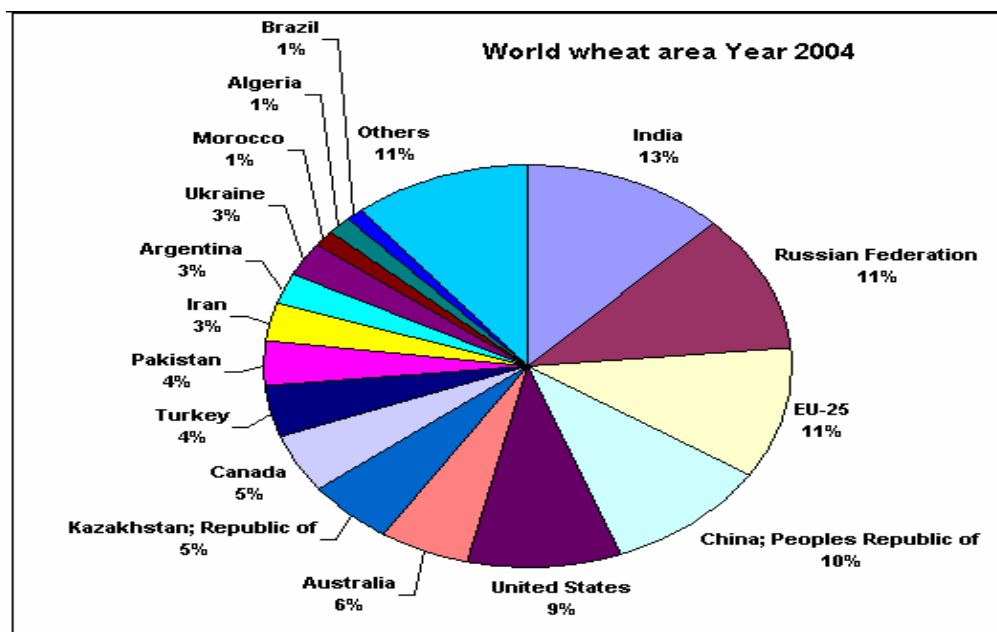
Year	2003	2004	2005
Market Year Beginning	Apr-03	Apr-04	Apr-05
Area Harvested	24,860	26,620	26,300
Beginning Stocks	15,700	6,900	4,500
Production	65,100	72,060	74,000
Total Mkt. Yr. Imports	8	10	10
Jul-Jun Imports	8	10	10
Jul-Jun Import U.S.	-	-	-
Total Supply	80,808	78,970	78,510
Total Mkt. Yr. Exports	6,700	2,400	1,000
Jul-Jun Exports	6,400	2,000	1,000
Feed Dom. Consumption	600	500	500
Tot. Dom. Consumption	67,208	72,070	73,000
Ending Stocks	6,900	4,500	4,510
Total Distribution	80,808	78,970	78,510

(Source: USDA)

However, the current position of wheat availability is very comfortable and this is reflected by overflowing wheat stocks with the Food Corporation of India. Therefore, with the easy availability of wheat for the next few years, increasing urbanization, and rising income levels, the demand for the flour milling industry is expected to grow rapidly in the future.

International Scenario of Wheat Producing Regions

Major wheat growing countries include China, India, France, and Russia. Worldwide wheat is grown in Asia, Africa, Europe and America. On basis of area maximum acreage comes from India that accounts for 13% of total world average, followed by EU, Russia, China, USA, Australia, Canada and Kazhakastan. Total average is around 217 million hectare, which keeps fluctuating between 210 million hectare to 230 million hectare in general.



(Source: Multi Commodity Exchange of India Limited)

World Wheat Production

World production of wheat hovers around 585 million tons. Maximum contribution comes from European Union, which comprises 25 countries followed, by China, India, and United states.

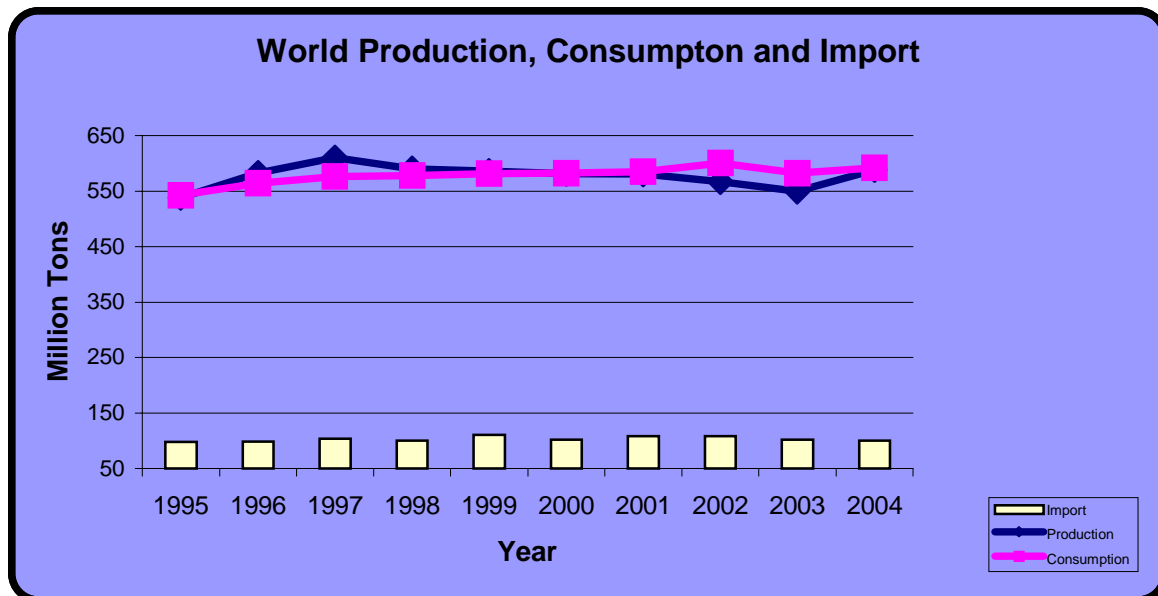
(000 Tonnes)

Countries	2000-01	2001-02	2002-03	2003-04
EU-25	124,197	113,553	124,483	106,615
China	99,640	93,873	90,290	86,490
India	76,369	69,680	71,810	65,100
United State	60,641	53,001	43,705	63,814
Russia	34,450	46,900	50,550	34,100
Australia	22,18	24,299	10,132	26,231
Canada	26,519	20,568	16,198	23,552
World Total	581,377	580,930	566,963	552,828

(Source: USDA)

World Wheat Consumption

World wheat consumption is consistently growing. Long-term trend supports the fact that is evident from above chart. Wheat being one of the major staple foods all across the world demand seems to remain strong owing to increasing population. Two major consuming countries of wheat are EU, China, India, Russia, USA and Pakistan.



(Source: Multi Commodity Exchange of India Limited)



BUSINESS OVERVIEW

Our Company was promoted by Mr. Vinod Kumar Chaturvedi on June 20, 1996. We are engaged in milling of paddy. Encouraged by the result of the first plant, in the year 1998-99 we expanded our milling capacity by setting up another Rice Mill Unit in Mathura. For further expansion of our business we selected Buxar (Bihar) as the ideal location due to its advantageous position in Paddy cultivation. Buxar plant started its commercial production during November 2003. Buxar Plant is a fully automated with an installed capacity of 46800 TPA. Completion of Buxar project has enabled us to commit substantial quantities to the prospective buyers. This has also enabled us to scale up the operations and save on cost.

Presently we are producing Raw White Rice, Par-boiled Rice and Steam Rice of different grades of both Basmati and Non-Basmati Rice. Plant at Mathura (U.P) has an installed capacity of 10800 TPA. It is presently based on conventional technology, however the same is proposed to be modernized out of proceeds of the present issue.

Our Company has been operating for the last 10 years and we have grown with experience and our sales have reflected the same. We have increased our sales from Rs. 101 lacs in the first year i.e. 96-97 to over Rs 3316 lacs in the year 2004-05. Profit of our Company has also increased multifold during the same period from Rs.3.01 lacs in 1996-97 to Rs. 98.13 lacs in the year 2004-05 and Rs.145.32 lacs for the period ended May 31,2006

Our Manufacturing Facilities: -

Mathura Plant

The Mathura plant is located over land measuring 3.15 acres located at 239, Maholi, Post Krishna Nagar, Off Delhi-Agra Highway, Mathura, Uttar Pradesh - 281 004, which is owned by our Company. It has an installed capacity of 10800 TPA and a power supply of 158 KVA. The factory being just 60 KM from Agra and close to Delhi - Agra Highway makes transportation easy. Paddy being the seasonal grain, the factory operates for 6 to 8 months in the year and produces rice of the following variety: -

Raw Rice
Massouries
Parimal PR-106
Pariaml other varieties
Basmati
Pusa Basmati
Common

Buxar Plant

The Buxar plant is located over land measuring 2.05 acres located at Plot No. 1898, Chaubeji Ki Chhavani, Jalilpur Thana, Rajpur, Dist. Buxar, which is owned by our Company. Buxar is a rich paddy cultivating area popularly known as Dhan katora "Paddy Bowl" and enjoys two seasons of paddy cultivation. This provides a milling period of 8 to 10 months in a year. The factory was set up with the financial assistance from IDBI.

The unit commenced commercial production during November 2003 and is engaged in production of following varieties of rice: -

Raw Rice	Par Boiled / Steam Rice
Massouries	Massouries
Kolam	Kolam
Sonam	Sonam
Common	IR-8



Proposed Manufacturing Facilities: -

Wheat Roller Flour Mill Plant

We are proposing to set up a wheat roller flour mill at our exiting land at Mathura with an installed capacity of 250 TPD to manufacture a product mix of Atta, Maida Suji and Bran.

Maida and Atta are required for daily human consumption directly, or indirectly by way of bread, biscuits, sweets, cakes, confectioneries etc. However bran is the byproduct produced in the process of manufacturing wheat products is used for making cattle feed.

Major portion of *atta* is used for making Roti, part of daily staple diet in India. A part of *atta* is also used for biscuits.

Maida is mainly used for bread, biscuit, cakes, cookies sweets, confectionaries etc. and Bread is popular snack food for lower middle-income group name as 'Pav'. Premium range of the bread is popular breakfast item among middle and upper income group in urban areas

Suji is used for daily human consumption in various forms and specially used for infant foods

We propose to sell all our wheat products under the existing brand "**Rasoi Raaja**". We already have an established network for marketing our food products and will use the same for marketing the wheat products.

Modernization of existing rice mill

The proposed plan is to convert plant at Mathura from conventional Rice Mill Plant to Modern Rice Mill Plant that will enable us to process and produce all types of rice, thereby making it easier for purchasers to stumble on all varieties of rice from a single source. The modernization of Rice mill plant will result in saving the cost of production and increase in capacity utilisation to the optimum level which will reduce the cost of operating and make the process cost effective. On implementation of this project the existing constraint of drying, storing, grading and finishing will be streamlined and enable us to maximize profits from the operations.

1 MW Co-generation Power Plant

We are proposing to set up 1 MW Co-generation Power plant at Mathura by using Husk (a by-product of Rice Mill). The power generated will be for captive use. This will enable us to save on our energy cost.

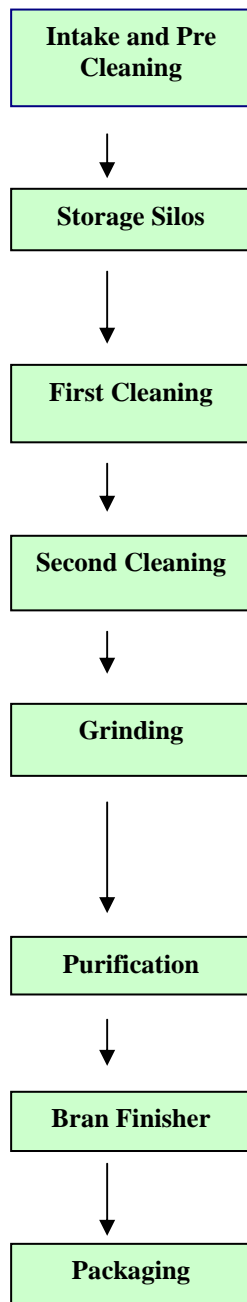
Manufacturing Process For: -

Wheat Roller Flour Mill Plant

The manufacturing process for wheat products is technically known as Gradual Reduction Process where in wheat is grounded through break rolls in gradual way and products viz. maida, suji, atta, and bran are produced in every pass. Wheat milling technology is simple in operation and is been used in India for a long time. Process for milling of the wheat product consists of series of cleaning for removing impurities and foreign material, scouring to increase the shelf life of the products, grinding for getting finer products and sieving to segregate the products according to their grades.



The process is described below:



1. **Cleaning (preparatory) Section:** The wheat contains many impurities like sand, metal pieces, dirt and gunny pieces. Wheat is cleaned before processing to remove coarse impurities like stones, chafe, stitching threads, woods, straws, dust etc. Conveyors, Elevator, Drum Sieve, Reel Machine, Separator with aspirators, magnet, etc. are used in pre-cleaning which improves the storability of the wheat.

2. **Storage Silos:** Cleaned wheat is stored in silos for the continuous process and making a proper blend of wheat according to the requirement as needed for the end product mix.

3. **First Cleaning:** pre cleaned wheat is further processed to remove foreign ingredients that not only reduces the yield but also affects the taste and colour of the finished goods. Auto weigher, flow balancer, Dry de-stoner, intensive dampener, magnets are used in process and wheat is tempered at this stage.

4. **Second Cleaning:** By absorption of water at 1st cleaning stage cellulose layer of wheat expand, crack and get partly loose which is further tempered to have constant moisture using Intensive Dampner, Flow Balancer, Scourer, Volumetric Measure, Automatic Water Doser for smooth milling.

5. **Grinding:** For getting good extraction Gradual Reduction System of break is used to separate the bran and endosperm. This breaking of wheat separating bran and endosperm is a mechanical process done by passing the wheat through Rolls running at different speed to produce a cutting and shearing action. Apart from Rolls Disc, Beat and impact Detachers are used besides the elevators to move the product from one roll to another.

6. **Purification:** Semolina and Middling produced at grinding stage are separated from bran by air in Purifier Machines whereby a composite fractions composed of endosperm with adhering bran are also separated.

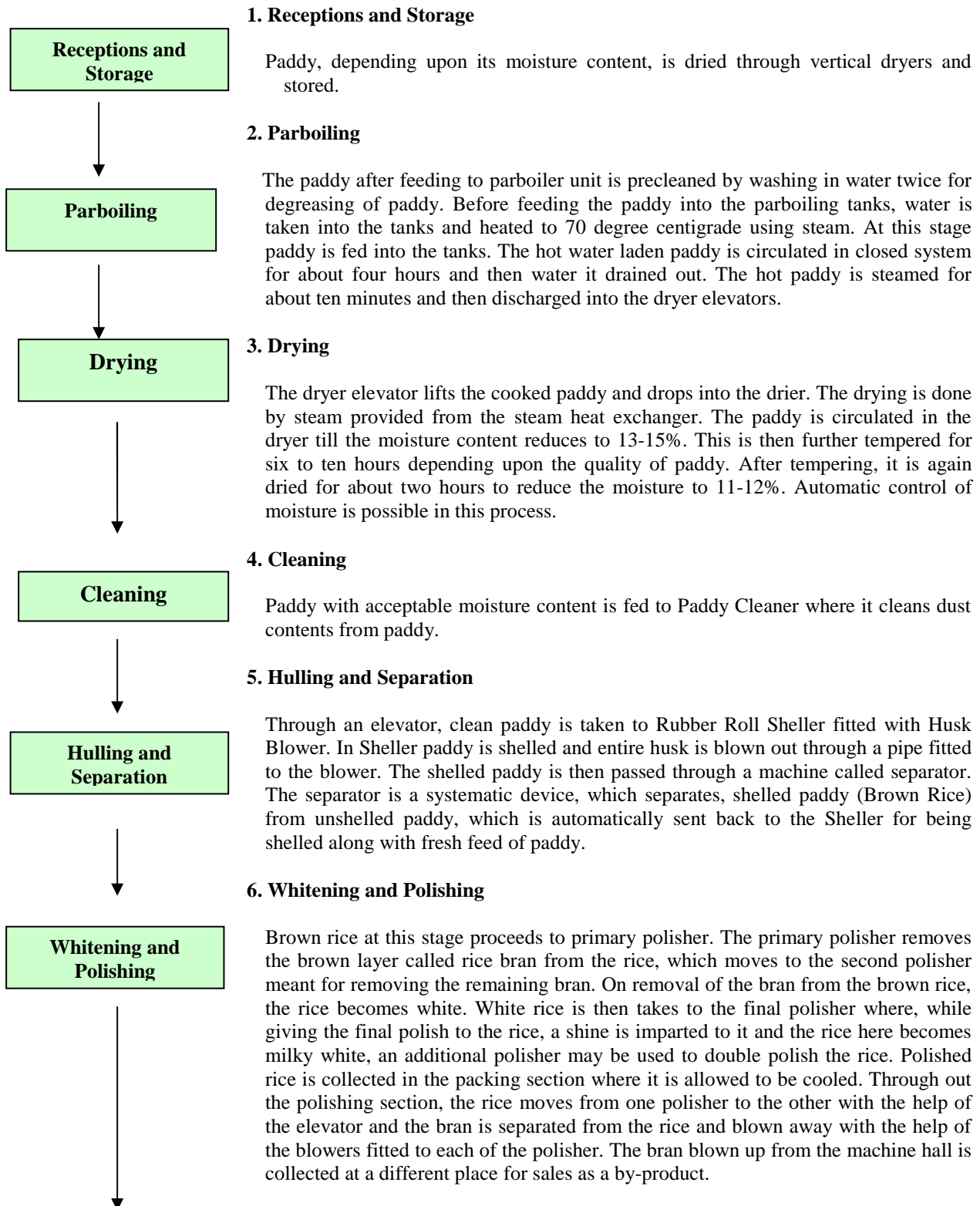
7. **Bran Finisher:** Whatever flour remain in bran is cleaned using bran finisher and the remaining bran is packed.

8. **Packaging:** Since the process is of Gradual Reduction therefore at each stage end products are produced and sent pneumatically after sieving using Bolting Cloth in service Machines and the finished product are packed for delivery in market.

Rice Milling Plant

The process involved in milling Rice is a simple, standard and well established which is being used universally in Rice Milling Industry.

The process is described below:





7. Grading

Grading



Auto Weighing and Packing

Grading is the process of removing the broken rice from head rice and sorting them into fraction of different length. Plan sifters are used to separate head rice, small broken and tips. They can also remove bran lumps from the product. The product out of the plan sifter is a mixture of head rice and large broken rice. This product is further separated by a sequence of indent cylinders into fractions of different broken size.

8. Auto Weighing and Packing

In the packing section cooled rice is packed in bags, which are individually weighed and stitched. After stitching the rice bags, they are ready for dispatch or storage. The above process is for producing Par Boiled Rice. For producing Raw Rice the process and sequence of the milling remain same except that the parboiling process is skipped.

Co-Generation Power Plant

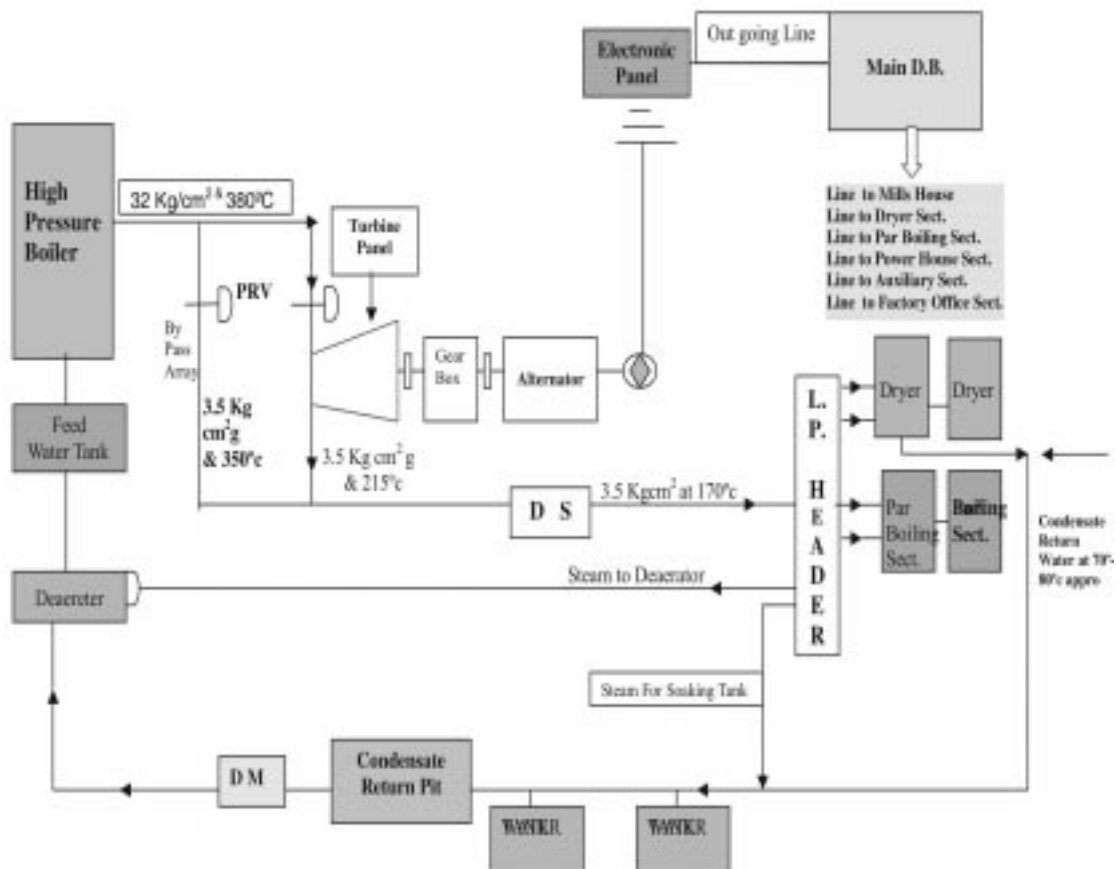
Rice is grown in the field in form of Paddy. Its outer layer called husk works as a shell to cover the grain inside. During the process of milling this outer layer i.e. husk is separated and used as a feedstock to fire the Boiler.

High Pressure Boiler is fired using Rice husk as feedstock. Steam is required to have both higher pressure as well as high temperature to produce Electric Power. In Co-generation of power steam plays dual role one of meeting process requirement and simultaneously generating power. 32kg/cm² steam at 380° C temperature is input steam that rotates the turbine and backpressure of 3.5 kg/cm² at 215° C temperature is released for Par Boiling. Rotated turbine using high-pressure steam result in mechanical power, which is further passed through Alternator, which converts the mechanical power to electrical power for further use through distribution Panel.

For Parboiling the Steam Pressure of 3.5 kg/cm² is required, which is got as back pressure from turbine. The temperature of 215° C at the release point at turbine is further reduced using de-super heater and brought down to 170° C for Parboiling of Paddy & Drying of Paddy, while in Parboiling steam is completely consumed and become water which is released in soaking tanks as water remain hot having 70-80° C temperature. This condensate water is passed through DM plant to purify & then given to feed water tank for generating steam.

Steam is also used for Drying using heat exchanger & passing the steam through low pressure header of fans, used steam ever after Drying remain hot therefore for taking maximum advantage of heat, the used steam is transferred back to Deaerator for further reuse via feed water tank.

Thus Power is generated simultaneously while using steam for process & because of this dual nature it is customarily known as Co-generation of Power. The process flow chart is given below.





Utilities

Raw materials

Paddy is the raw material to produce Rice. Paddy is harvested during the Kharif season and primarily marketed over a period of 3-4 months. We purchase paddy in the lean season from stockiest at prevailing prices. The total paddy requirement by us is usually been procured from the local Mandis and from local suppliers. Paddy is easily available in both the states i.e. at Mathura (U.P) and Buxar (Bihar). Buxar is a rich paddy cultivating area popularly known as Dhan Katora (Paddy Bowl) moreover Buxar has two paddy cultivating season and in Mathura there is only one crop.

Wheat is another raw material for the proposed project. Wheat is selected based upon its protein contents, price, baking quality, appearance, flour yield value and other quality factors. Wheat is easily available in and around Mathura. Mandi in Mathura is one of the biggest Mandi in surrounding areas for wheat. In addition Food Corporation of India (FCI), a major supplier during off-season is located just 3 km from our plant. In view of locational advantage, we will be able to procure adequate quantity of quality of wheat at competitive price.

Water

Water is mainly required for human consumption, for Par Boiling of Paddy and dampening of Wheat. We have our own bore wells at both Mathura as well as Buxar Plant sites, which is sufficient for both the places.

Power

Presently, our plant at Mathura has 158 KVA power load for our existing operation, which is sufficient to run both the units located at Mathura. We require another 500 KVA load for running the proposed project. We have applied for additional load to UPPCL. Company has proposed to set up 1 MW Co-generation Power Plant at Mathura, based on Rice Husk as the feed stock, for captive consumption at Mathura unit.

At Buxar, we have in house power generation for entire need through DG Sets. Our company has installed 3 DG Sets one is of 250KVA and other two are of 125KVA each, these are adequate to run the plant at its full capacity.

Manpower

Our Company's manpower requirement for administrative & sales is estimated at about 24, which comprises of managerial (6), supervisory (9), and assistant (9). The skilled/unskilled labour requirement at both the factories are about 100.

Plant	Contract Labour	On the rolls of the Company	Managerial Staff	Total
Mathura	50	10	4	64
Buxar	50	8	2	60

Personnel working directly in operations in the factory are basically workmen employed on daily/contract basis, hence exhaustive list of the same has not been given. These contract labourers are easily available in the vicinity of the factories. After the completion of the projects we will require additional labour. We propose to impart in house training to our employees and workers, as a part of manpower development programme.



ESOP/ESPS

We do not have any Employee Stock Option Plan (ESOP) or Employee Stock Purchase Scheme (ESPS) as on date of filing this Prospectus with SEBI.

Transport Facilities

Normally, Raw materials and finished goods are delivered by trucks. We have been operating for last several years and has the arrangements with private truck operators/transporters for the movement of raw materials and finished goods. The plant location is well connected by road and rail to major cities of India.

Effluent Discharge

As we are engaged in agro based activities and does not have any harmful effluent to be discharged. The production process is environment friendly and the operations of the plants will not result in discharge of any harmful effluents. Uttar Pradesh Pollution Control Board had given its permission for setting up the rice mill in the year 2001. We have made an application to U.P. Pollution control Board for seeking the no objection certificate for setting the wheat roller flour mill at Mathura in U.P to manufacture the products like Atta, Maida and Suji. For the unit at Buxar we have made an application to the Bihar State Pollution Control Board.

Capacity & Capacity Utilisation

A. Rice Milling Plant

Mathura

Year	Installed Capacity	Capacity Utilization	% Capacity utilisation
2000-2001	10,800	9692	89.74
2001-2002	10,800	6073	56.23
2002-2003	10,800	7944	73.55
2003-2004	10,800	8273	76.60
2004-2005	10,800	8167	75.62
2005-2006	10,800	8657	80.15
PROPOSED			
2006-2007	10,800	9180	85.00
2007-2008	10,800	10,260	95.00
2008-2009	10,800	10,260	95.00

Buxar

Year	Installed Capacity	Capacity Utilization	% Capacity utilisation
2003-2004	46,800	20,303	43.38
2004-2005	46,800	23,435	50.07
2005-2006	46,800	30,806	65.82
PROPOSED			
2006-2007	46,800	37,440	80.00
2007-2008	46,800	42,120	90.00
2008-2009	46,800	42,120	90.00

The proposed capacity utilisation of rice milling plant at Mathura will increase to 10260 MT in the year 2006 – 07, & 2007 – 08. The proposed increase is due to modernisation of Mathura plant by installing Parboiling plant, drying plant, destoner, rice-finishing plant etc. Due to this balancing equipment the company will be able to optimise the capacity utilisation.

The Buxar plant commenced production in November 2003. The year 2004 – 05 was the first full year of commercial production. The capacity utilization will increase gradually in the next three years due to stabilisation of plant.



B. Wheat Roller Flourmill Plant

Year	Proposed installed capacity	Proposed capacity utilisation	% Capacity utilisation
2006-2007	75,000	52,500	70.00
2007-2008	75,000	60,000	80.00
2008-2009	75,000	67,500	90.00

Assumptions For Future Capacity Utilisation

A. Rice Mill

- 1) Modernization of Rice milling project at Mathura will be completed by January 2007
- 2) Capacity utilization of Rice Mill, Mathura will be 95% from 2006-07 onwards.
- 3) Capacity utilization of Rice Mill, Buxar will be for the year 2006-07 will be at 80% and for the year 2007-08 and 2008-09 will be at 90%.
- 4) Rice mills at Mathura & Buxar will work for 300 days a year.

B. Wheat Rolling Flour Mill Project.

- 1) Company will start commercial production from September 2006
- 2) Capacity utilization has been assumed at 70 % for First financial Year ending 30th June 2007, 80% for the second financial year ending 30th June 2008 and 90% for third financial year onwards.
- 3) Working days 300 per year and at the capacity of 250 TPD.

Market Of Company's Products

The target market of our Company are U.P., Bihar, Maharashtra, Gujarat, Delhi in terms of geographical areas and so far as the clientele are concerned, Regional Food Commissioner Agra, Senior Marketing Inspection U.P. State Government Departments, Food Corporation of India being Central Government undertaking and wholesalers located in the states mentioned above form the target market. Presently we are not exporting rice.

Product wise Sales

Particulars	(Rs in Lacs)					
	30.06.2001	30.06.2002	30.06.2003	30.06.2004	30.06.2005	31.05.2006
Rice	613.15	593.13	872.63	2179.85	3226.27	3434.36
Bran	7.34	6.72	8.93	30.34	35.88	37.60
Husk	8.18	6.38	6.09	50.72	31.50	36.69
Cereals, wheat	4.19	--	5.73	175.27	16.00	0.37
Pulses						
Paddy	--	--	--	4.30	0.42	--
Total	633.57	606.23	893.43	2440.49	3310.08	3509.02

Sales made in different geographical region during last 5 year

Particular	(Rs. in lacs)					
	30.6.2001	30.6.2002	30.6.2003	30.6.2004	30.6.2005	31.05.2006
Uttar Pradesh	442.37	189.67	213.80	1106.65	1686.48	1280.42
Maharashtra	151.03	310.82	497.27	925.21	653.24	1443.55
Gujarat	-	47.19	109.23	340.33	627.48	265.60
Delhi	40.17	58.55	91.13	61.64	39.49	197.01
Bihar	-	-	-	6.66	303.39	322.44
Total	633.57	606.23	893.43	2440.49	3310.08	3509.02



Competition

Food grain like rice being an item of mass consumption always commands good and increasing demand. There is no cutthroat competition in the rice market, particularly in the non-basmati segment. The major player in the field viz. Satnam Overseas, KRBL, LT overseas, REI Agro etc are mainly in basmati segment, where as our thrust is mainly on non-basmati rice.

Our Customer

Government is one of the major customers for purchasing rice and paddy. At present, the company is selling its products to wholesalers, big purchasers etc. under the brand name of “RASOI RAAJA”, which is the registered Trade Mark of the Company.

List of Top 10 Customers for the year ending on 31st May,2006

Sr.No.	Name of the Client
1.	Regional Food Controller, Agra, (U.P. State Government Organisation)
2.	Food Corporation of India, Buxar
3.	M/s World Trade Impex Pvt. Ltd.
4.	M/s Concept Marketing Vadodara
5.	M/s. P.E.C. Limited
6.	Senior Marketing Inspection (S.M.I.) an office under Department of Food and Civil supplies U.P. Government
7.	M/s Mahavir Enterprises Mathura
8.	M/s M.N. Corporation
9.	M/s Jay Baldev Enterprises, Mathura U.P
10.	M/s Balaji Rice Mills, Mathura U.P.

Collaboration

Our Company has not entered into any technical or financial collaboration for its activities.

Our Competitive Strengths

- **Experienced Promoters:-**Our promoters are successfully running rice milling business for last many years. We have long-term vision for our business. We are a profit making Company since the commencement of our business.
- **Recognition from Government and external authorities.**
 - a) In the Year 2003-04 we have supplied largest quantity of Rice i.e. 5820 MT to U.P. state Government in Agra region under Levy Scheme of State Government of Uttar Pradesh for which, we have been awarded a recognition certificate by Regional food Controller (RFC), Agra Region.
 - b) We have also has been awarded with ISO 9001:2000 certification for Quality Management System and Hazard Analysis and Critical Control Point (HACCP) Management system certificate from IIC Korea.
 - c) From Buxar station an outward train Load with Rice was dispatched, which was from Buxar plant to Mathura and for which we have been awarded a certificate by the railway Authorities of Buxar.

All this reflects our credentials and our track record.

- **Automated and Modernised Plant:** - Buxar (Bihar) plant of our Company is a fully automated and modernized plant with an installed capacity of 46800 TPA. Modernized Rice milling activity has improved its efficiency to reduce the breakage of rice and improve the yield



- **The Rice Milling Plants of our Company are located in Uttar Pradesh and Bihar which are amongst top five states in production of paddy in India** The location of Mathura & Buxar plant are beneficial in terms of easy accessibility and transportation
- **We have a 10800 TPA Rice Mill plant at Mathura and 46800 TPA Rice mill plant at Buxar plant** we have an adequate infrastructure with regard to land, utilities and space for storage, etc
- **Our Company has also Trade Mark registration for our Brand “RASOI RAAJA ” for our Rice and Wheat product.**

Our Business Strategy

1. Maximize revenue through modernization of rice mill

We are engaged in rice milling for more than 10 years. We have two rice milling plants one at Buxar (Bihar) and other at Mathura (U.P). We intend to modernize our existing Mathura milling plant. On modernization, we will be able to supply following products

RAW RICE	PARBOILED / STEAMED RICE
Masourie	Masourie
Parimal PR – 106	Kolam
Parimal Other Varieties	Sonam
Kolam	Common IR – 8
Sonam	
Common IR-8	
Basmati	
Pusa Basmati	

2.To enhance production efficiency

Mathura Unit is in operation for last nine years and have been operating at around 8500 MT per annum and with the proposed modernization the capacity utilization is expected to increase to 10000 MT per annum mainly because of the additional elevators and handling equipment being put up. In addition the paddy will be machine dried after the proposed modernization, which will be completed during the year 2006-07. Management of the company is confident to reach the proposed capacity utilization considering and taking into account the past experience in running the mill for last several years. Our strategy for the modernization of existing rice milling plant at Mathura is to increase processing capacity, optimize the utilization and thereby bring down cost of production and increase the profitability of the plant.

Buxar plant has commenced commercial production in November 2003 and during the year 2004-05 it has achieved a capacity utilization of over 50 % of the installed capacity. For the subsequent years capacity utilization is estimated at 80 % and 90 % of the installed capacity. Management is of the view that the proposed capacity utilization can be achieved particularly taking into account its experience in the field for the past years.

3.To enter in to wheat products industry

Wheat Flour is the staple food in India and is a part of routine diet of very large number of people. There is a definite change in food consumption pattern of individuals due to two important factors viz. Consumer income and increasing internationalization and convergence of dietary habits. Looking into easily available wheat in surrounding area in Mathura (U.P) and increasing demand. Our Company is setting up a Wheat Roller Flour Mill at its existing land at Maholi, Mathura to produce Wheat Products with an installed capacity of 250 tons per day

Till recent past unbranded wheat grain was largely sold in India as commodity, with negligible value addition. However, rising income and consequent emphasis on improved quality are driving the evolution of wheat sector. Due to this the demand is shifting from unbranded wheat product to branded wheat products. We have also trade



mark registration for its brand “ Rasoi Raaja ”. Our business strategy will be to develop the ‘ Rasoi Raaja ’ as an umbrella brand for Rice and wheat products.

4. To reduce cost of power

We intend to reduce our cost of power at Mathura. For that we also propose to set up 1MW Co-generation Power Plant based on Rice Husk as feedstock. Husk is available in our Rice Mill as a by-product. On completion of the Power Project we will become self-reliant, so far as electric power is concern.

5. Reduction of Operational cost

We want to remain as a cost competitive company. Our focus shall be to reduce the operational cost to increase our competitiveness. By Modernization of existing rice mill plant at Mathura, there will be saving in labour cost as the unit will be fully atomized and there will be reduction in operational expenses and corresponding increase in the profitability

6. Marketing Strategy

Our marketing and business strategy of the company is to develop the ‘ RASOI RAAJA ’ as an umbrella brand for all our products. We have established network for marketing our existing food product viz Rice and has been marketing its Rice in the state of Maharashtra, Gujrat, Delhi, U.P. & Bihar, besides in and around Mumbai, a premium market that fetches higher price. We propose to utilize the same distributors network for marketing our wheat product. As such company will be in advantageous position for marketing our products. We have also trade mark registration for our brand “ Rasoi Raaja”. We propose to sell our wheat product under the existing brand name “RASOI RAAJA”.

We have opted for a very judicious product mix of Atta, Maida and Suji. Atta will be sold through wholesalers and directly to bigger customers. Maida will be sold mainly to various bread and biscuits manufacturing companies. Suji will be sold through whole seller and retailers

7. Exports Prospectus

We are planning to venture into the export market in future. Therefore, to face the competition in the export market, we will install latest and advanced machineries as a part of our modernization of Rice mill plant programme at our Mathura plant to produce higher quality of rice. Further, keeping in mind the demand trend in the Middle East countries for parboiled rice, we have made arrangements for production of such rice at our Buxar plant.

8. Increase our focus on corporate and high-value customers

We intend to be the supplier of choice for our industrial buyers. We are actively looking to enhance our presence within industrial buyers in the FMCG sector by continually upgrading our processes and quality systems.

Property

There is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for whole, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus. The details of the properties occupied/used/owned by us are given below:

Sr. No	Location	Area	Freehold / Leasehold / Rental	Activities
1.	C – 617, Hilton Tower, Sher-E-Punjab, Andheri (East), Mumbai - 400 093.	540 Sq. fts	Rental	Registered Office
2.	239, Maholi Post, Krishna Nagar, Off Delhi-Agra Highway, Mathura, U.P.-281004.	3.15 acres	Freehold	Rice Milling Plant, proposed Wheat roller flour milling plant
3.	Plot No. 1898, Chaubeji ki chhavani, Jalilpur Thana, Rajpur, Dist. Buxar	2.05 acres	Freehold	Rice Milling Plant



Insurance

Sr. No	Particulars	Insurance Company	Nature of Policy
1.	Building & Machineries for Wheat Roller Flour Mill at Mathura	The Oriental Insurance Co. Ltd.	Fire & Special Perils Policy & Earthquake (Fire & Shock)
2.	Building & Machineries for Rice Mill at Buxar & Mathura	The Oriental Insurance Co. Ltd.	Fire & Special Perils Policy & Earthquake (Fire & Shock)
3.	Stock at Buxar & Stock at Mathura	Bajaj Alliance General Company Limited	Fire & Earthquake (Fire & Shock)



REGULATIONS AND POLICIES

Procurement of rice under levy system

As per the existing policy, Central Government extends price support to paddy, coarse grains & wheat through the Food Corporation of India (FCI) and State Agencies. All the food grains conforming to the prescribed specifications offered for sale at specified centers are bought by the public procurement agencies at the Minimum Support Price (MSP). The producers have the option to sell their produce to FCI/State Agencies at MSP or in the open market as is advantageous to them. Food grains procured by the State Governments and their agencies are ultimately taken over by the FCI for distribution through out the country. The percentage of levy rice is fixed by the State Governments with approval from Central government.

The Government through statutory levy on rice millers and rice dealers also procures Rice. The percentage of levy rice is fixed by State Governments with the approval of Central Government taking into account requirements for the Central Pool, domestic consumption and marketable surplus. The Government of India before commencement of every Kharif Marketing Season fixes prices of levy rice.

Objectives of food grains procurement by Government Agencies

- To ensure that farmers get remunerative prices for their produce and do not have to resort to distress sale.
- To service the TPDS (targeted public distribution system) and other welfare schemes of the Government so that subsidized food grains are supplied to the poor and needy.
- To build up buffer stocks of food grains to ensure food grain security.

U.P Rice and Paddy (Levy & Regulation on trade) Order, 1985

This applies to the whole of U.P, including the border areas. As per this Order, every licensed miller shall sell and deliver to the government, at the notified price, 60% of each variety of rice. The movement or sale of rice can be done only after obtaining a release certificate from the Centre In-charge/Senior Marketing Inspector / Marketing Inspector (after having sold to the State government as per the levy). The prices fixed for levy by U.P. Government for the last 5 years are as under.

(Rate in Rs. per Quintal)

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06
Common Rice	903.10	938.30	966.90	988.00	988.00
Grade A Rice	951.10	986.30	1016.90	1037.10	1037.10

Bihar Rice and Paddy Procurement (Levy) order 2005

As per **Bihar Rice and Paddy Procurement (Levy) order 2005** every rice miller shall sell atleast 40% of the rice produced or manufactured under MSP. Besides every small Hallers & Shellers may sell 100 quintal rice to FCI in Kharif Marketing Season, 2005-06. In the context of proper implementation of Kharif Procurement Plan under Kharif Marketing Season, 2005-06, all necessary notifications, orders and instructions following setting up Control Room at State-Level and Task-Force at every district and block level have been issued by Food Supply & Commerce Department.

The Essential Commodities Act, 1955

Government of India (GOI) promulgated the Essential Commodities Act (ECA) to control and regulate production, manufacturing and distribution of essential commodities in India. ECA is "An Act to provide in the interest of the general public, for the control of the production, supply and distribution of, and trade and commerce, in certain commodities". The Act specifies a list of essential commodities on which the government can from time to time introduce Control Orders in situations of short supply. As of June 2001, there were 30 items in this list. Furthermore, it is an enabling act allowing the state governments to frame rules under this central act. The Act itself does not lay the rules and regulations of the game but allows the states to issue orders in case of malpractices like hoarding and black marketing. The various other orders to be considered are :



Removal of restrictions on licensing, stock limits and movement restrictions on foodgrains

A Central Order titled '**Removal of (Licensing requirements, Stock limits and Movement restrictions) on Specified Foodstuffs Order, 2002**, has been issued by Government under the Essential Commodities Act, vide GSR 104 (E) dated **15.2.2002**, with an amendment dated **16.6.2003**, according to which amendment any dealer can freely buy, stock, sell, transport, distribute, dispose, acquire, use or consume any quantity of wheat, paddy/rice, coarsegrains, sugar, edible oilseeds and edible oils, pulses, gur, wheat products and hydrogenated vegetable oil or vanaspati and shall not require any license or permit therefore. Issue of any control order by the States under the delegated powers for regulating by licenses, permits or otherwise, the storage, transport, distribution, etc of the specified commodities would henceforth require the prior concurrence of the Central Government.

The Rice Milling Industry (Regulation) Act 1958 & Rice Milling Industry (Regulation & Licensing) Rules 1959 These regulations have been repealed w.e.f 28th May, 1997. Further, Rice milling and pulse milling sectors, which were earlier reserved for the small-scale sector, have now been dereserved. As such, no license/permission is now required for setting up a rice mill/pulse mill.

Since liberalisation, there is no license requirement for setting up or capacity expansion of roller flour mills. The mills can obtain their wheat supply from any source. Also there is no license requirement or price/distribution controls on manufacture of wheat products. (Sources: Food Processing Industries in India)

Prevention of Black Marketing and Maintenance of Supplies Act, 1980

To make matters worse, in 1980 came the "Prevention of Black Marketing and Maintenance of Supplies Act." It is an "Act for detention in certain cases or the purpose of prevention of black marketing and maintenance of supplies of commodities essential to the community and for matters concerned therewith".

Agricultural Produce (Grading and Marketing) Act, 1937 (Agmark):

The Directorate of Marketing and Inspection enforces the Agricultural Produce (Grading and Marketing) Act, 1937. Under this Act Grade standards are prescribed for agricultural and allied commodities. These are known as Agmark' standards. Grading under the provisions of this Act is voluntary. The DMI enforces the Agricultural Products (Grading and Marketing) Act, 1937. Under this Act, Grade Standards are prescribed for agricultural and allied commodities. These are known as "Agmark" Standards. Grading under the provisions of this Act is voluntary. Manufacturers who comply with standard laid down by DMI are allowed to use "Agmark" labels on their products.

Prevention of Food Adulteration Act, 1954 :

This Act is the basic statute that is intended to protect the common consumer against the supply of adulterated food. This specifies different standards for various food articles. The standards are in terms of minimum quality levels intended for ensuring safety in the consumption of these food items and for safeguarding against harmful impurities and adulteration. The Central Committee for Food Standards, under the Directorate General of Health Services, Ministry of Health and Family Welfare, is responsible for the operation of this Act. The provisions of the Act are mandatory and contravention of the rules can lead to both fines and imprisonment. Prevention of Food Adulteration Act applies to domestic and imported food commodities, encompassing food color and preservatives, pesticide residues, packaging, labeling and regulation of sales.

Standards on Weights and Measures (Packaged Commodities) Rules, 1977

These Rules lay down certain obligatory conditions for all commodities that are packed form, with respect to declarations on quantities contained. These Rules are operated by the Directorate of Weights and Measures, under the Ministry of Food and Civil Supplies.



Hazard Analysis Critical Control Point (HACCP) :

HACCP system originated in the 1960's and was jointly developed in the USA. It focuses on prevention rather than cure and is complementary with the principles of continuous improvement. The aim was to ensure that the hazards involved in producing food were assessed and the necessary control measures introduced.

ISO-9000 (International Organization for Standardization) :

Implementation of the ISO standards enables export enterprises in developing countries to offer products or services that meet well-defined needs, satisfy consumer expectations, comply with applicable standards and specifications, as well as conform to requirements in regard to health & safety, protection of the environment and conservation of energy and materials: all these at lower costs and higher levels of efficiency.



HISTORY AND CORPORATE STRUCTURE

HISTORY AND MAJOR EVENTS

The Company was incorporated as Usher Agro Limited on June 20, 1996 with Registrar of Companies, Maharashtra. The certificate for commencement of business was received on July 04, 1996.

Our Company was formed with the main object of manufacturing and processing in agro-based products and to deal in, trade, export or import such products. We entered the Food Processing Sector by setting up our first Rice Milling Plant at Mathura (U.P). We have successfully completed the project and run the unit efficiently and have earned profit in the very first year of our operation.

Encouraged by the result of the first plant, in the year 1998-99 we expanded our milling capacity by setting up another unit in Mathura at the same location. We have been operating in the agro sector for the last 10 years and our sales have grown from Rs. 101 lacs in the first financial Year i.e. 96-97 to Rs 3316 lacs in the year 2004-05 and 3515.56 lacs for the period of eleven months ending 31st May 2006. The Profit of our company has also increased manifold during the same period; from Rs. 3.01 lacs in 1996-97 to Rs. 98.13 lacs in the year 2004-05 and 145.33 lacs for the period of eleven months ending 31st May 2006.

Our Company has set up another rice milling plant at Buxar (Bihar), a rich paddy cultivating area. The Buxar project has commenced commercial production during November 2003. This has enabled us to commit substantial quantities to the prospective buyers. These have also enabled the Company to scale up the operations and save on transport cost because it could dispatch its product by goods train.

Though the Government is one of the major customers, however, in terms of percentage private wholesalers form major part of the total sales. At present, we are selling our products to wholesalers, big purchasers etc. under the brand name of RASOI RAAJA, we have received a certificate of registration of Trade Mark.

We had filed the draft prospectus with SEBI for raising Equity Share Capital of Rs. 760 lacs @ Rs. 10/- per share on October 8, 2003. Before receiving Final Observation from SEBI, there were further developments in the business plans of our Company, therefore we decided not to proceed with the said issue and withdrew the draft prospectus from SEBI as on July 11, 2005.

Looking into favorable growth in food processing industry we planed to enter in wheat product segment also. As there were changes in the objects of the issue we have now refiled this prospectus.

Major events in the history of our Company since inception

Year	Key events, milestones and achievements
1996	Commenced Small Rice Milling operation at Mathura
1998	Second Rice Milling Plant started operations at the existing site at Mathura
2003	State of the Art Modern Rice Milling plant at Buxar (Bihar), with the financial assistance from IDBI, started commercial production
2004	We have received certificate from Eastern Central railway department through its goods shed supervisor, Buxar Station (Bihar) to be the first Company to have loaded Full Rake (40 Wagons) of our products from the Buxar Railway station We have received certificate from Regional Food Controller, Agra region, under Food and civil Supply Department of U.P. State Government for supplying maximum Rice under Levy Scheme to the State Government. Obtained ISO 9001:2000 Certificate from IIC Korea.
2005	Obtained HACCP (Hazard Analysis and Critical Control Point) Certificate from IIC Korea Company's Brand "RASOI RAAJA" got registration from Trade Mark Authority.

Change in Registered Office of our Company

Date of change	Previous Address	New Address
31-05-1997	B- 608, Hilton Tower, Sher-E-Punjab, Andheri (East), Mumbai - 400 093	C- 617, Hilton Tower, Sher-E-Punjab, Andheri (East), Mumbai - 400 093



MAIN OBJECTS

The Main Object as per Memorandum of Association of our company is as follows

“To undertake commercial agricultural activities including raising of crops and plantations and to produce and manufacture all types of agro based products and to deal in, trade, export or import such agricultural products including crops, vegetables and dairy products.”

Changes in our Memorandum of Association

Details of amendment in MOA	Date
Increase in Authorized Capital to 3,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 30 lacs	28/09/1996
Increase in Authorized Capital to 6,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 60 lacs	25/09/1997
Increase in Authorized Capital to 60,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 600 lacs	11/03/2002
Increase in Authorized Capital to 1,50,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 1500 lacs	29/09/2003
Increase in Authorized Capital to 2,50,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 2500 lacs	17/11/2005

SUBSIDIARY OF THE COMPANY

We do not have any subsidiary as on the date of filing of this Prospectus.

SHAREHOLDERS AGREEMENT

Our Company has not entered in any agreement with our shareholders.

OTHER AGREEMENTS

Except the contracts/agreements entered in the ordinary course of the business carried on or intended to be carried on by us, we have not entered into any other agreement/contract.

STRATEGIC AND FINANCIAL PARTNER

We do not have any strategic or financial partners.



OUR MANAGEMENT

BOARD OF DIRECTORS

Under our Articles of Association, we cannot have less than three directors and more than twelve directors. We presently have seven directors on our Board. Mr. Vinod Kumar Chaturvedi, Managing Director and Mr. Manoj Chaturvedi, Whole-time Director manage the day-to-day affairs of our Company under the overall control and supervision of our Board of Directors.

The following table sets forth the relevant details of our Board of Directors:

Name, Fathers Name, Age, Qualification of Directors	Address	Designation	Other Directorship
PROMOTER DIRECTORS			
Mr. Vinod Kumar Chaturvedi. S/o. Mr. Murarilal Chaturvedi Age 40 years B.Com, FCA	B-502 Orchid-5, Mangal Nagar, Yari Road, Versova, Andheri West Mumbai.	Managing Director	NIL
Mr. Manoj Chaturvedi S/o. Mr. Murarilal Chaturvedi Age 33 years B.Com	346, Nagla Paisa, Mathura, U.P.	Whole Time Director	NIL
INDEPENDENT DIRECTORS			
Mr. Ajay Prakash Arora S/o Late Shri Madho Prasad Arora Age 64 years M.Com, CAIIB	305, Wing 3-B, Dheeraj Enclave, Borivali (East), Mumbai 66	Director	NIL
Dr. Shri Prakash Arora. S/o. Shri Jagat Prasad Verma Age 66 years BSC	503, 504, C wing, Dheeraj Enclave, Borivali (East), Mumbai - 66	Director	Bapa Consultants Pvt. Ltd.
Mr. Vijay Ranchan. (IAS Retd.) S/o Mr. Pyarelal Sharma Age 63 years M.A.	Plot No. 131, Sector – 8, Gandhi Nagar - 382008	Director	Man Industries Limited. Ahemdabad Stock Exchange Liited.
Major General (Retd.) Vinod K. Khanna S/o Mr. Justice H.R. Khanna Age 69 years MSc. In Quality and Reliability Engg.	S-368, Panchshila Park, New Delhi-110017	Director	Universal Fincorp Limited.
Mr. Edwin E. Fernandes S/o Mr.Especiano Fernandes Age 51 years B.A (Eco), DAM (NMIMS)	E-52, Maker Kundan gardens, Juhu Tara Road, opp. Lido Cinema, Santacruz (W), Mumbai-49	Nominee Director (IDBI)	NIL



Brief Profile of the Directors

Mr. Vinod Kumar Chaturvedi, aged 40 years holds a Bachelors degree in Commerce (B. Com) from Agra University and is a fellow member of 'The Institute of Chartered Accountants of India. He has 17 years of experience in finance, project & food processing industry. During 1996 he promoted Usher Agro Ltd. & set up a conventional rice milling plant at Mathura, which was successfully implemented & commissioned ahead of schedule. He is the key promoter of our Company. Under his guidance we are growing steadily since our inception. Subsequently he implemented modern rice milling plant at Buxar (Bihar) and currently proposes to implement wheat roller flourmill at Mathura. Prior to promoting Usher Agro Ltd. Mr. Vinod Kumar Chaturvedi worked as Finance Executive with Kanika Meritime & Mercantile Pvt Ltd., a company engaged in import, export & shipping business for a year. During his tenure with the company he got exposure to international business. After that for 6 years he worked with ATV Projects India Ltd., a project construction and engineering company as Finance Manager, where he gained exposure to project execution, finance & account activities. Mr. Vinod Kumar Chaturvedi is currently heading our Company as the Managing Director.

He is also the member of Public Issue Management Committee and Project Management Committee in our Company.

Mr. Manoj Chaturvedi, aged 32 years, holds a Bachelors degree in Commerce (B. Com) from Agra University, Mr. Manoj Chaturvedi has over 10 years of experience in food processing industry. Since beginning he has been involved with us. He has been actively involved in the implementation of all the projects of our Company commissioned so far. His responsibilities with us include contribution to strategic growth and development of strong marketing network for our products. In the process Mr. Manoj. Chaturvedi enjoys good relations with local Government bodies, Food Corporation of India & various other Government Authorities. He also has efficient managerial capability to deal with labour, farmers, and operating personnel at the plants.

He is also the member of Public Issue Management Committee and Project Management Committee in our Company.

Note: -Mr. Manoj Chaturvedi is the brother of Mr Vinod Kumar Chaturvedi. In some documents his name appears Manoj Pathak. Chaturvedi is the broader term in Brahmin community and Phatak is 'Gotra' (Sub category) in Chaturvedi Brahmin. He is using Pathak or Chaturvedi with the his name. We are enclosing identity poof of Mr. Manoj Chaturvedi and a copy of affidavit stating this fact with the Dtaft Prospectus.

Mr. Ajay Prakash Arora, aged 64 years, holds a Masters Degree in Commerce (M.Com) and is also qualified as Certified Associate of Indian Institute of Bankers (CAIIB). He Joined Central Bank of India in 1963 and retired in 2001. During his tenure with the Central Bank of India he has worked in various capacities like Senior Internal Auditor, Investigations/Enquiry officer, Branch Manager, Chief Manager in Branches and Zonal officer. He has been principal of training colleagues for banking operations.

He is the chairman of the Audit Committee & member of Shareholders' Grievance Committee in our Company.

Dr. Shri Prakash. Arora, aged 66 years, holds a Bachelor in Science and qualified to be a Veterinarian (BVSC & AH). He has over 35 years of working experience primarily with Pfizer Animal Health (Multinational Pharmaceutical Company), as Manager- Commercial and Business Development having exposure in Sales, Technical, Marketing, Budgeting, Training and Business Development. In his position as a business head he had over 40 Managers/ Executives in his Division and was responsible for Poultry Business in India, Nepal, and Bangladesh. He was also responsible for identifying and working on new projects for future growth. He was also responsible for launch and subsequent handling of Agro chemical business (Bactericides for cotton, chilies and Paddy crop) of Pfizer in western India.

Presently, he provides consultancy in areas including Restructuring of sales and marketing group, Developing Marketing Strategies, Training / Mentoring of all connected with sales and marketing including rural marketing, Distribution System, Recruitment and selection, Developing reward and appraisal system, and launch of new products.

He is the chairman of the Shareholders' Grievance Committee in our Company.



Mr. Vijay Ranchan, aged 63 years, holds a M.A in English and senior retired IAS officer (1967 batch). He has held senior positions of Secretary/Principal Secretary/ Additional Chief Secretary in the Department of Revenue, Industry, Labour, and Health etc of Gujarat Government. He also has very wide corporate experience. He was Joint MD Gujarat Agro-Industries Corporation, Joint M.D Gujarat Industrial Investment Corporation, Chairman Gujarat fisheries Central Co-operation Association.

He is the member of the Audit Committee & Public issue management committee in our Company.

Mr. Vinod K. Khanna (Ex. Major General) Mr. Vinod Khanna aged 69 years, holds degree of MSc in Quality and Reliability Engineering from University of Birmingham (UK), Post Graduate Course on System Technologies, Degree Engineering Course in Electronics & Telecommunications, Post Graduate Staff Course at DSSC Wellington, Post Graduate Diploma in Business Administration. He has varied experience in food industry, he has been associated with major rice producers in the country like LT Overseas Ltd, the makers of Daawat rice; Satnam Overseas Ltd, the makers of Kohinoor rice; KRBL Ltd (formerly Khushi Ram Behari Lal Ltd), the makers of Doon and India Gate rice apart other companies like RT Exports, Kundan Rice, Shri Lal Mahal etc.

Other important posts Held in the past are Director FICCI Quality Forum in the year, Director Quality Assurance Ministry of Defence in the year, Controller of Quality Assurance Ministry of Defence in the year, Founder Course Director of Defence Institute of Quality Assurance, Bangalore in the year, Chairman of numerous defence standardization committees and Member of many national standardization committees.

He is the member of the Shareholders' Grievance Committee in our Company

Mr. Edwin E. Fernandes, aged 51 years holds a B.A. (Economics) D.A.M., Presently working as General Manager (Vigilance Department) of IDBI Ltd. He has been appointed as nominee director of IDBI Ltd on the Board of Usher Agro Limited.

Mr. Fernandez has worked in various departments of Industrial Development Bank of India including credit and has been with IDBI for over 29 years. Mr. Fernandes had also been on the Board of Bihar State Credit and Investment Corporation (BICICO) and Bihar Castic & Chemicals Ltd. Jharkhand. He has been sent abroad twice for training to Washington (1997) and Manila (2001) by IDBI.

He is the member of the Audit Committee & Project Management Committee in our Company.

Borrowing Powers of Directors

By an Ordinary Resolution at the Annual General Meeting held on 30th December, 2004 the board of directors has been authorized pursuant to section 293(1)(d) of the Company Act to borrow from time to time any sums of monies not exceeding 50 Crores on such terms and condition as the Board of directors may deem fit, notwithstanding that the aggregate amounts of monies borrowed exceeds the aggregate paidup capital and the free reserves of the company. By an ordinary resolution passed at the AGM of the company held on 30th December, 2004 the Board of Directors of the company has been authorized pursuant to section 293(1)(a) of the company act to create such security of the board of directors may deem fit on amounts to be borrowed by the company up to Rs. 50 crore



Details of all contracts entered with Directors/Managers for Remuneration

Mr. Vinod Kumar Chaturvedi, Managing Director

Mr. Vinod Kumar Chaturvedi was appointed as the Managing Director of our Company vide Resolution passed on the Board meeting held on 5th September 2003 and further his appointment was confirmed in the Annual General Meeting held on 29th September 2003,

Further, in the Annual General Meeting of our Company held on 30th December 2004, our shareholders approved a revision in his remuneration. The current terms and conditions of his appointment are as under:

Sr. No	Particulars	Amount
1	Salary Scale	Rs. 3,00,000 p.a.
2	Car Operating Allowance	Reimbursement of the actual expenditure.
3	Leave Travel Assistance	Reimbursement up to 15 days basic salary, p.a.
4	Medical Expenses (reimbursement) up to	Rs. 15,000 p.a.
5	Education Allowance	Up to Rs. 2400 p.a.

Managing Director shall also be entitled to the following: -

Club Fees:

Fees of 2 clubs – one personal and one corporate, in addition to Entrance / Corporate Fees.

Telephone Expenses Reimbursement

He will be reimburse telephone expenses for landline and mobile including STD / ISD charges.

Rent-free Accommodation

He will be provided furnished accommodation in Mumbai (rent upto Rs. 1,20,000 p.a. plus maintenance charges)

Mr. Manoj Chaturvedi, Whole-time Director

In the Annual General Meeting of our Company held on 30th December 2004, our shareholders approved the appointment of Mr. Manoj Chaturvedi as the Whole-time Director of our Company w.e.f.1st December 2004 for a period of five years. The current terms and conditions of his appointment are as under:

Sr. No	Particulars	Amount
1	Salary Scale	Rs. 1,44,000 p.a.
2	Car Operating Allowance	Reimbursement of the actual expenditure.
3	Leave Travel Assistance	Reimbursement for self and family once in a year.
4	Medical Expenses	Reimbursement for self and family and medical accident insurance upto Rs. 15,000 p.a.

In addition to above he is also entitled for the following

Club Fees:

Fees of 2 clubs – one personal and one corporate, in addition to Entrance / Corporate Fees.

Telephone Expenses Reimbursement

He will be reimburse telephone expenses for landline and mobile including STD / ISD charges.



Terms of office of Directors

All directors except Mr. Vinod Kumar Chaturvedi (Managing Director), Mr. Manoj Chaturvedi (Whole Time Director) and Mr. Edwin E. Fernandes (Nominee of IDBI) are liable to retire by rotation.

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered with the Stock Exchanges with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. Our Company undertakes to adopt the Corporate Governance Code as per Clause 49 of the Listing Agreement to be entered with the Stock Exchanges prior to the listing of our Equity Shares. Our Company has complied with such provisions, including with respect to constitution of the following Board Committees: the Audit Committee, Investor Grievance Committee and the Remuneration Committee.

We believe in adopting the best corporate governance practices, based on the following principles in order to maintain transparency, accountability and ethics:

1. Recognition of the respective roles and responsibilities of Board and the management;
2. Independent verification and assured integrity of financial reporting;
3. Protection of shareholder's right and priority for investor relations; and
4. Timely and accurate disclosure on all material matters concerning operations and performance of the company.

At present, the following committees have been formed in compliance with the Corporate Governance norms.

Audit Committee

The Audit Committee was constituted on November 16, 2005. Audit Committee consists of the following Directors of the Board:

- i. Mr. Ajay Prakash Arora (Chairman);
- ii. Mr. Vijay Ranchan -IAS Retd. (Member); and
- iii. Mr. Edwin E. Fernandes (Member).

The terms of the Audit Committee are to comply with the requirements of Section 292 A of the Companies Act, 1956 and Clause 49 of the listing agreement to be entered into with the Stock Exchange (S). The scope of Audit Committee shall include but shall not be restricted to the following:

- a) Oversee our Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Making recommendations to the Board on the appointment of the external auditor, the audit fee and any question of resignation or dismissal.
- c) Review of half-yearly and annual financial statements before submission to the Board.
- d) Discussion with the external auditors about the internal control system, nature and scope of audit, any problems or reservations arising from the audit and any matter which the external auditor wishes to discuss.
- e) Review of external auditor's management letter.
- f) Review of Company's statement on internal control system prior to endorsement by the Board and ensure compliance of internal control system.
- g) Review of any significant findings of internal investigation.
- h) Review of reports of the Internal Auditors.



Remuneration Policy:

The Board of Directors approved the remuneration paid to Promoter Director (s). In the Board Meeting, the remuneration (subject to the subsequent approval by the shareholders at the general meeting and such other authorities as the case may be) is fixed by the Independent Directors. The Promoter Director (s) and interested Director (s) do not participate in the proceedings of the said business. The remuneration structure comprises Basic Salary, Perquisites and Allowances, payment and expenses incurred on perquisites. The non-executive Directors do not draw any remuneration from the Company except sitting fees of Rs. 5,000/- for attending each meeting of the Board.

At present our Company does not have any Employee Stock Option Scheme (ESOS)

Remuneration Committee:

At present our Company does not have any Remuneration Committee.

Investor Grievance Committee

Our Board has constituted Shareholders Grievance Committee in its meeting held on November 16, 2005 consisting of the following Directors of our Company:

- i. Dr. Shri Prakash Arora (Chairman);
- ii. Mr. Ajay Prakash Arora (Member); and
- iii. Major General Vinod K. Khanna –Retired (Member)

The Committee is authorized to:

- a) To approve and register transfer and/or transmission of all classes of shares.
- b) To sub-divide consolidate and issue share certificates on behalf of the Company.
- c) To affix / to authorize affixation of the common seal of the Company on the share certificates of the Company.
- d) To redress matters relating to share holders and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, etc.
- e) To do all such acts, deeds or things, as may be necessary or incidental to the exercise of the above powers.

Project Management Committee

Our Board has constituted Project Management Committee in its meeting held on November 16, 2005 consisting of the following Directors of the Company:

- i. Mr. Vinod Kumar Chaturvedi
- ii. Mr. Manoj Chaturvedi
- iii. Mr. Edwin.E. Fernandes

Shareholding of the Directors in our Company

The following table provides the details of the shareholding of our Directors as on date:

Name of the Directors	No. of Equity Share held	As % of pre-issue paid up capital
Mr. Vinod Kumar Chaturvedi	19,26,340	32.10
Mr. Manoj Chaturvedi	12,64,060	21.07



Interest of Directors

All the Directors may be deemed to be interested in their capacity to the extent of the sitting fees for attending meetings of the Board or Committee and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The managing director and whole time director are interested to the extent of remuneration paid to them for services rendered by them. The Directors may also be deemed to be interested to the extent of:

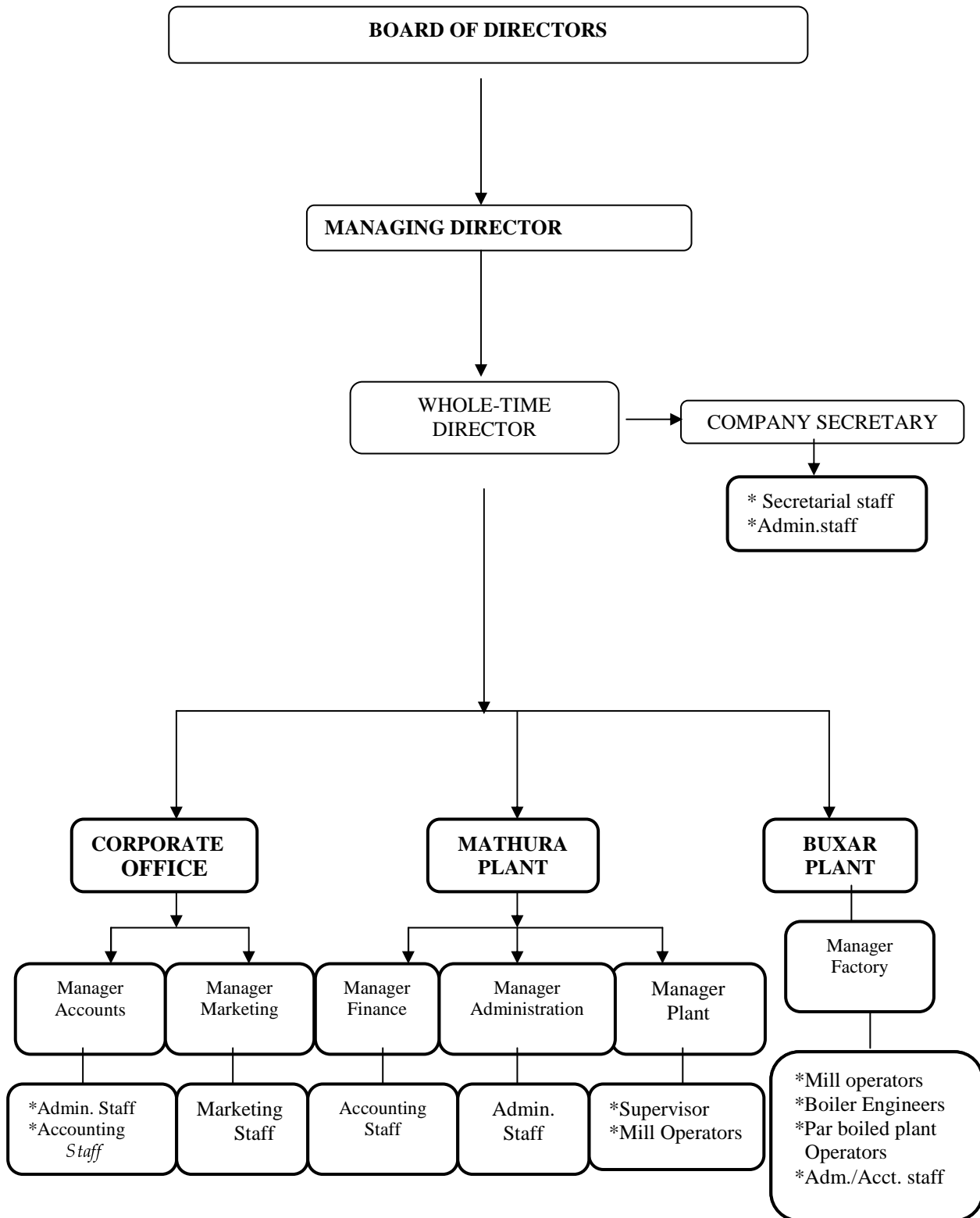
- The shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/ Member as the case may be.
- The shares if any, out of the present Issue that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors / members of firms in which they are partners.

Changes in the Board of Directors

The changes in our Board of Directors during the past three years are as given below:

Name	Date of Appointment	Date of Resignation	Reason
Mr. Edwin E. Fernandes	03.05.2005	----	Appointed
Mr. Vinod Kumar Khanna	04.03.2005	----	Appointed
Mr. Vijay Ranchan	29.11.2004	-----	Appointed
Mr. Ajay Prakash Arora	18.08.2003	-----	Appointed
Mr. Mahesh Purohit	31.12.2001	20.06.2003	Resigned
Dr. Shri Prakash Arora	18.08.2003	----	Appointed

ORGANISATION CHART





KEY MANAGERIAL PERSONNEL

The details of our Key Managerial Personnel other than directors are as under:

For the details of Directors, please refer to section titled 'Our Management' on page no. 66 of this Prospectus.

Mr. Ravi Agrawal, Manager-Finance, aged 33 years, has an experience of over 10 years in handling various Finance related matters. He holds a degree in Master of Commerce, Bachelor of Law and Associates of Chartered Accountant. Prior to joining us, he has worked with S.V.C. Superchem Limited. He joined our Company in December 1996 and is currently designated as Manager- Finance in our Company and is currently in-charge of Finance and Accounts Department of our Company. Currently, he is drawing a remuneration of RS. 1,44,000/- p.a.

Mr. Jai Dev Chaturvedi, Manager-Buxar Factory, aged 38 years, has an experience of over 13 years in the field of plant operation and maintenance. He holds a degree in Bachelor of Commerce. Prior to joining us, he has worked with Berg Trading Corporation. He joined our organization in January 2001 and is currently designated as Manager- Buxar Factory in our Company. He is currently looking after all the operational matters of our Buxar Factory of our Company. Currently, he is drawing a remuneration of Rs. 1,20,000/-p.a.

Mr. Neeraj Chaturvedi, Administrative Manager at Mathura Factory, aged 30 years, has an experience of over 7 years in the field of general management and administrative. He holds a degree in Bachelor of Commerce. He joined our organization in January 2001 and is currently designated as Manager-Administrative at Mathura Factory in our Company. He is currently looking after day to day operation of Mathura Factory of our Company. Currently, he is drawing a remuneration of Rs. 84,000/- p.a.

Mrs. Rutika Pawar, Company Secretary, aged 25 years, has an experience of over 4 years in Accounts & Finance, Law and Secretarial related matters. She is a Qualified Company Secretary with the additional qualification of Bachelor of Commerce. She has worked with Seth Developers Pvt. Ltd and A.T.E Enterprises Private Limited. She joined us as a Company Secretary in February 2006. Prior to this she was working with us for a period of one year. She is currently looking after all legal and secretarial related matters of our Company. Currently, she is drawing a remuneration of Rs. 2,50,000/- p.a.

Mr. Rajesh Malpani, Manager-Accounts, aged 31 years, has an experience of over 13 years in handling various Accounts and Banking related matters. He holds a degree in Bachelor of Commerce. Prior to joining us, he has worked with Navjeevan Syn Limited. He joined our organization in August 1998 and is currently designated as Manager- Accounts in our Company and is currently in-charge of Accounts Department. Currently, he is drawing a remuneration of Rs. 1,24,000/-.

Mr. Kanhailal V. Radheswer, Mathura-Plant Manager aged 57 years, has an experience of over 28 years in the field of operation and maintenance of Roller Flour Mill plant operation and maintenance. He holds a Diploma in Mechanical Engineering, Diploma in Industrial Relation and Personal Management. Prior to joining us, he has worked with Bhanushali Roller Flour Mill. He joined our Company in March 2005 as a Mathura Plant Manager and is currently supervising the implementation of Roller Flour Mill Plant and operation of rice mill plant at Mathura Factory our Company. Currently, he is drawing a remuneration of Rs. 2,16,000/- p.a.

Mr. Sudhir Choudhary, Marketing Manager aged 38 years, has an experience of over 14 years in the field of marketing. He holds a degree in Bachelor of Commerce. Prior to joining us, he has worked with Garlico Herbal Concentrate. He has joined our Company in October 2005 as a Marketing Manger and is currently tracking Gujarat and Maharashtra market. Currently, he is drawing a remuneration of Rs. 1, 08,000/- p.a.

We further undertake that all the above-mentioned Key Managerial Personnel are in the employment of our Company as permanent employees.



Shareholding of our Key personnel in the Company

Name of the Key Personnel	No. of Equity Shares held	As % of pre-issue paid up capital
Mr. Jaidev Chaturvedi	10000	0.17

Changes in the Key Managerial Personnel in last one year are as follow:

Name	Designation	Date of Joining	Date of Leaving	Reason
Mr. Kanhailal V. Radheswer	Plant Manager	15.03.05	----	Appointed
Mr. M.S. Raghunathan	Company Secretary	26.04.05	----	Appointed
Miss. Sinki Jain	Company Secretary	01.08.04	24.04.05	Resigned
Mr. Vijay Pal Singh	Mechanical Engineer	16.08.98	20.07.05	Resigned
Mr. Kajal Singh	Mechanical Engineer	16.09.02	20.07.05	Resigned
Mr. Sudhir Choudhary	Marketing Manager	01.10.05	----	Appointed
Mr. M.S. Raghunathan	Company Secretary	26.04.05	14.11.05	Resigned
Mr. Anand Amritraj	Company Secretary	16.11.05	25.01.2006	Resigned
Mrs. Rutika Pawar	Company Secretary	01.02.2006	----	Appointed

ESOS/ESPS Scheme to Employees

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

Payment or Benefit to our Officers



Except for the payment of salaries, we are not providing any other benefits to the employees.

Bonus or Profit Sharing Plan for the Key Managerial Personnel.

There are no Bonus or Profit Sharing plan for Key managerial Personnel in our company



OUR PROMOTERS AND THEIR BACKGROUND

	<p>Mr. Vinod Kumar Chaturvedi aged 40 years, holds Bachelors degree in Commerce (B. Com) from Agra University and is a fellow member of The Institute of Chartered Accountants of India. He has 17 years of experience in finance, project & food processing industry. During 1996 he promoted Usher Agro Ltd. & put up conventional rice milling plant at Mathura, which was successfully implemented & commissioned ahead of schedule. He is the key architect of the company under whose guidance the company is growing steadily since its inception. Subsequently he implemented state of art rice milling plant at Buxar (Bihar) and currently implementing wheat flour mill at Mathura. Prior to promoting Usher Agro Ltd. Mr. Chaturvedi worked as Finance Executive with Kanika Meritime & Mercentile Pvt Ltd., a company engaged in import, export & shipping business for a year. During his tenure with the company he got exposure to international business. After that for 6 years he worked with ATV Projects India Ltd., a project construction and engineering company as Finance Manager, where he gained exposure to project execution, finance & account activities. Mr. Chaturvedi is currently heading the company as Managing Director.</p> <p>Passport No: E4502472 PAN: AAAPC4942R. Bank Account No.: 1806019143 (Oriental Bank of commerce)</p>
	<p>MR. MANOJ CHATURVEDI (also known as Mr. Manoj Pathak) aged 32 years, holds Bachelors degree in Commerce (B. Com) from Agra University, Mr. Pathak has over 9 years of experience in food processing industry. Since beginning he has been involved with Usher Agro Ltd. He has been actively involved in the implementation of all the projects of company commissioned so far. His responsibilities at Usher Agro Ltd. include contribution to strategic growth and development of strong marketing network for the company's products. In the process Mr. Pathak enjoys excellent relations with local Government bodies, Food Corporation of India & various other Government Authorities. He also has efficient managerial capability to deal with labour, farmers, and operating personnel at the plants.</p> <p>Passport No: A8528080 PAN: AKEPP20 14M Bank Account No.: 2681000023982 (HDFC Bank)</p>

The Permanent Account Number ("PAN"), Bank Account details and Passport Number of our Promoters will be submitted to Bombay Stock Exchange Limited, on which our Company proposes to list its Equity Shares at the time of filing of this Prospectus.

Our Promoter Group

Name	Relationship	% of pre issue Equity Share hold in the Company
Mrs. Samta Chaturvedi	Wife of Mr. Vinod Kumar Chaturvedi (Promoter)	5.54 %

Common Pursuits

There are currently no common pursuits between our company and our promoters.



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 Managing Director and Whole time Director is interested to the extent of remuneration paid to them for services rendered to our Company. 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 this Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The registered office of our Company is located in premises owned by Mr. Vinod Kumar Chaturvedi, who is one of our promoters and is currently our Company's Managing Director. In respect of these premises, our Company has entered into a lease deed dated December 30, 2003 for a period of 5 years. The lease rental payable for occupation of these premises is Rs. 5,000/- per month. Our Managing Director will be deemed to be interested to the extent of these lease rentals.

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 'Management' in this Prospectus.

Related Party Transaction

For details of related party transactions, please refer to Annexure 17 of the section titled "Financial Statements" of this Prospectus.

Currency of Presentation

In this 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 Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Prospectus, all the figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to "Rupees" and "Rs." in this 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.



SECTION V- FINANCIAL STATEMENTS

AUDITOR'S REPORT

The Board of Directors

Usher Agro Limited

C-617, Hilton Tower,
Pump House,
Andheri (East),
Mumbai- 400 093.

We have examined the annexed financial information of Usher Agro Limited ("the Company") for the Five Financial Years ended on 30th June 2001, 30th June 2002, 30th June 2003, 30th June 2004, 30th June 2005 & for the 11 month period ended on 31st May 2006 being the last date to which accounts of the Company have been made up and audited by us. Financial information has been prepared by the company and approved by the Public Issue Committee of the Board.

In accordance with the requirements of

- (i) Paragraph B (1) of part II of Schedule II to the Companies Act, 1956 ('the Act');
- (ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance to section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and
- (iii) Our terms of reference with the Company dated 16th Jan, 2006 requesting us to carry out work in connection with the offer document as being issued by the company in connection with its public issue of equity shares.

A. Financial information as per audited statements.

We report that the restated assets and liabilities of the Company as at June 30, 2001, June 30th 2002, June 30th 2003, June 30th 2004, June 30th 2005 & May 31st, 2006 as set out in Annexure 1 to this report after making such adjustments /restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in Annexure 3 and notes to the statements appearing in Annexure 4 to this report.

We report that the restated profits/ losses of the Company for the Financial Years ended on 30th June 2001, 30th June 2002, 30th June 2003, 30th June 2004, 30th June 2005 & for the 11 month period ended on 31st May 2006 are as set out in Annexure 2 to this report. These Profits/Losses have been arrived at after charging all expenses including depreciation and after making such adjustments /restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in Annexure 3 and Notes to the Statement appearing in Annexure 4 to this report.

B. Other Financial Information

We have examined the following information relating to the Company, proposed to be Included in the offer Document, as approved by you and annexed to this report

- i. Statement of cash flow as appearing in Annexure 5 to this report;
- ii. Statement of operational income as appearing in Annexure 6 to this report.
- iii. Statement of other Income as appearing in Annexure 7 to this report.
- iv. Accounting ratios as appearing in Annexure 8 to this report
- v. Statement of Unsecured Loans taken including that from related parties, enclosed as Annexure 9 to this report.
- vi. Statement of Debtors as appearing in Annexure 10 to this report.
- vii. Details of Loans and advances as appearing in Annexure 11 to this report.
- viii. Statement of tax shelters as appearing in Annexure 12 to this report.
- ix. Statement of Dividends paid for the last five years as appearing in Annexure 13 to this report.
- x. Capitalisation statement as at May 31, 2006 as appearing in Annexure 14 to this report.
- xi. Statement of Secured Loans taken including that from related Parties enclosed as Annexure 15 to this report.
- xii. Details of Contingent Liabilities as appearing in Annexure 16 to this report.



Xiii Statement of Related Parties transaction enclosed as Annexure 17 to this report.

- C. a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure 3 to this report, after making adjustments /restatements and regroupings as considered appropriate and subject to certain matters as stated in notes to the statements, has been prepared in accordance with part II of schedule II of the Act and the SEBI Guidelines.
- b) This report is intended solely for your information and for inclusion in the offer Documents in connection with the specific public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Dinesh C Bangar & Co.
Chartered Accountants.

(Dinesh C Bangar)
Proprietor
Membership No.36247

Dated : 11 August 2006



Annexure-1
STATEMENT OF ASSETS & LIABILITIES (AS RESTATED)

(Rs.in Lacs)

	Particulars	30.06.2001	30.06.2002	30.06.2003	30.06.2004	30.06.2005	31.05.2006
							11 months
A	Fixed Assets						
	Gross Block	103.11	103.11	453.26	1,148.30	1,153.65	1164.36
	Less: Depreciation	10.25	15.04	19.89	59.55	109.80	156.86
	Net Block	92.86	88.07	433.37	1,088.75	1,043.85	1,007.50
	Add: Capital Work in Progress		803.75	625.99	38.09	529.63	825.49
		92.86	891.82	1059.36	1,126.84	1,573.48	1,832.99
B	Investments	NIL	NIL	NIL	NIL	NIL	NIL
C	Current Assets, Loans and Advances						
	Inventories	108.50	107.09	164.21	231.80	467.01	605.35
	Sundry Debtors	70.03	82.15	128.70	450.90	600.64	665.74
	Cash and Bank Balances	7.43	56.13	27.74	22.57	77.89	50.17
	Loans and Advances	40.33	47.24	52.64	57.55	25.78	19.30
		226.29	292.61	373.29	762.82	1,171.32	1,340.56
D	Liabilities and Provisions						
	Secured Loans	149.22	404.99	575.00	840.92	1,295.68	1,375.59
	Unsecured Loans	18.05	11.90	5.73	-		
	Deferred Tax Liability	-	-	5.62	37.35	88.58	98.57
	Current Liabilities	26.69	41.53	86.28	170.38	145.74	228.76
	Provisions	0.36	0.58	0.87	7.45	17.60	39.65
		194.32	459.00	673.50	1,056.10	1,547.60	1,742.57
E	Net Worth (A+B+C-D)	124.83	725.43	759.15	833.56	1,197.20	1,430.98
F	Represented By						
	Share Capital	50.07	353.59	600.00	600.00	600.00	600.00
	Share Application Money	-	279.9	33.49	33.49	310.00	407.53
	Reserves & Surplus	74.98	92.12	125.79	208.35	306.48	451.80
	Less: Miscellaneous Expenses not Written off	0.22	0.18	0.13	8.28	19.28	28.35
		124.83	725.43	759.15	833.56	1,197.20	1,430.98

Note: The accompanying significant accounting policies (Annexure 3) and notes (Annexure 4) are integral part of this statements.



Annexure-2
STATEMENT OF PROFIT & LOSSES (AS RESTATED)

(Rs.in lacs)

	Particulars	30.06.2001	30.06.2002	30.06.2003	30.06.2004	30.06.2005	31.05.2006
							11 months
A	Income						
	Sales	633.59	606.24	893.43	2,440.49	3,310.08	3,509.02
	Other Income	6.31	13.96	10.23	6.24	6.04	6.54
	Total	639.90	620.20	903.66	2,446.73	3,316.12	3,515.56
B	Expenditure						
	Raw Material Consumed	500.31	545.54	802.29	2,054.92	2,843.86	3,008.22
	Manufacturing Exp	32.50	11.95	14.25	57.97	40.78	45.49
	Staff Costs	33.00	11.36	15.03	32.72	38.82	40.83
	Administration & Selling Expenses	29.71	13.43	18.80	64.79	64.29	70.34
	Interest	23.83	15.73	8.45	73.96	117.28	125.64
	Depreciation	4.47	4.79	4.85	39.65	50.26	47.06
	Preliminary Expenses W/off	0.04	0.04	0.04	0.67	0.67	0.62
		623.86	602.84	863.71	2,324.68	3,155.96	3,338.20
C	Net profit Before tax and Extra Ordinary Items	16.04	17.36	39.95	122.05	160.16	177.36
	Taxation	0.06	0.22	0.66	6.80	10.80	21.00
	Deferred tax provision	-	-	2.43	31.73	51.23	9.99
	Income tax paid for prior period assesment	-	-	-	0.96	-	-
	FBT	-	-	-	-	-	1.05
D	Net profit Before Extra Ordinary Items	15.98	17.14	36.86	82.56	98.13	145.32
	Extra Ordinary Items (net of tax)	-	-	-	-	-	-
E	Net Profit After Extra Ordinary Items	15.98	17.14	36.86	82.56	98.13	145.32

Note: The accompanying significant accounting policies (Annexure 3) and notes (Annexure 4) are integral part of this statement.



Annexure –3
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT

A. Significant Accounting Policies

The Financial statements are prepared in accordance with applicable Generally Accepted Indian Accounting Standards. A summary of the more-important accounting policies, which have been applied consistently, is set out below:

1. Basis of Preparation of Financial Statements

The Financial Statements are prepared on an accrual basis, following the historical cost convention and in accordance with the Generally Accepted Accounting principles and Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956 to the extent applicable and in the manner so required. These accounting policies and standards have been consistently applied to the extent applicable and in the manner so required.

2. Revenue Recognition

Income and Expenditure are recognised and accounted on accrual basis.

3. Fixed Assets and Depreciation

Fixed Assets are stated at cost. All expenditure pertaining to project under construction and other preoperative expenses including trial run expenses and interest cost incurred during the construction period unless otherwise stated, are capitalized till the commencement of production/till the date assets are put in use.

Depreciation on fixed assets is provided on straight-line method at the rate and manner specified in Schedule XIV of the Companies Act, 1956.

4. Borrowing Cost

Borrowing cost attributable to acquisition and construction of assets are capitalized as a part of the cost of such assets upto the date when such assets are ready for its intended use. Other borrowing costs are charged to the Profit & Loss Account.

5. Inventories

Inventories of finished goods, service components and spares, work in progress and raw materials and packing materials are valued at the lower of cost or net realizable value.

6. Preliminary Expenses

Preliminary expenses are amortised over a period of ten years.

7. Taxation

Provision for current tax is made and retained in the accounts on the basis of estimated tax liability as per the applicable provisions of the income tax Act, 1961.

Deferred tax for timing differences between tax profit and book profit is accounted for using the tax rate and laws that have been enacted or substantially enacted as of the Balance Sheet Date. Deferred tax assets are recognized to the extent there is reasonable certainty that the assets can be realized in future.



Annexure 4

NOTES TO STATEMENT OF ASSETS AND LIABILITIES AND PROFIT AND LOSS ACCOUNT

A –DEFERRED TAX

As per Accounting Standard 22 on taxes on income - The Company has a deferred tax liability as per details given below:

Deferred Tax Liabilities	As at 30.6.05	Current period	As at 31.05.06
Difference between carrying amount of fixed assets in the Books and the Income tax return	29874050	4884378	34758428
Deferred Tax Assets unabsorbed depreciation as per income tax return	5474775	-	5474775
Deferred Tax Liability	24399275	4884378	29283653
Increase in Deferred Tax Liability charged to P&L Account during the year	8857922	998955	9856877

B) CHANGE IN ACCOUNTING POLICY

There is no change in accounting policy in preparation of restated financial statements for the period ended 31.05.2006, 30.06.2005, 30.6.2004,30.6.2003,30.6.2002 and,30.6.2001 except for the year ended 30.06.2005 & 31.05.2006 which is as under:

Industrial Development Bank of India had originally sanctioned term loan of Rs 660 lacs to part finance the Buxar Project @ 16 % P.A. IDBI during the current year, revised the interest rate to 12.5 % pa w.e.f 01.03.2004.Upfront payment of 50% interest differential (Rs 21.27 lacs on NPV basis) has been considered as Deferred Revenue expenditure and proportionate amount has been charged to P & L Account for the period ended 30.06.2005 & 31.05.2006.

Annexure-5

STATEMENTS OF CASH FLOW FROM THE RESTATED FINANCIAL STATEMENTS

(Rs. In Lacs)

Particulars	30.06.2001	30.06.2002	30.06.2003	30.06.2004	30.06.2005	31.05.2006
						11 months
CASH FLOW FROM OPERATING ACTIVITIES:						
Net Profit before Tax & Extraordinary Activities	16.04	17.36	39.95	122.05	160.16	177.36
Add.						
Depreciation	4.47	4.79	4.85	39.65	50.26	47.06
Preliminary Expenses written off	0.04	0.04	0.04	0.67	0.67	0.62
Miscellaneous/Deferred Expenses written off					10.26	4.88
Less: Other Income	(6.31)	(13.96)	(10.23)	(6.24)	(6.04)	(6.54)
Less: Prior Period Items	0.02					
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	14.26	8.23	34.61	156.13	215.31	223.38
Inventories	(8.65)	1.41	(57.12)	(67.59)	(235.21)	(138.34)
Debtors	(2.01)	(12.12)	(46.55)	(322.20)	(149.74)	(65.10)
Loans, Advances & Deposits	(9.87)	(6.91)	(5.40)	(4.91)	31.77	6.48
Trade Payables	(3.48)	14.84	44.75	84.10	(24.64)	83.02
Other Current Liabilities / Provisions	-	-	-	-	-	-
Sub Total	(24.01)	(2.78)	(64.32)	(310.60)	(377.82)	(113.94)
CASH GENERATED FROM OPERATIONS	(9.75)	5.45	(29.71)	(154.47)	(162.51)	109.44



Other Income	6.31	13.96	10.23	6.24	6.04	6.54
Taxes Paid	(0.35)	-	(0.36)	(1.18)	(0.65)	(0.00)
Sub Total	5.96	13.96	9.87	5.06	5.39	6.54
NET CASH FROM OPERATING ACTIVITIES	(3.79)	19.41	(19.84)	(149.41)	(157.12)	115.98
CASH FLOW FROM INVESTMENT ACTIVITIES						
Purchase of Fixed Assets /Investments	(0.08)	-	(350.15)	(695.04)	(5.35)	(10.71)
Capital Work in progress	-	(803.75)	177.76	587.90	(491.54)	(295.87)
Sale of fixed Assets / Investments	-	-	-	-	-	-
Sale of Investments	-	-	-	-	-	-
NET CASH USED IN INVESTING ACTIVITIES	(0.08)	(803.75)	(172.39)	(107.14)	(496.89)	(306.58)
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from Issue of Shares & Share Application Money	-	583.42	-	-	276.51	97.53
Proceeds from Borrowings	4.98	249.62	163.84	260.19	454.76	79.91
Miscellaneous/Deferred Expenses				(8.81)	(21.94)	(14.56)
NET CASH USED IN FINANCING ACTIVITIES	4.98	833.04	163.84	251.38	709.33	162.88
Net increase / decrease in Cash and Cash equivalents	1.11	48.70	(28.39)	(5.17)	55.32	(27.72)
Cash and Cash Equivalents (Opening)	6.32	7.43	56.13	27.74	22.57	77.89
Cash and Cash Equivalents (Closing)	7.43	56.13	27.74	22.57	77.89	50.17

**Annexure –6
DETAILS OF OPERATING INCOME**

(Rs in lacs)

Particulars	30.06.2001	30.06.2002	30.06.2003	30.06.2004	30.06.2005	31.05.2006
						11 months
Rice	613.15	593.13	872.63	2179.85	3226.27	3434.36
Bran	7.34	6.72	8.93	30.34	35.88	37.60
Husk	8.18	6.38	6.09	50.72	31.50	36.69
Cereals, wheat	4.19	--	5.73	175.27	16.00	0.37
Pulses						
Paddy	--	--	--	4.30	0.42	--
Total	633.57	606.23	893.43	2440.49	3310.08	3509.02



Annexure -7
DETAILS OF OTHER INCOME

(Rs in lacs)

Particulars	30.06.01	30.06.02	30.06.03	30.06.04	30.06.05	31.05. 06	Nature of Income	Related / Not related to Business
Service Charges	5.00	11.75	6.00	4.50	0.50	0.80	Recurring	Related
Sale of waste material	0.88	Nil	Nil	Nil	Nil	Nil	Non Recurring	Related
Disc FCI	Nil	Nil	3.54	Nil	Nil	Nil	Non Recurring	Related
Misc Income	Nil	Nil	0.09	0.16	NIL	Nil	Non Recurring	Not related
Tempo Hiring Charges	0.43	0.50	0.29	0.29	0.49	0.23	Recurring	Not related
Stitching, Handling and Hulling Charges	Nil	1.71	0.31	1.29	5.05	5.25	Recurring	Related
Interest on margin money						0.26		
Total	6.31	13.96	10.23	6.24	6.04	6.54		

Note: Classification of income into recurring and non-recurring income is based on Management's experience of the present business.



Annexure -8
ACCOUNTING RATIOS

(Rs in Lacs)

Sr. No.	Particulars	30.06.2001	30.06.2002	30.06.2003	30.06.2004	30.06.2005	31.05.2006
Earnings per Share		(11 months)					
Weighted Average Number of Equity Shares							
A	Number of shares at the beginning of the Year	500700	500700	3535850	6000000	6000000	6000000
B	Number of shares at the end of the Year	500700	3535850	6000000	6000000	6000000	6000000
C	Weighted Average Number of Equity Shares outstanding during the year	500700	1385952	3583764	6000000	6000000	6000000
Net Profit after tax available for Equity Shareholders							
Before Extra-Ordinary Items		15.98	17.14	36.86	82.56	98.13	145.32
After Extra-Ordinary Items		15.98	17.14	36.86	82.56	98.13	145.32
Basic and Diluted Earnings Per Share		3.19	1.24	1.03	1.38	1.64	2.42
Net Assets value per share		24.93	12.60	12.09	13.33	14.79	17.06
Net Worth		124.83	445.53	725.66	800.07	887.20	1,023.45
Return on Net Worth		12.80	3.85	5.08	10.32	11.06	14.20

a. EPS = Adjusted Net Profit for the year/Weighted Average No. of equity shares (As per AS-20)

b. Net Asset Value per equity share (Rs.) = Net worth/No. of equity shares outstanding at year end

c Return on Net worth (%) = Adjusted Profit after tax/Net worth

d Net worth for this purpose means equity share capital + Reserves & Surplus – Miscellaneous Expenditure not written off.



Annexure – 9
STATEMENT OF UNSECURED LOANS

(Rs in Lacs)

Particulars	30.06.2001	30.06.2002	30.06.2003	30.06.2004	30.06.2005	31.05.2006
From Directors and Shareholders	12.65	11.90	5.73	Nil	Nil	Nil
Intercorporate Deposits	5.39	Nil	Nil	Nil	Nil	Nil
Total	18.04	11.90	5.73	Nil	Nil	Nil

Annexure -10
AGE-WISE ANALYSIS OF SUNDRY DEBTORS

(Rs in Lacs)

Age wise Breakup	30.06.2001	30.06.2002	30.06.2003	30.06.2004	30.06.2005	31.05.2006
Outstanding for Less than six Months	70.03	67.95	99.10	413.14	578.07	611.09
Outstanding for More than six months	----	14.19	29.59	37.76	22.57	54.65
Less: Provisions for doubtful debts						---
Total	70.03	82.15	128.70	450.90	600.64	665.74

Annexure -11
DETAILS OF LOANS AND ADVANCES (unsecured considered good)

(Rs in Lacs)

	30.06.2001	30.06.2002	30.06.2003	30.06.2004	30.06.2005	31.05.2006
Advances recoverable in cash or kind for value to be received	32.51	46.59	51.96	56.27	24.34	17.66
Deposits & Prepaid Expenses	7.82	0.65	0.68	1.28	1.43	1.64
Total	40.33	47.24	52.64	57.55	25.77	19.30

Annexure-12
STATEMENT OF TAX SHELTER

(Rs. in lacs)

	2001	2002	2003	2004	2005
Tax at Notional Rate	0.47	1.03	3.07	31.73	49.40
Tax on Book Profit (115JA/115JB)	0.04	0.22	0.66	6.80	10.80
Difference between Tax Depreciation and Book Depreciation	8.26	5.50	5.66	120.22	140.67
Other Adjustments (set off B/f Losses)	0.74	NIL	NIL	NIL	2.32
Total adjustment	9.00	5.50	5.66	120.22	142.99
Tax saving thereon	NIL	NIL	NIL	NIL	NIL
Total Taxation	0.47	1.03	3.07	31.73	49.40



Note:

The information pertaining to the years ended 30th June 2005, 30th June 2004, 30th June 2003, 30th June 2002 & 30th June 2001, are made as per return filed by the company. The effect of assessment orders, if any have to be considered when orders are received.

Annexure-13

STATEMENT OF DIVIDEND PAID

Year ended (June 30)	2001	2002	2003	2004	2005
%	Nil	Nil	Nil	Nil	Nil

Annexure-14

CAPITAL STATEMENT

(Rs. in lacs)

Particulars	Pre-issue (as on 31.05.06)	Post issue
Debt:		
Short Term Debt	867.26	867.26
Long Term Debt	508.33	508.33
Total	1375.59	1375.59
Share Holders Funds		
Share Capital	600.00	1801.20
Reserves	451.80	1052.40
Total Shareholders Funds	1051.80	2853.60
Long Term Debt /Equity	0.48	0.18

Notes:

1. The short term Debts are working capital finance and instalments aggregating to Rs. 217.16 lacs of Long Term debts falling due within the next one year from the date of the above statement.
2. In the post issue statement the debts are taken as on 31st May 2006 and in reserve the share premium is added to the reserve as on 31st May 2006.



Annexure -15
DETAILS OF SECURED LOANS

Usher Agro Ltd. has availed Credit Facility from Allahabad Bank, United Bank of India and has taken loans from Industrial Development Bank of India (IDBI). The principal terms and conditions of the same are as follows;

A) ALLAHABAD BANK

Date of Sanction	17/02/2004
Sanction Letter no.	MBB/UAL/291
Sanctioned Amount	Rs.325.00 lacs Fund Based
Purpose	To meet working capital requirements of the company
Securities- Primary	First charge on entire stock of inventories book debts and receivables and other current assets of the company both present and future under paripassu basis with United Bank of India.
Collateral	<ul style="list-style-type: none"> i. Equitable Mortgage of immovable property i.e. a Flat at Mumbai standing in the name of Mr. V. K. Chaturvedi. Pledge of Shares owned by Promoter Director Mr. V. K. Chaturvedi. ii. Second charge on Fixed Assets of the Company for both Buxar (Bihar) and Mathura (UP) plant (first charge resting with IDBI) under paripassu basis with United Bank of India. iii. Personal Guarantee of V. K. Chaturvedi and Manoj Chaturvedi
Period, Repayment	On demand

B) UNITED BANK OF INDIA

Date of Sanction	11/01/2005
Sanction Letter no.	1. MUM/ADV/UAL/ 1366/ 2004-05
Sanctioned Amount	Rs.375.00 lacs Fund Based Rs.125.00 lacs Non Fund Based
Purpose	To meet working capital requirements of the company
Securities- Primary	First charge on entire stock of inventories, Book debt and other current assets of the company both present and future under paripassu basis with Allahabad Bank.
Collateral	<ul style="list-style-type: none"> I. Equitable Mortgage of land situated at Mathura (UP) in the name of Shri Manoj Chaturvedi (promoter director) II. Second charge on Fixed Assets of the Company for both Buxar (Bihar) and Mathura (UP) plant (first charge resting with IDBI) under paripassu basis with Allahabad Bank. III. Personal Guarantee of V. K. Chaturvedi and Manoj Chaturvedi
Period, Repayment	On demand



C) IDBI (Term Loan I)

Date of Sanction	20/04/2001
Sanction Letter no.	IDBI Pat No. 308A/PF4 (84)
Sanctioned Amount	Rs.660.00 lacs
Purpose	To meet the cost of the company's project for Rice Milling at Buxar, Bihar.
Securities- Primary Collateral	A first mortgage in a form satisfactory to IDBI on all moveable and immoveable assets of the Company present and future, subject to prior charges created on specific movables in favour of Company's bankers for securing working capital borrowings. Unconditional and irrevocable guarantees from Shri V. K. Chaturvedi and Shri Manoj Chaturvedi. No guarantee commission will be payable to the guarantors. Undertaking for non-disposal of shareholdings by the promoters.
Period, Repayment	The loan shall be repaid in 20 quarterly instalments on March 01, June 01, September 01 and December 01, in each year commencing from March, 2004

D) IDBI (Term Loan II)

Date of Sanction	28/01/2005
Sanction Letter no.	IDBI.Pat.No. 1186 \ PF.4 (95)
Sanctioned Amount	Rs.590.00 lacs
Purpose	To meet a part of the cost of the company's project for Wheat Roller Flour Mill at Mathura (Uttar Pradesh)
Securities- Primary Collateral	a. Extension of a first mortgage and charge on all moveable and immoveable assets of the Company present and future, subject to prior charges created / to be created on specific movable assets in favour of bankers for securing working capital borrowings. b. Joint and several unconditional and irrevocable personal guarantees of Shri V. K. Chaturvedi and Shri Manoj Chaturvedi . No guarantee commission will be payable in this regard. c. The terms and conditions governing sanction of term loan of Rs. 660 lakhs vide letter of Intent No. Ref. Pat. No. 308A/ PF.4.(84) dated April 20, 2001 shall apply mutates mutandis to this term loan of Rs. 590 lakhs also.
Period, Repayment	The loan shall be repaid, in monthly rests, in 5 years commencing from January 2007.

Annexure-16

STATEMENT OF CONTINGENT LIABILITIES

(Rs. In lacs)

Year ended 30th June	2001	2002	2003	2004	2005	31.05.2006
Particulars	Nil	Nil	Nil	Nil	10.06	10.06

Contingent Liabilities: Deputy Commissioner (Assessment) Trade Tax, Mathura has passed an order dated 7th June 2005 demanding Trade tax of Rs 284150/-, Rs. 520109/-, Rs. 61146/- & Rs. 140892/- totaling to Rs. 1006297/- for the Financial year 1999-2000, 2000-01, 2001-02 & 2002-03 respectively. Trade tax counsellor of the company is of the view that demand raised is not justifiable & tenable therefore as advise company has challenged these orders and has tiled an appeal before joint Commissioner (Appeal) Trade tax Mathura. Company has not made any provision for the said Liability in its books of accounts in the current year. However, the company has paid Rs.978229/- against the aforesaid liability & the same has been shown under Loans & advances



Annexure –17
RELATED PARTY TRANSACTIONS

Name	Relations hip	Nature of Transaction	30.6. 2001	30.6. 2002	30.6. 2003	30.6. 2004	30.06. 2005	31.05. 2006
Vinod Kumar Chaturvedi	Managing Director	Remuneration	0.72	0.72	1.02	1.44	3.00	2.75
		Rent	----	----	----	0.60	0.60	0.55
Samta Chaturvedi	Spouse of MD	Rent	-	-	-	1.00	1.20	1.10
Manoj Pathak	Director	Remuneration	0.72	0.72	1.02	1.44	1.44	1.32
G L Pathak	Director	Remuneration	1.08	-	-	-	-	-

GROUP COMPANIES

Our Company does not have any Group Company.

Change in Accounting Policies in the last three years

For the details of changes in the accounting policies in the last three years, please refer the section titled 'Auditor's Report' beginning from page no. 78 of this Prospectus.



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of financial condition and results of operations together with Company's audited financial statements for last five financial years prepared in accordance with Indian GAAP including the notes thereto and the reports thereon, which appears elsewhere in this Prospectus. These data have been reclassified in certain respects for the purposes of presentation. The financial year for the company ends on 30th June of each year, so all references to a particular financial year are to the 12-month period ended 30th June of that year.

OVERVIEW

Usher Agro Limited is operating in food processing industry, considered to be fastest growing industrial segment having huge potential for future growth. The Company has gained the sufficient experience in the field of rice milling and has firmly established as the leader in the major consumer market mainly in non basmati rice. The company's brand, 'Rasoi Raaja' enjoys excellent brand equity in market and is known for its quality, aroma and flavor. They are planning to come up with Roller Flour Mill at Mathura to manufacture Suji, Maida and Atta. They are also planning to modernize the existing rice plant to increase its production, improving quality and reducing the cost of production, along with this they are setting co-generation power plant to reduce the cost of power at their Mathura plant.

Financial highlights of selected data from audited accounts of our Company:

STATEMENT OF PROFIT & LOSSES (AS RESTATED)

(Rs. In lacs)

	30.06.2001	30.06.2002	30.06.2003	30.06.2004	30.06.2005	31.05.2006
						11 months
A Income						
Sales	633.59	606.24	893.43	2,440.49	3,310.08	3,509.02
Other Income	6.31	13.96	10.23	6.24	6.04	6.54
Total	639.90	620.20	903.66	2,446.73	3,316.12	3,515.56
B Expenditure						
Raw Material Consumed	500.31	545.54	802.29	2,054.92	2,843.86	3,008.22
Manufacturing Exp	32.50	11.95	14.25	57.97	40.78	45.49
Staff Costs	33.00	11.36	15.03	32.72	38.82	40.83
Administration & Selling Expenses	29.71	13.43	18.80	64.79	64.29	70.34
Interest	23.83	15.73	8.45	73.96	117.28	125.64
Depreciation	4.47	4.79	4.85	39.65	50.26	47.06
Preliminary Expenses W/off	0.04	0.04	0.04	0.67	0.67	0.62
	623.86	602.84	863.71	2,324.68	3,155.96	3,338.20
Net profit Before tax and Extra Ordinary Items	16.04	17.36	39.95	122.05	160.16	177.36
C						
Taxation	0.06	0.22	0.66	6.80	10.80	21.00
Deferred tax provision	-	-	2.43	31.73	51.23	9.99
Income tax paid for prior period assesment	-	-	-	0.96	-	-
FBT	-	-	-	-	-	1.05
Net profit Before Extra Ordinary Items	15.98	17.14	36.86	82.56	98.13	145.32
D						
Extra Ordinary Items (net of tax)	-	-	-	-	-	-
Net Profit After Extra Ordinary Items	15.98	17.14	36.86	82.56	98.13	145.32
E						



Comparison of Financial Year 2002 with 2003

Sales Income

During the year ended 30th June 2003 Company achieved Sales Turnover of Rs.893.43 lacs as compared to Rs. 606.24 lacs achieved during the year ended on 30th June 2002. There has been increase in Sales Turnover by Rs. 287.19 lacs, which is 47.37% higher compared to previous year. The increase in sales turnover has been partly due to better capacity utilization and partly because of the Product Mix. Besides, there has been increase in Levy Procurement Price by government, during the year 2003.

Other Income

Other Income has reduced from Rs.13.97 lacs during the year ending 30th June 2002 to Rs. 10.22 lacs in the year ending 30th June 2003, showing a decrease of 26.78%. Reduction in other Income has been mainly due to the lesser realization in Service Charges income for related business activities, which was Rs. 6.05 lacs for the year ended on 30th June 2003 as compared to Rs. 11.75 lacs for the year ended 30th June 2002.

Raw – material cost: -

There is increase of approx. 47% in consumption of raw material in the year 2003 as compared with the year 2002. The increase was in line with the increase in operations. This is also pertinent to mention that there had been very bad monsoon during the year 2002-03 which has adversely affected the production of paddy. During the year company had mainly concentrated in rice polishing and grading and had even procured Raw rice from Food Corporation of India. The increase in raw material cost was however commensurate with the increase in operations as reflected in higher sales volume achieved during the year.

Manufacture cost Administrative and selling expenses: -

The increase in Manufacturing & other expenses during the year 2003 to Rs. 47 lacs from Rs. 36.56 lacs in the year 2002 is mainly due to the increase in operations and partly due to the higher trade tax pay out. There is no Trade Tax on rice in Delhi, Maharashtra and Gujrat. During the year 2002 most of the sales were made in these regions while during the year 2003 Trade Tax pay out was higher partly due to the increase in sales by 47% as compared to previous year and partly due to the sales made in regions where rice is a taxable commodities. There has been overall increase of 30.7% in the manufacturing expenses in the year 2003 as compared to 2002 while operations have gone up by 47 % during the period.

Interest and Financial charges: -

There is decrease in financial expenses from Rs. 15.73 lacs for the year 2002 to Rs.8.44 lacs for the year 2003. The reduction in financial cost during the year 2003 has been mainly because company has not availed Cash Credit limit from Central Bank of India while in the year 2002 it has utilized Rs. 54.99 lacs from the bank.

Depreciation: -

The depreciation for the year 2003 is 4.85 lacs as compared to 4.79 lacs for the year 2002.

Earning before Interest, Depreciation, Tax (EBIDTA)

Profit before interest, depreciation, tax is Rs. 53.66 lacs as against Rs. 38.10 lacs, which amounts to an increase of 40% as compared to EBIDTA for the year 2002.

Profit (Loss) after tax:-

As there is increase of 46 % in total income in the year 2002-03 the profit after tax of the company has also increased by 115% to Rs.36.86 lacs in the Year 2003 as compared to Rs. 17.14 lacs in the year 2002. The profit of the company has increased mainly due to the increase in volume of sales and also because of the saving to the extent of nearly 8 lacs in the financial cost.



Comparison of Financial Year 2003 with 2004

TOTAL INCOME- 2003-04

a) Sales Turnover

The commissioning of the Rice Milling Project at Buxar during the month of November 2003 has given a jumping boost to the over all working of the Company as compared to the operations of previous year. The completion of Buxar Project has enabled the Company to produce and supply various varieties of Rice. During the year ended 30th June 2004 Company could produce Raw Rice, Par boiled Rice as well as Steam Rice. Sales Turnover of the Company substantially increased to Rs. 2440.49 lacs during the year ended 30th June 2004 as compared to Rs. 893.43 lacs achieved during the previous year 30th June 2003. The increase in sales turnover by 173.16% was mainly due to the start of commercial production of Buxar project and also due to better & efficient use of existing resources of the Company.

b) Other Income

Other Income during the year 2004 has been Rs. 6.24 lacs as compared to Rs.10.23 lacs earned during the year 2003. Decrease in the other income is mainly because, there was no discount received from Food Corporation of India (FCI) during the year 2004 and also because of lesser Service Charges income for related business activities. Discount from FCI are non-recurring in nature

Raw – material cost: -

There is increase of approx. 156 % in consumption of raw material in the year 2004 as compared with the year 2003. The increase in cost of raw material is mainly because of the substantial increase in operations as a result of commissioning of Rice Milling project at Buxar.

Manufacture cost Administrative and selling expenses: -

There is increase of Manufacturing & other expenses, which are Rs. 152.26 lacs in the year 2004 whereas in the year 2003 it was Rs. 47.80 lacs hence there is an increase of 218 % in the manufacturing expenses in the year 2004. The increase in expenditure is mainly because of the increase in operations as a result of commissioning of Buxar plant during the year.

Interest and Financial charges: -

The interest and financial charges has substantially increased from Rs. 8.44 lacs for the year 2003 to Rs.73.96 lacs for the year 2004. Since Buxar plant started commercial production during November 2003 the interest on Term Loan of Rs. 660 lacs availed from IDBI Ltd, to part finance the Buxar project, was charged to Profit and Loss Account besides the interest on Working Capital Facilities of Rs. 263.42 lacs as availed from Allahabad Bank.

Depreciation: -

The depreciation for the year 2004 is Rs.39.65 lacs as compared to Rs.4.85 lacs for the year 2004 which is due to substantial purchase of plant and machinery in the year 2003-04 for its Buxar unit which started its commercial production from November 2003

Earning before Interest, Depreciation, Tax (EBIDTA) : -

Profit before interest, depreciation, tax for the year 2004 is Rs. 239.56 lacs as against Rs. 53.66 lacs for the year 2003, which amounts to an increase of 346.4 % as compared to EBIDTA for the year 2003.

Profit (Loss) after tax:-

As there is increase of 171% in total income in the year 2003-04 the profit after tax of the company has increased by 108% to Rs. 82.56 Lacs in the Year 2004 as compared to Rs. 36.86 lacs in the year 2003. This was possible because of efficient use of company resources and better use of infrastructure developed by us. We were also able to reap the benefits in terms of cost savings due to economies of scale and abundant availability of raw materials at cheaper rates prevailing at Buxar.



Comparison of Financial Year 2004 with 2005

TOTAL INCOME- 2004-05

a) Sales Turnover

Our Company has achieved Sales turnover of Rs. 3310.08 lacs during the year 2005 as against Rs. 2440.49 lacs achieved during the previous year ended 30th June 2004. The increase of 35.63% i.e. Rs. 869.59 lacs, in sales turnover in comparison to previous year was mainly because; the year 2004-05 was the first full year of operations of Buxar Plant, which was commissioned during the previous year 2003-04. Besides, Procurement Price under Levy Scheme has been increased as compared to previous year.

b) Other Income

There has not been much difference in realization of other income, which was Rs. 6.04 Lacs for the year ended June 2005 as compared to Rs.6.24 lacs earned during the previous year ending June 2004. The decrease of 3.21% i.e. Rs. 0.20 lacs is marginal and due to lesser Service Charge income for related business activities during the year.

Raw – material cost: -

There is increase of appx. 38.40 % in consumption of raw material in the year 2005 as compared with the year 2004 which is proportionate to increase in turnover for the Year 2005

Manufacture cost Administrative and selling expenses: -

There is decrease of Manufacturing & other expenses, which are Rs. 137.65 lacs in the year 2005 whereas in the year 2004 it was Rs. 152.25 lacs although there is proportionate increase in manufacturing expenses in term of increase in turnover but there is decrease in Mandi and Trade Tax of Rs. 9.86 lac in the Year 2005 mainly because of sales of rice in the regions where Rice is a non taxable commodity.

Interest and Financial charges: -

There is increase in financial expenses as bank interest expenses has increased from Rs. 73.96 lacs for the year 2004 to Rs. 117.28 lacs for the year 2005. Increase in financial cost is because of the utilisation of enhanced Working Capital Limits from its bankers.

Depreciation: -

The depreciation for the year 2005 is Rs.50.26 lacs as compared to Rs.39.65 lacs for the year 2004. The increase in depreciation is due to the full year depreciation on Buxar plant in 2005 while during the year 2004 it was for the part of the year as Buxar Plant got commissioned in November 2003.

Earning before Interest, Depreciation, Tax (EBIDTA)

Profit before interest, depreciation, tax for the year 2005 is Rs. 334.61 lacs as against Rs. 239.56 lacs for the year 2004, which amounts to an increase of 40 % as compared to EBIDTA for the year 2005.

Profit (Loss) after tax: -

As there is increase of 35.53 % in total income in the year 2004-05 the profit after tax of the company has increased by 18.86% to Rs. 98.13 Lacs in the Year 2004 as compared to Rs. 82.56 lacs in the year 2004 .

Significant developments subsequent to last financial year

There is no material development after the date of last financial statements disclosed in the offer document which is likely to materially and adversely affect or is likely to affect the trading or profitability of the company or the value of its assets, or its ability to pay its liabilities within the next twelve months.



FACTORS THAT MAY AFFECT RESULTS OF OPERATION

Unusual or infrequent events or transactions

The management does not foresee any significant economic changes concerning the Food Processing Industry in the immediate future, which might have an impact on the profitability or operations of the Company, other than the changes in government policies, changes in demand / supply of rice/wheat crop and such other changes which are in usual course of business.

Significant Economic changes that materially affected or are likely to affect income from continuing operations:

Any change in tax, duty on the final products may affect the profitability of the Company. Except above, there are no significant economic changes that materially affect income from continuing operations.

Known trends or uncertainties

Apart from the risks as disclosed under the heading "Risk Factor" in this Prospectus, there are no other known trends or uncertainties that have or are expected to have a material adverse impact on sales, revenue, or income from continuing operations.

Future changes in relationship between costs and revenues

In food processing industry, costs of operation depend upon rice/wheat crop prices, which is fixed by the Government. The revenue depends on Government policies relating to free sale quotas, international markets, and availability of crop. The Company's future sale prices will be determined by the demand-supply situation, government policies and paddy/wheat crop availability and prices.

The extent to which business is seasonal

Rice/wheat (Suji,maida) production is dependent on the availability and quality of paddy/wheat crop Any drastic changes in climatic conditions may impact crop and hence Rice/wheat (Suji,maida) production.

Any significant dependence on a single or few suppliers or customers

The company sources its raw material from a number of suppliers and is not under threat from excessive dependence on any single supplier. The threat from excessive dependence on a single supplier is not significant and the customer base is well diversified.

New Products or Business Segment

There are no new products or business segments, which are planned by our Company in nearly future other than mentioned in the Object to this Issue.

Significant Developments after May 31, 2006 that may affect the Future of our Operations

To our knowledge no circumstances have arisen since the date of the last audited financial statements as disclosed in this Prospectus which materially and adversely affect or are likely to affect profitability of the Company, or the value of the consolidated assets or their ability to pay their material liabilities within the next 12 months. There are no subsequent developments after the date of the Audited result dated May 31, 2006 (For 11 months) which we believe are expected to have material impact on reserves, profits, earnings per share or book value of the Company.



SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENT AND OTHER DISCLOSURES

Save as stated herein under, based on the records available, there are no outstanding/pending litigation, suits, criminal/civil prosecutions, proceedings initiated for offences (including past cases, economic offences etc. irrespective of whether specified in paragraph (1) of part 1 of Schedule XIII of the companies Act against the company and its director and there are no defaults/non payment/overdue of statutory dues, institutional/bank dues.

LITIGATION

Against The Company

There are no outstanding litigations, suits or civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or alleging criminal or economic offences or tax liabilities against our Company that would have a material adverse effect on our business and there are no defaults, non payments or overdue of statutory dues, institutional/bank dues have a material adverse effect on our business.

By the Company

Responded	Authority where pending	Particular	Financial implication if any on the Company
Deputy Commissioner (Assessment) Trade Tax Mathura	Joint Commissioner (Appeal), Trade Tax Mathura	Against demand of Trade Tax Order passed by Deputy Commissioner (Assessment) for A.Y. 1999-2000, 2000-2001, 2001-2002 and 2002-2003.	Rs. 10.06 Lacs

Against the Promoters and Promoter Group

There are no outstanding litigations, suits or civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or alleging criminal or economic offences or tax liabilities against our Promoters and promoter Group that would have a material adverse effect on our business and there are no defaults, non payments or overdue of statutory dues, institutional/bank dues have a material adverse effect on our business.

Against the Directors:

There are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against the Directors of our Company: -

MATERIAL DEVELOPMENTS

Apart from the changes mentioned elsewhere in this Prospectus, including the share capital as mentioned in the section titled 'Capital Structure' beginning from page no. 12 of this Prospectus, which have occurred since the date of the last financial statements disclosed (i.e. June 30, 2005) in this Prospectus, the Board of Directors of our Company are not aware of any circumstances that materially or adversely affect or are likely to affect the profitability of our Company or the value of our assets or our ability to pay our liabilities within the next twelve months.



GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

In view of the approvals listed below, we can undertake this issue and our current business activities and no further approvals are required from any Government authority for us to continue our activities.

1. Certificate of Incorporation bearing No. 11-100380 dated 20th June 1996 issued by the Registrar of Companies, Maharashtra at Mumbai as a public limited company in the name of “Usher Agro Limited”.
2. Certificate for Commencement of Business as on 4th July 1996 issued by the Registrar of Companies, Maharashtra at Mumbai
3. Our Company’s Permanent Account Number (PAN) issued by Income Tax Department, Government of India bearing number AAACU1095N
4. License bearing no. 00342/BR/BPR dated 15-02-2005 issued by Government of Bihar Factory inspection department as per Rules 4 to 10 of Bihar Factories Rule, 1950 and section 6(1) (d) of the Factory Act 1948 For using its premises as factory at Chobeji Ki Chavani , Sikroul Dist. , Bauxar (Bihar)
5. License bearing no. MTA534 dated 6-12-2005 issued by Government as per section 6 of the Factory Act 1948 for using its premises as factory at 239, Mohali Distt. Mathura
6. Certificate of Importer Exporter Code (IEC) obtained from Government of India, Ministry of Commerce bearing IEC Number : 0397083106 dated January 29, 1998,
7. Certificate of Registration of Trade Mark in respect of class 30 under Trade Marks Act, 1999 dated 24.12.04 issued by the Registrar of Trade Marks, Trade Marks Registry, Govt. of India.
8. Certificate of Registration with Agricultural and Processed Food Products Export Development Authority No: APEDA/REGN/IMP/050624/1998 dated 04.06.98 issued by Ministry of Commerce, Govt of India
9. State Sales Tax Registration No. 400093/S/3085 effective from 03.08.98 and Central Sales Tax Registration No. 400093/C/2774 (central) effective from 03.08.98 issued by Government of Maharashtra, Sales Tax Department, Mumbai.
10. State Sales Tax Registration No BX-(03800) effective from 16.01.2002 and Central Sales Tax Registration No. BX-1000 effective from 17.01.02 issued by the Govt. of, Department of Sales Tax, Buxar.
11. State Sales Tax Registration No. MT-5092648 effective from 17.08.96 and Central Sales Tax Registration No. MT-0145836 effective from 17.08.96 issued by the Govt. of Uttar Pradesh, Department of Sales Tax, Mathura..
12. Acknowledgement receipt reference no 41/SIA/IMO/2001 dated 05/01/2001 issued by the Entrepreneurial Assistance Unit, Secretariat for Industrial Assistance, Ministry of Commerce & Industry, Government of India for Industrial Entrepreneurs Memorandum submitted for Manufacture of Rice, Husk, Rice Bran.
13. Acknowledgement receipt reference no 3594/SIA/IMO/2004 dated 29/09/2004 issued by the Public Relation & Complaints Section, Secretariat for Industrial Assistance, Ministry of Commerce & Industry, Government of India for Industrial Entrepreneurs Memorandum submitted for Manufacture of Grain Milling and processing, Maida, Suji, Chouker.
14. Acknowledgement receipt reference no 3328/SIA/IMO/2004 dated 08/09/2004 issued by the Public Relation & Complaints Section, Secretariat for Industrial Assistance, Ministry of Commerce & Industry, Government of India for Industrial Entrepreneurs Memorandum submitted for Manufacture of Cattle feed.
15. Consent to operate under U.P. Pollution Control Board, Lakhnow bearing no.1250/NOC-219/2001 issued by regional Officer, dated 13/12/2001 for the Rice Mill plant at Mathura U.P.



16. Permission Bearing No. 16 dated 10-4-2000 from Electricity Board Mathura for use of Electricity of 158 KVA at its unit in Mathura
17. Certificate from Regional Office Bihar, Employees Provident Fund Organization vide No. 8598/11051 dated 22/08/2005

Approvals for which Application has been made but not yet received:-

S.No	Approval/Consent	Authority	Status
1.	Application to District Industrial Center, Mathura for approval of additional electricity load for 500KVA	Electricity Department Mathura	Application to District Industrial Center has been made dated 22-03-2005 in its turn District industrial Center Mathura has forwarded the application to Electricity Board Mathura vide letter dated 30-03-05
2.	Permission required for use and discharge of effluent/sewage from its Rice mill plant at Buxar.	Bihar Pollution Control Board	Application is made to the authority dated 2/9/2005
3.	Permission required for use and discharge of effluent/sewage from its Wheat Roller Flour Mill at Mathura, U.P	U.P. Pollution Control Board	Application is made to authority dated 24-03-2005.
4.	Permission from U.P. Pollution Control Board for setting up Co-generation power plant	U.P. Pollution Control Board	Will be applied in due course
5.	Permission from U.P. Electricity Board for setting up Co-generation power plant	U.P. Electricity Board	Will be applied in due course

Approvals for which Application has not been made:-

S.N.	Approval/Consent	Authority	Status
1	Permission to generate and commence use of electricity from DG sets installed at Buxar Unit	Electrical Inspectorate Bihar	Not Applied
2.	Permission to generate and commence use of electricity from DG sets installed at Buxar Unit	Electrical Inspectorate Bihar	Will be applied in due course



OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the issue

The present issue of Equity Shares is being made pursuant to a special resolution passed by the shareholders in accordance with the provisions of Section 81(1A) of the Companies Act, 1956, at the Annual General Meeting of the Shareholder of the company held on 17th November 2005

Prohibition By SEBI

Our Company, our Directors, our Promoters, promoter group and companies wherein the directors of our company are associated as directors or promoters have not been prohibited from accessing the capital markets under any direction or order passed by SEBI.

Eligibility of the Company to enter The Capital Market

In terms of the Clause 2.2.1 of the SEBI (DIP) Guidelines, 2000 an unlisted company may make an initial public offering (IPO) of equity shares or any other securities which may be converted into or exchanges with equity shares at a later date, only if it meets all the following conditions:

- The company has net tangible assets of at least Rs. 300 lacs in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets:
Provided that if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/project;
- 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; Provided further that extraordinary items shall not be considered for calculating distributable profits in terms of Section 205 of Companies Act, 1956;
- The company has a net worth of at least Rs. 100 lacs in each of the preceding 3 full years (of 12 month each);
- In case the company has changed its name within the last one year, at least 50% of the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name;
and
- The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document + firm allotment + promoters' contribution through the offer document), does not exceed five (5) times its pre-issue networth as per the audited balance sheet of the last financial year.) issue.

In terms of Certificate issued by M/s Dinesh Bangar & Co. Chartered Account the company satisfies the above criteria to bring out the issue as follows :

(Rs. In Lacs)

Particulars	Year Ended 30 th June				
	2001	2002	2003	2004	2005
Net Tangible Asset *	292.09	1142.31	1345.49	1711.83	2570.50
Monetary Asset **	7.43	56.13	27.73	22.57	77.89
Distributable Profit after Tax	15.98	17.14	36.86	82.56	98.13
Net Worth	124.83	445.53	725.66	800.07	887.20

* Net tangible Assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves, if any), trade investments, current assets (excluding deferred tax assets) less Current liabilities (excluding deferred tax liabilities and secured as well as unsecured long term liabilities).

** Monetary Assets is taken as Cash & Bank Balance and Quoted Investments, if any.



MINIMUM NUMBER OF ALLOTTEES

Further in terms of Clause 2.2.2A of the SEBI DIP Guidelines, the prospective allottees shall be not less than 1000 in numbers; else the Company shall not make an allotment pursuant to this Issue.

DISCLAIMER CLAUSES

DISCLAIMER IN RESPECT OF JURISDICTION

AS REQUIRED, A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO SEBI.

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. LEAD MERCHANT BANKER, IDBI CAPITAL MARKET SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH 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 OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER IDBI CAPITAL MARKET SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 27, 2006 IN ACCORDANCE WITH 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 FINALISATION 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 PROPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;**
- B ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C THE DISCLOSURES MADE IN THE PROPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**



- III) WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.
- IV) WE CONFIRM THAT WE HAVE SATISFIED OURSELVES ABOUT THE FINANCIAL CAPACITY AND NETWORTH OF THE LEAD MANAGER, WHO IS PROVIDING THE SAFETY NET FACILITY TO ORIGINAL RESIDENT INDIVIDUAL ALLOTTEES TO FULFILL ITS OBLIGATION UNDER THE SAFETY NET SCHEME.
- V) ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MAHARASHTRA, IN TERMS OF SECTION 56, SECTION 60 OF THE COMPANIES ACT.
- VI) WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE PROSPECTUS WITH THE BOARD TILL DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.

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

COMPANY DISCLAIMER

Our Company, our Directors and the LM accept no responsibility for statements made otherwise than in this Prospectus or in the advertisement or in any other material issued by or at our instance and any one placing reliance on any other source of information would be doing so at his/her/their own risks.

The LM does not accept any responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the LM and us.

All information will be made available by us and the LM to the public and the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, or elsewhere.

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, Hindu Undivided Families, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks (Subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian laws. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation to such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this issue will be subject to the jurisdiction of appropriate court(s) in Mumbai 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 Prospectus has been filed with SEBI for its observations and SEBI has given its observations and the final Prospectus has been filed with ROC as per the provisions of Act. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any



circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED (BSE)

As required a copy of this Prospectus has been submitted to Bombay Stock Exchange (BSE). The BSE has given the permission to the Company vide its letter dated 24th April, 2006 to use their name in this Prospectus as one of the stock exchanges on which Equity Shares of the Company being issued in terms of this Prospectus are proposed to be listed. The BSE has scrutinized this Prospectus for their 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 the BSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by BSE nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the BSE 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 this Company.

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to an independent inquiry or any investigation and analysis and shall not have any claim against the BSE 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.

Filing

A copy of this Prospectus having attached thereto the documents required has been filed with SEBI at Mumbai. A copy of the Prospectus has also been filed with Bombay Stock Exchange Limited. A copy of this Prospectus, having attached thereto, the documents required to be filed under Section 60 of the Companies Act, 1956, (hereinafter referred to as the "ACT") will be delivered for registration with the Registrar of Companies, Maharashtra at Mumbai.

Listing

The Equity Shares issued through this Prospectus are proposed to be listed on Bombay Stock Exchange Ltd. (BSE). In-principle approval for listing of the equity shares of the Company from BSE has been received vide their letter dated 24th April, 2006.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalization and adoption of the Basis of Allotment for this Issue.

Impersonation

As a matter of abundant caution, the attention of the investor is drawn to the provision of Section 68 (A) of the Companies Act, 1956, reproduced below:

“Any person who

(a) Makes in a fictitious name an application to the Bank for acquiring or subscribing for any shares therein; or

(b) Otherwise induces the Bank 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”, as applicable under the provisions of law.



Consents

“Consents in writing from the promoter Mr. Manoj Chaturvedi and Mr. Vinod Kumar Chaturvedi has been obtained for inclusion of their subscription in promoter’s contribution subject to lock in for the period of three years and will be filed with RoC at the time of filing the prospectus in RoC, Mumbai”.

Consents in writing of the Directors, Lead Merchant Banker to the Issue, Auditors, Bankers to the Company, Bankers to the Issue, Registrar to the Issue, Legal Advisors to act in their respective capacities have been obtained and would be filed with the Registrar of Companies along with a copy of this Prospectus, as required under Section 60 of the Companies Act 1956, and none of them have withdrawn the said consents up to the time of filing of this Prospectus for registration with the said Registrar of Companies.

M/s Dinesh C. Bangar & Co., Chartered Accountants, the Auditor of the Company, has also given their consent for the inclusion of their Report as appearing herein in the form and context in which it appears in this Prospectus and also of the tax benefits accruing to the Company and to the members of the Company and such consent and reports have not been withdrawn up to the time of delivery of this prospectus for registration with the Registrar of Companies.

Expert Opinion Obtained

Save and except as mentioned elsewhere in the prospectus, the company has not obtained any expert opinion

Expenses Of The Issue

Public Issue expenses have been estimated as Rs.120 lacs. Details of which are as follows:-

Sr. No.	Particulars	Amount (Rs. in Lacs)	% of Total Issue Expenses	% of Total Issue Size
1	Lead Management fee, Safety Net and Selling Commission	81	67.50	4.49
2	Advertisement & Marketing Expenses	10	8.33	0.56
3	Printing & Stationery, Distribution, Postage, etc.	15	12.50	0.83
4	Registrar to the Issue	5	4.17	0.28
5	Legal Advisors to the Issue	4	3.33	0.22
6	Bankers to the Issue	4	3.33	0.22
7	Other Expenses	1	0.84	0.06
	Total	120	120	6.66

Details of fees payable

Fee payable to Lead Manager

The total fee payable to the Lead Manager, including the fee to be paid for providing safety net will be as per the MOU executed between the company and the lead manager copies of which are available at the registered office of our Company

Fee payable to the Registrar

The fee payable to the Registrar to the issue will be as per the Memorandum of Understanding executed between us and the Registrar to the Issue dated February 7, 2006 copies of which are available at the registered office of our Company

Fee payable to Brokers

Brokerage for the Issue will be paid not more than @1.5% of the issue price of the Equity Shares by our Company on the bases of allotment 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 allotments made against application 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 Broker's/Agent's codes on application form, our decision to pay brokerage in this respect will be final and no further correspondence will be entered in this matter.

Previous Public Issue or Rights Issue during the last 5 years

Our Company had not come out with any public issue or rights issue since incorporation.

Offers otherwise than cash

Our company has not issued any Equity Shares for consideration other than cash since incorporation.

Commission or brokerage on previous issues

This is our Initial Public Offer, no sum has been paid or has been payable as commission and brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity shares since its incorporation

Companies under same management which has made any capital issue during last three Years

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

Promise Vis-à-vis performance:

Our Company has not made any public issue in past. Promise vis-à-vis performance is not applicable to us.

Listed Venture of Promoters

Our promoters have not any Listed Venture

Outstanding Debenture or Bond Issues

As on the date of filing of this Prospectus with SEBI, our company does not have any outstanding Debenture or Bonds

Stock Market Data

This being the first public issue of our Company the Equity Shares of our company are not listed on any stock exchange hence no stock market data is available.

Disclosure on Investor Grievances and Redressal System.

The Agreement between the Registrar to this Issue and us will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and making refunds as per the modes disclosed to enable the investors to approach the Registrar to this Issue for redressal of their grievances. All grievances relating to this Issue may be addressed to the Registrar to this Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mrs. Rutika Pawar as Compliance Officer, who would directly deal with SEBI officer with respect to implementation of various laws; rules, regulations and other directives issued by SEBI and matters related to investors 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 the registered office of our Company.

Changes in Auditors during last three years and reasons thereof

There is no change in Auditors during last three years.

Capitalization of Reserves or Profits

There has been no capitalization of Reserves or Profits of our Company since its incorporation.

Revaluation of Assets during last five years.

There has not been Revaluation of Assets since Incorporation.



SECTION VII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

Authority for the Issue

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of Equity Shares has been authorized vide Special Resolution passed at the Annual General Meeting of the Company held on November 17, 2005 and a resolution passed by the Board of Directors at its meeting held on November 16, 2005.

Principal Terms and Conditions of the Issue

The Equity Shares now being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, if any, the terms of this Prospectus and Application Form and other terms and conditions as may be incorporated in the letters of allocation and other documents/ certificates that may be executed in respect of the equity shares. Further to the above, the Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI/Government of India/Stock Exchanges and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares to be issued shall, subject to the Memorandum and Articles of Association of our Company, rank pari passu with the existing Equity Shares of our Company in all respects including rights in respect of dividend. The allottees will be entitled to 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 dividend will be recommended by the Board of Directors and the shareholders at their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10/- each are being offered in terms of this Prospectus at a price of Rs 15/- per Equity Share, at a premium of Rs. 5/- each. At any given point of time there shall be only one denomination of Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, the Equity Shareholders shall have the following rights: -

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association of our Company.

For a detailed description of the main provisions of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer to the section titled "Main Provisions of the Articles of Association" on page no. 122 in this 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. As per the existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum allotment of 400 Equity Shares. For details of allocation and allotment, see the section titled "Basis of Allotment" on page 116 of this Prospectus.

Nomination facility to investors

In accordance with Section 109A of the Act, the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of death of sole Applicant or in case of joint Applicants, death of all the Applicants, 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 death of the original holder(s), shall in accordance with Section 109A of the 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 the Registered Office of our Company or at the Registrar and Share Transfer Agent of our Company.

In accordance with Section 109B of the Act, any person who becomes nominee by virtue of 109A of the Act shall upon production of such evidence as may be required by the Court, elect either:

- a) to register himself or herself as holder of 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 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirement of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

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

Arrangements for Disposal of Odd Lots

Since the Equity Shares of our Company will be traded under the demat mode, trading lot is of one share. Further, no odd lot of Equity Shares will arise out of this Issue, as the tradable lot is One (1) Equity Share. Therefore, no arrangements are required for disposal of odd lot.

Restrictions, If Any, On Transfer And Transmission Of Shares On Their Consolidation / Splitting

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer sub-heading "Main Provisions of the Articles of Association" of our company appearing on page no. 122 of this Prospectus



ISSUE STRUCTURE

Public Issue of 120,12,000 Equity Shares of face value Rs. 10/- each at a price of Rs. 15/- for cash (at a premium of Rs. 5 per Equity Share) aggregating Rs. 18,01,80,000 (hereinafter referred to as the “Issue”), comprising of promoters contribution of 32,00,000 equity shares at the price of Rs.15/- for cash aggregating to Rs.4,80,00,000/- (hereinafter referred to as the “promoters’ contribution”). The net offer to the public is of 88,12,000 equity shares of face value Rs.10/- each at a price of Rs.15/- for cash aggregating to Rs. 13,21,80,000/- (hereinafter referred to as the “net issue”).

Particulars	Promoter’s Contribution	Retail Investor	Non Retail investor
Number of Equity shares (available for allocation)*	32,00,000 Equity Shares	At least 44,06,000 Equity Shares	Up to 44,06,000 Equity Shares
Percentage of Issue available for allocation	----	Minimum 50 % of the net offer to the public	Maximum 50% of net offer to the public to QIBs and Non Institutional Bidders *
Basis of allocation if respective category is oversubscribed	----	Proportionate	Proportionate
Minimum Application Size.	Rs. 25,000/- per application	400 Equity shares	400 Equity shares
Maximum Application Size.	Such number of Equity Shares not exceeding the Issue Size, subject to applicable limits	Such number of Equity Shares in multiples of 400 Equity Shares whereby the application amount does not exceed Net offer to public	Such number of Equity Shares in multiples of 400 Equity Shares whereby the application amount does not exceed Net offer to public
Mode of allotment	Compulsorily in Dematerialized form	Compulsorily in Dematerialized form	Compulsorily in Dematerialized form
Trading Lot/Market Lot	One Equity Share	One Equity Share	One Equity Share
Who can apply**		Individuals including NRIs and HUFs (in the name of the Karta) applying for such number of Equity Shares such that the application amount does not exceed Rs. 1,00,000/-	Public financial institutions, as specified in section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, venture capital funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI and State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million. Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, NRIs, societies whose application amount does exceed Rs. 1,00,000/-
Application Money and Terms of Payment		Full amount for shares applied to be paid on application at the collection centers	Full amount for shares applied to be paid on application at the collection center

* under-subscription, if any, in any of the categories shall be met through over subscription in any other category at the sole discretion of our Company in consultation with the LM.

**In case the Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Application Form.



ISSUE PROCEDURE

Availability of Prospectus and Application Forms

Application forms together with Memorandum containing salient features of the Prospectus may be obtained from the Registered Office of our Company, Lead Managers to the Issue, Registrar to the Issue and Bankers to the issue named herein or from their branches as stated on the reverse of the application form. Any individual desiring to have a full copy of the Prospectus may write to the Lead Manager or to the Registered Office of our Company.

NRI/FII/Indian Mutual Funds can obtain the Application form from registered office of our company.

Application may be made by:

- Indian nationals resident of India who are adult individuals in single name or joint names (not more than three)
- Hindu Undivided Families (HUF) through the Karta of the HUF and will be treated at par with individual applications
- Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the Shares
- Indian Mutual Funds registered with SEBI
- Indian Financial Institutions, Commercial Banks and Regional Rural Banks, Co-operative Banks (subject to RBI Regulations and SEBI Regulations, as applicable)
- Venture Capital Funds / Foreign Venture Capital investors registered with SEBI
- State Industrial Development Corporation.
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs.2500 Lacs and who are authorised under their constitution to hold and invest in equity shares.
- Pension Funds with minimum corpus of Rs.2500 Lacs and who are authorised under their constitution to hold and invest in equity shares.
- Trusts who are registered under the Societies Registration Act, 1860, as amended, or any other trust law and are authorised under its constitution to hold and invest in shares.
- Permanent and regular employees of our Company.
- Non-Resident Indians (NRIs) on a repatriation basis or on a non- repatriation basis. (Subject to applicable local laws)
- Foreign Institutional Investors (FIIs) on a repatriation basis or on a non- repatriation basis. (Subject to applicable local laws).
- Scientific and/or industrial research organizations authorized under their constitution to invest in Equity Shares.
- Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Offer;



Minimum and Maximum Application Size

Applications should be for minimum of 400 Equity Shares and in multiples of 400 Equity Shares hereafter. An applicant in the net public category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public.

Option to Subscribe in the Issue

- As on the date of this Prospectus, there are no pending options to subscribe to Equity Shares or convertible instruments pending conversion into Equity Shares of any kind. The investor shall have the option to subscribe to Equity Shares to be dealt with in a depository.
- The Investor can seek allotment only in dematerialised mode. However the investor shall have the option to hold the Equity shares in physical form or demat form. After the allotment in the proposed issue allottees may request their respective Depository participant for dematerialization of shares if they wish to hold the shares in physical shares.

Applications under Power of Attorney

In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, Trustees of Trusts, Provident Funds, Superannuation Funds, Gratuity Funds; a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted.

We in our absolute discretion reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Application Form subject to such terms and conditions as it may deem fit.

Instructions for Applications by NRIs / FIIs (on Repatriable Basis)

1. As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs / FIIs with repatriation benefits.
2. However, the allotment / transfer of the Equity Shares to NRIs / FIIs shall be subject to 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.
3. In case of application by NRIs on repatriation basis, the payments must be made through Indian rupee drafts purchased abroad or cheques or demand 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 Non-Resident Ordinary (NRO) Account of Non-Resident Subscribers applying on a repatriation basis. Payment by demand drafts should be accompanied by bank certificate confirming that the demand drafts has been issued by debiting to NRE or FCNR account.
4. In case of application by FIIs on repatriation basis, the payment should be made out of funds held in Special Non- Resident Rupee Account along with documentary evidence in support of the remittance like certificates such as FIRC, bank certificate etc. from the authorised dealer. Payment by demand drafts should be accompanied by bank certificate confirming that the demand drafts has been issued by debiting to Special Non-Resident Rupee Account.
5. Duly filled Application Forms by NRIs / FIIs will be accepted at designated branches of the Bankers to the Issue.



6. Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges / commission. In case of applicants who remit their application money from funds held in NRE / FCNR accounts, such payments shall be credited to their respective NRE / FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as maybe permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE / FCNR accounts, details of which are to be furnished in the space provided for this purpose in the Application Form. We will not be responsible for loss, if any, incurred by the applicant on account of conversion of Foreign Currency into Indian Rupees and vice versa.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category

Terms of Payment

The entire Issue price of Rs. 15/- per share is payable on application only. In case of allotment of lesser number of Equity Shares than the number applied, our Company shall refund the excess amount paid on application to the applicants.

Pre-Issue Advertisement

We will issue a statutory advertisement after filing of the Prospectus with the RoC. This advertisement will contain the information that has to be set out in the statutory advertisement. Material updates, if any, between the date of filing the Prospectus with the RoC and the date of release of this statutory advertisement will be included in the statutory advertisement.

General Instructions for Applicants

1. Applications must be made only on the prescribed Application Form and should be completed in BLOCK LETTERS in ENGLISH as per the instructions contained herein and in the Application Form, and are liable to be rejected if not so made. The prescribed application forms will have the following colours:

- Net Offer to Public including NRIs / FIIs on non-repatriation basis White
- NRIs / FIIs on repatriation basis Blue

2. Thumb impressions and signatures other than in English/ Hindi/ Bengali or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.

3. Applicant's Depository Account Details

ALL THE APPLICANTS WILL GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL APPLICANTS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN, WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE 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 APPLICATION FORM.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant- Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Applicants such as address, bank account details for making refunds and occupation ("Demographic Details"). Hence, Applicants are advised to immediately update their bank account



details including Magnetic Ink Character Recognition (MICR) Code (a nine-digit code appearing on a cheque leaf) as appearing on the records of the depository participant, and carefully fill in their Depository Account details in the Application Form. Please note that failure to do so could result in delays in credit of refunds to Applicants at the Applicants sole risk and neither the LM nor the Company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allocation Advice and making refunds as per the modes disclosed and the Demographic Details given by Applicants in the Application Form would not be used for these purposes by the Registrar.

Hence, Applicants are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Application Form, Applicant would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Allocation Advice / refund orders/ refund advice would be mailed at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of allocation advice/ refund orders/ refund advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In the case of refunds through electronic modes as detailed on page 118 of this Prospectus, Applicants may note that refund may get delayed if the bank particulars obtained from the Depositories are incorrect.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected.

4. Applicants should write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.
5. Applications by NRIs on non-repatriation basis can be made using the form meant for Public out of the funds held in Non-Resident Ordinary (NRO) Account. The relevant bank certificate must accompany such forms. Such applications will be treated on par with the applications made by the public.

Payment Instructions

1. Payments should be made in cash or cheque or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at and is a member or a sub-member of the Bankers' "Clearing House", located at the Centers (indicated in the Application Form) where the Application is accepted. However, if the amount payable on application is Rs. 20,000/- or more, in terms of section 269SS of the Income-Tax Act, 1961; such payment must be effected only by way of an account payee cheque or demand drafts. In case payment is effected in contravention of the conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon.
2. Money orders, postal orders, outstation cheques or demand drafts drawn on Banks not participating in the "clearing" will not be accepted and applications accompanied with such instruments may be rejected.
3. A separate cheques / demand drafts must accompany each application form.
4. All cheques / demand drafts accompanying the application should be crossed "A/c Payee Only" and made payable to the Bankers to the Issue and marked:



Category of Application Cheques / Demand Drafts favouring

- Net Offer to Public including NRIs / FIIs on non-repatriation Basis:
“HDFC / ICICI /Allahabad Bank A/c. Usher Agro Limited – Public Issue”
- NRIs / FIIs on repatriation basis:
“HDFC / ICICI /Allahabad Bank A/c. Usher Agro Limited – Public Issue – NR”

5. Investors will not have facility of applying through stock invest instruments as RBI has withdrawn the stock invest scheme vide notification no. DBOD.No.FSC.BC. 42/24.47.001/2003-04 dated 5/11/2003.

Submission of Completed Application Forms:

All applications duly completed and accompanied by cash/ cheques/ demand drafts should be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. Application(s) should not be sent to the office of the Company or the Lead Manager to the Issue.

Applicants residing at places where no collection centers have been opened may submit / mail their applications at their sole risk along with application money due thereon by Demand drafts to the Registrar to the Issue, super scribing the envelope “ Usher Agro Limited– Public Issue” so as to reach the Registrar on or before the closure of the Subscription List. Such demand drafts should be payable at Mumbai only.

We will not be responsible for postal delays and loss in transit. We will not entertain any claims, damage or loss due to postal delays or loss in transit.

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form. The acknowledgement of receipt of application moneys given by the collection agents shall be valid and binding on our company and other persons connected with this issue. Applications shall be deemed to have been received by us only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

Other Instructions

1 Joint Applications in case of Individuals

Applications may be made in single or joint names (not more than three). In case of Joint Applications, refund, pay orders, dividend warrants etc. if any, will be drawn in favour of the first applicant and all communications will be addressed to the first applicant at her/his address as stated in the application form.

2. Multiple Applications

An applicant should submit only one Application Form (and not more than one) for the total number of Equity Shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/ or first Applicant is one and the same.

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

The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications. A separate single Cheque/Draft must accompany each Application Form



3. PAN / GIR Number

Where application(s) is/are for Rs. 50,000 or more, the applicant or in the case of an application in joint names, each of the applicants, should mention his/her Permanent Account Number (PAN) allotted under the IT 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 applicants should not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.** In case the sole/first applicant and joint applicant(s) is/are not required to obtain PAN, each of the applicant(s) shall mention "Not Applicable" and in the event that the sole applicant and/or the joint applicant(s) have applied for PAN, which has not yet been allotted, each of the applicant(s) should mention "Applied for" in the Application Form. Further, where the applicant(s) has mentioned "Applied for" or "Not Applicable", the sole/first applicant and each of the joint applicant(s), as the case may be, would be required to submit Form 60 (form 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 Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All applicants are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

4. Equity Share in Dematerialised 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 dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

In this context, two tripartite agreements have been signed between us, the Registrar to the Issue and the respective Depositories:

1. A tripartite agreement dated May 25, 2006 with NSDL, us and Registrar to the Issue (i.e. Investor Services of India Limited);
2. A tripartite agreement dated April 21, 2006 with CDSL, Registrar and us to the Issue (i.e. Investor Services of India Limited).

All investors can seek allotment only in dematerialised mode. However, an investor will have an option to hold the shares in physical form or Demat form. After the allotment in the proposed issue, allottees may request their respective DPs for re-materialization of shares, if they wish to hold shares in physical form. Applications without relevant details of his or her depository account are liable to be rejected.

1. An applicant applying for shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
2. The applicant must necessarily fill in the details (including the beneficiary account no. and Depository Participant's ID no.) in the application form.
3. Equity Shares allotted to an applicant in the electronic account will be credited directly to the respective beneficiary accounts (with the DP).
4. Names in the share application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.
5. Non-transferable allocation letters/ refund orders will be directly sent to the applicant by the Registrar to this issue.
6. If incomplete/incorrect details are given under the heading 'Applicants Depository Account Details' in the application form, it is liable to be rejected.



7. The applicant is responsible for the correctness of the applicant's demographic details given in the application form vis-à-vis those with his/ her DP.
8. It may be noted that Equity Shares in electronic shares can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. Both the Stock Exchanges where the Equity Shares of the Company are proposed to be listed are connected to NSDL and CDSL.
9. Trading in the Equity shares of the Company would be only in dematerialised form for all investors.

Investors can contact the Compliance Officer in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account / refund orders, etc., Investors may contact Compliance Officer or Registrar to the Issue.

For further instructions regarding application for the Equity Shares, investors are requested to read the Application Form carefully.

Acceptance of Applications

LM and we reserve the right to reject any QIB Application without assigning any reason. In case of Non-Institutional applicants and Retail Individual applicants, Permanent Employees, LM and We have a right to reject applications based on technical grounds. Consequent refunds shall be made as per modes disclosed.

Grounds for Technical Rejections

Applicants are advised to note that Applications are liable to be rejected among others on the following technical grounds:

1. Amount paid doesn't tally with the amount payable for the Equity Shares applied for;
2. Bank account details (for refund) are not given;
3. Age of First Applicant not given;
4. Application by minors;
5. PAN photocopy/ PAN Communication/ Form 60 / Form 61 declaration not given if Application is for Rs.50,000 or more;
6. Application for lower number of Equity Shares than specified for that category of investors;
7. Application at a price less than the issue price;
8. Application at a price higher than the stated price;
9. Application for number of Equity Shares, which are not in multiples of 400.
10. Category not ticked;
11. Multiple applications
12. In case of application under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Application Form does not have Applicant's depository account details;
14. Application Forms are not delivered by the applicant within the time prescribed as per the Application Form, Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and Application Form; or
15. Applications not duly signed by the sole/joint Applicants;
16. Applications by OCBs; or
17. Applications by U.S. residents or U.S. persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the U.S. Securities Act of 1933.
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the applicant (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity except for Permanent Employees.

Disposal of Applications and Application Money

The Company reserves, in its own, absolute and uncontrolled discretion and without assigning any reason, the right to accept in whole or in part or reject any application. If an application is rejected in full, the entire application money received will be refunded to the applicant. If the application is rejected in part, excess of the



application money received will be refunded to the applicant within 30 (thirty) days from the date of closure of the Issue. No interest will be payable on the application money so refunded.

The subscription received in respect of Public Issue will be kept in a separate bank account and the Company shall not have access to such funds unless approvals for dealing from all the Stock Exchanges, where listing has been proposed has been obtained.

We undertake to make adequate funds available to the Registrar to the Issue for complying with the requirements of dispatch of Allotment Letters/Refund Orders by Registered Post/Speed Post.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, which is reproduced below:

“Any person who:

- a. makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or
- b. otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

Interest on excess Application Money

"The Company agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of public issue. The Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants 88(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 30 days from the date of the closure of the issue. However applications received after the closure of issue in fulfillment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest."

BASIS OF ALLOTMENT:

Allotment will be made in consultation with BSE (The Designated Stock Exchange). In the event of over subscription, the allotment will be made on a proportionate basis in marketable lots as given below:

- a. Applicants will be categorised according to the number of Shares applied for.
- b. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
- c. If the proportionate allotment to an applicant works out to a number that is not a multiple of 400, the applicant would be allotted Shares by rounding off to the nearest integer subject to a minimum allotment of 400 equity shares..
- d. For applications where the proportionate allotment works out to less than 400 Shares the allotment will be made as follows:
 - i) Each successful applicant shall be allotted 400 Shares; and
 - ii) The successful applicants out of the total applicants for that category shall be determined by the drawl of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- e. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares



- f. If as a result of the process of rounding off to the nearest integer results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under “Capital Structure” mentioned in the Prospectus.

Reservation for retail Individual Investor

The above proportionate allotment of shares in an issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:

- i) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
- ii) The balance net offer of shares to the public shall be made available for allotment to
 - a) individual applicants other than retails individual investors and
 - b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
- iii) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall /may be made available for allocation to applicants in the other category, if so required.

It is further clarified that the words “a minimum of 50% of the net offer to the public “ used in sub-clause (a) above means that if the category of retail individual investors was to be entitled to get 70% of the net offer to public in accordance with proportionate formula, the category should get 70%. If the category is entitled to get only 30% of the net offer to the public in accordance with the proportionate allotment formula, there should be a reservation of a minimum of 50% of the net offer to the public.

The drawl of lots (where required) to finalize the basis of allotment shall be done in the presence of a public representative on the Governing Board of BSE (designated stock exchange).

An illustration explaining the proportionate allotment procedure is given herein below:

1. Net offer to the public @ Rs. 15/- per share: 88,12,000 Equity Shares.
2. Minimum Equity Shares Offered to Retail Category: 44,06,000 Equity Shares.
3. Application will be made for a minimum of 400 Equity Shares and in multiples thereof.
4. Sample of the applications received:

	Retail	Non Retail	Total
No. of shares initially available	44,06,000 (Minimum Reserved)	44,06,000 (Maximum)	88,12,000
No. of shares applied for	4,40,60,000	2,20,30,000	6,60,90,000
No. of Times oversubscribed	10	5	7.5
As a % of Total no. of shares applied for	66.67%	33.33%	100%
No of shares to be allotted in the category	58,74,960	29,37,040	88,12,000
Ratio in which the shares to be proportionately allotted	7.5	7.5	7.5

5. The Net offer to the public is over subscribed 7.5 times whereas the retail category is over subscribed 10 times.
6. As the retail portion is eligible for 66.67 % of the net offer to the public the revised ratio now becomes 7.5.



7. Assume three retail investors X, Y & Z. X has applied for 6500 shares. Y has applied for 4000 shares and Z has applied for 2000 shares. As per allotment procedure, the allotment to retail individual investors would be on proportionate basis i.e., at 1/7.5th of the total number of shares applied for. The actual entitlement shall be as follows:

Name of the Applicant	No. of Shares Applied	No. of shares eligible to be allotted
X	6500	$6500/7.5=853.33$ shares rounded off to 850 shares being the nearest integer
Y	4000	$4000/7.5= 533.33$ shares rounded off to 530 shares (i.e. minimum application size)
Z	2000	$2000/7.5=266.66$ shares Application liable to be rejected as entitlement is less than the minimum application size. However, the successful applicants out of the total applicants shall be determined by drawl of lots.

The basis of allotment shall be signed as correct by the Executive Director/Managing Director of BSE (designated stock exchange) and the public representative in addition to the Lead Manager and the Registrar to the Issue

‘Retail individual investor’ means an investor who applies for shares of value of not more than Rs. 1,00,000/-.

Investors may note that in case of over - subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE. The drawl of lots (where required) to finalize the basis of allotment shall be done in the presence of a public representative on the governing board of the BSE.

The Executive Director / Managing Director of the Designated Stock Exchange in addition to Lead Merchant Banker and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI Guidelines.

Letters of allotment or refund orders

Our Company shall give credit to the beneficiary account with Depository Participants within two working days from the date of the allotment of Equity Shares. Applicants having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, we shall ensure despatch of refund orders, if any, of value up to Rs. 1,500 by “Under Certificate of Posting”, and shall dispatch refund orders of Rs. 1,500 and above, if any, by registered post or speed post. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter (refund advice) through “Under Certificate of Posting” intimating them about the mode of credit of refund within 30 days of closure of Issue.

We shall ensure despatch of refund orders/refund advice, if any, by “Under Certificate of Posting” or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole or First Applicant’s sole risk within 30 days of the Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar by the Issuer.

In accordance with the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment shall be made only in dematerialised form within 30 days from the Issue Closing Date;
- Despatch of refund orders/ refund advice shall be done within 30 days from the Issue Closing Date; and
- We shall pay interest at 15.0% per annum (for any delay beyond the 30-day time period as mentioned above), if allotment is not made, refund orders/ credit intimation are not despatched and in case where a refund is made through electronic mode, the refund instructions have not been given to the clearing system, and demat credit within the 30-day time prescribed above.

We will provide adequate funds required for the cost of despatch of refund orders/ refund advice/ allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode i.e. ECS, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where



Applications are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants

Payment of Refund

Bidders should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant-Identification (DP ID) number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository, the Applicant's bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf. Hence, Applicants 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 Applicants at the Applicants sole risk and neither the LM nor the Company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.

Mode of Making Refunds

The payment of refund, if any, would be done through various modes in the following order of preference

- I. ECS - Payment of refund would be done through ECS for applicants having an account at any of the 15 centers where clearing houses for ECS are managed by Reserve Bank of India, namely Ahmedabad, Bangalore, Bhubneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf, from the depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 15 centers named hereinabove, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or RTGS
- II. Direct Credit – Applicants having their bank account with the Refund Banker, i.e. HDFC Bank shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any would be credited directly to the eligible applicant's bank account with the Refund Banker.
- III. RTGS – Applicants having a bank account at any of the 15 centers detailed above, and whose application amount exceeds Rs, 1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the Application form. In the event of failure to provide the IFSC code in the Application form, the refund shall be made through the ECS or direct credit, if eligibility disclosed.

Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in I, II and III hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR Code, the refund orders would be despatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above.

Interest in case of delay in dispatch of allotment letters/making refunds

We agree that as far as possible allotment of securities offered to the public shall be made not later than 30 days from the Issue Closing Date. We further agree that we shall pay interest @ 15% per annum if the allotment letters/refunds orders have not been dispatched to the applicants within 30 days of the Issue Closing Date or if in a case where refund or portion thereof is made in an electronic manner, the refund instructions have not been given to the clearing system in a disclosed manner within 30 days from the Issue Closing Date, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the electronic transfer.



Undertaking by the Company

We undertake as follows:

- a) that the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- b) that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at stock exchange where the Equity Shares are proposed to be listed within seven working days of finalization of basis of allotment.
- c) that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us.
- d) that where refunds are effected through Electronic transfer of funds, a suitable communication shall be sent to the applicants within 30 days of closure of the Issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of the refund.
- 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 the certificates of the Equity Shares / refund orders to the non-resident Indians shall be dispatched within specified time.
- g) that no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the application monies are refunded on account of non-listing, under subscription etc.
- h) refunds shall be made as per the modes disclosed and allotment advice shall be dispatched to NRIs or FIIs or foreign venture capital investors registered with SEBI within the specified time.

-Utilization of Issue Proceeds

The Board of Directors of our company certifies that:

- a) all monies received out of this issue of equity 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 Companies Act, 1956;
- 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; and
- c) details of all unutilized monies out of the issue of equity 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.

The Board of Directors of our Company further certifies that:

- a) the utilization of monies received under promoter's contribution and from Net Issue to the Public shall be disclosed under an appropriate head in the balance sheet of the company indicating the purpose for which such monies have been utilized.
- b) the details of all unutilized monies out of the funds received under promoter's contribution and from Net Issue to the Public shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

We undertake that we shall not access the money raised in this issue till finalization of basis of allotment or completion of the issue formalities.



Restrictions on Foreign Ownerships of Indian Equity Shares

Foreign investment in Indian securities is regulated through the industrial policy of the 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 of the Government of India, 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.

Investors making an application in this Issue will be required to confirm and will be deemed to have represented to our Company, the LM and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to subscribe to the Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the LM and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor whether such investor is eligible to subscribe to Equity Shares of our Company.

Investment by Foreign Institutional Investors

Foreign Institutional Investors (“FIIs”) including institutions such as pension funds, investment trusts, asset management companies, nominee companies, 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.



SECTION VIII – MAIN PROVISION OF THE ARTICLES OF ASSOCIATION

MAIN PROVISION OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting as detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

SHARES

3. The Authorised Share Capital of the Company shall be Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) divided into 250 Lacs (Two Hundred Fifty lacs) Equity shares of Rs. 10/- (Ten) each. The Company shall have power to increase or reduce or consolidate or subdivide the Capital of the Company from time to time, to issue any shares of the Original Capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be thought fit, and upon the subdivision of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub division.
4. The Company shall have power to issue Preference shares carrying right to redemption out of profits which would otherwise be available for dividend or out of the proceeds of a fresh redemption or liable to be redeemed at the option of the Company, and the Board may subject to the provisions of Sections 80 of the Act, exercise such power in such manner as it thinks fit.
5. Subject to the provisions of these Articles the shares shall be under the control of the Directors who may issue allot or otherwise dispose of the same to such persons on such terms and conditions and at such time as the Directors think fit and with power to issue any shares as fully paid up *in* consideration of services rendered to the Company in its formation or otherwise, provided that where the Directors decide to increase the issued capital of the Company by the issue of further shares the provisions of Section 81 of the Act will not be complied with provided further that the option or right to call of shares shall not be given to any person except with the sanction of the Company in general meeting.
6. Subject to the provisions of the Act it shall be lawful for the Company to issue at a discount shares of a class already issued.
7. The Company may, subject to compliance with the provisions of section 76 of the Act exercise the powers of paying commission on the issue of shares and debentures. The Commission may be paid or satisfied in cash or shares, debentures or debenture stock of the company, or partly in one way and partly in the other.
8. The company may pay a reasonable sum of brokerage on issue of any shares or debentures subject to the ceiling prescribed under the Act.
9. Subject to Section 187C of the Act, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any trust, benami or equitable or other claim to or interest in such shares on any fractional part of a share whether or not it shall have express or other notice thereof.

9A) FURTHER ISSUE OF SHARES:

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



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

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

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



CERTIFICATE

10. The Certificate of title to shares shall be issued under the Seal of the Company.
11. Every member shall be entitled to one certificate, free of charge, for all the shares of each class registered in his name or, if any member so wishes to several certificate each for one or more of such shares, unless the conditions of issue of any shares otherwise provide, the company shall either within three months after the date of allotment and on surrender to the company of its letter making the allotment or, if it's a fractional coupons of requisite value (save in the case of issue against letters of .bonus shares) or within one month of receipt of the application for registration of the transfer, sub division, consolidation, renewal or exchange of any of its shares, as the case may be, complete, and have ready for delivery the certificates of such shares. Every certificate of shares shall specify the name of the person in whose favour the certificate is issued, the shares to which it relates and the amount paid up thereon. Particulars of every certificate issued shall be entered in the Register maintained in the form set out in the Companies (issue of share certificates) Rules, 1960.

Provided however that no share certificate (s) shall be issued to shares held by a Depository.

12. If any certificate of any share or shares be surrendered to the Company for sub-division or consolidation or if any certificate be defaced torn or old, decrepit, worn-out or where the pages on the reverse for recording transfer have been duly utilised, then upon surrender thereof to the company, the board may order the same to be cancelled and may issue new certificate in lieu thereof, and if any certificate be lost or destroyed, then upon proof thereof to the satisfaction of the Board, and on such indemnity as the Board thinks fit being given a new certificate in lieu thereof, shall be given to partly entitled to the shares to which such lost or destroyed certificate relate. Where a new certificate has been issued as aforesaid it shall state on the face of its and against the stub or counterfoil that it is issued in lieu of a share certificate or is a duplicate issued for the one so replaced and, in case certificate is issued in place of one which has been lost or destroyed, the word "duplicate/s" shall be stamped or punched in bold letters across the face thereof. For every certificate issued under this Article, there shall be paid to the company such out of pocket expenses incurred by the company in investigating evidence as the board may determine.
13. No fee shall be charged for sub-division and consolidation of share and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations, corresponding to the market units of trading, for sub-divisions of renounceable letters of rights: for issue of new certificate in replacement of those which are old, decrepit or worn out, or where the pages on the reverse for recording transfers have been fully utilised, provided that the company may charge such fees as may be agreed by it with the Stock Exchange with which its shares may be enlisted for the time being for issue of new certificates in replacement of those that are torn, defaced, lost or destroyed, and for such division and consolidation of shares and debenture certificates and for sub-division of letter of allotment and split, consolidation renewal and pucca transfer receipts into denominations other than those fixed for the market units of trading.

13 A DEMATERIALISATION OF SECURITIES

Notwithstanding anything contained in this Articles, the company shall be entitled to dematerialized its existing securities and/or offer fresh securities for subscription in a dematerialized form, pursuant to Depository Act and Rules framed thereunder. Additionally, on the investor exercising an option to hold his/her securities with a depositories in a dematerialized form the company shall entered into a agreement with a depository to enable the investor to dematerialize his/her securities, in which event the rights and obligation of the parties concerned shall be governed by the "Depository Act".

Every person subscribing to securities offered by the company shall have the option to receive security certificate or to hold securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of securities in the manner provided in the Depositories Act, 1996 and the company shall in the manner and within the time prescribed, issue to the beneficial owner, the required certificate of securities.



If a person opts to hold his securities with a depository, the company shall intimate such depository, the details of allotment of the securities and on receipt of the information, the depository shall enter in its record, the name of allottee as the beneficial owner of the security.

- (i) Notwithstanding anything 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 securities on behalf of the beneficial owner.
- (ii) Save as provided in sub-clause (i) above, the Depository as the Register Owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (iii) Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

Nothing contained in the Act or these Articles regarding the necessity of having a distinctive numbers for securities issued by the company shall apply to securities held with a Depository.

- (i) All securities held by depository shall be dematerialized and shall be fungible form. Nothing contained in section 153, 153(A), 153(B) and 187(C) of the act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owner.
- (ii) Notwithstanding anything contained in the Act or these Articles, in the case of Transfer or Transmission of the Securities, where the company has not issued any certificates and where such securities are being held in the electronic and fungible form with a depository, the provision of the Depositories Act, 1996 shall apply.

Notwithstanding anything in the Act or these Articles to the contrary where the securities are held in a depository, the records of the beneficial ownership may be saved by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Notwithstanding anything in the Act or these Articles to the contrary, where the security are dealt with by a depository, the company shall intimate the details thereof to the depository immediately on allotment of such securities.

If a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly.

The depository shall on receipt of such intimation, make appropriate entries, in its record and shall inform the company.

The company shall within 30 (thirty) days of receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee, as the case may be.

The Registrar and Index of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1996 shall be deemed to be the Registrar and Index of Members for the purpose of the Act.

Save as herein otherwise provided, the company shall be entitled to treat the person whose name appear on the Register of members as the holders of any shares as also the beneficial owner of the shares in record of depository as the absolute owner thereof as regards receipt of dividend or bonus or serve of notice and all or any other matters connected with the company and accordingly the company shall not except or order by the court or competent jurisdiction or as by law required be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have expressed or implied notice thereof.

No stamp duty would be payable on shares and securities held in dematerialized form in any medium as may be permitted by law including any form of electronic medium.



In case of transfer of shares, debentures and other marketable securities, where the company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a depository, the provisions of the Depository Act, 1996 shall apply.

JOINT HOLDERS OF SHARES

14. Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to provisions following and to the other provisions of these Articles relating to joint holders: -
 - a) The Company shall not be bound to register more than four persons as the joint holder of any share.
 - b) The joint holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such shares.
 - c) On the death of any one of such joint holders the survivor or survivors shall be the only person recognized by the company as having any title to or interest in such share but the board may require such evidence of death as it may deem fit.
 - d) Only the person whose name stands first in the Register as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share calls.
15. The directors may, from time to time, and subject to the terms on which any shares/debentures may have been issued, make such calls as they think fit upon the members/debentures holders in respect of all moneys unpaid on the shares/debentures held by them respectively and not by the conditions of allotment thereto made payable at fixed times, and each member/ debenture holder shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments. A call may be postponed or advanced as the Board may determine.
16. A call shall be deemed to have been made at the time when the resolution of the Director's authorizing such call was passed.
17. Not less than 15 (fifteen) days notice of every call shall be given specifying the time and place of payment and to whom such call shall be paid.
18. If by the terms of issue of any share/debentures or otherwise. The whole or part of the amount of issue price thereof is made payable at any fixed time or by installments, at fixed times, every such amount of issue price or installments thereof shall be payable as if it was a call duly made by the Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall apply to such amount or issue price or installments accordingly.
19. If the sum payable in respect of any call or installments be not paid on or before the day appointed for the payment thereof, or any such extensions thereof, the holder of the time being of the share in respect of which the call shall have been made or the installment shall be due, shall pay interest for the same at the rate fixed by the Board from the day appointed for the payment thereof to the time of actual payment or at such other rate as the directors may determine but they shall have power waive the payment thereof wholly or in part.
20. On the trial of hearing of any action or suit brought by the Company against any member or his legal representative to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the register of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made, and that the resolution making the call is duly recorded in the minute books and that the amount claimed is not entered as paid in the books of the company, and it shall not be necessary to prove the appointment of the directors who made such call nor that a quorum of directors was present at the meeting was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
21. The Board may if it thinks fit, agree to and receive from any member willing to advance the same, whole or any part of the money due upon the shares held by in beyond the sum actually called for, and upon the



money so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate not exceeding unless the company in general meeting shall otherwise direct, 6 (six) percent per annum as the member paying such sum as advance and the Board shall not rank of dividends or confer any right to participate in profits. The Board may at any time repay the amount so advanced. The Provisions of these articles shall mutates mutandis, apply to the calls on debentures of the company.

21A. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

FORFEITURE AND LIEN

22. If any member fails to pay any call or installments on or before the day appointed for the payments of the same the directors may at any time thereafter during such time as the call or installment remains unpaid serve notice as such member requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the company by reasons of such non payment.
23. The notice shall name a day (not being less than 30 (thirty) days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place or places appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.
24. If the requirements of such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter before payments of all calls or installments interest and expenses due in respect thereof, be forfeited by a resolutions of the directors to that effect, such forfeiture. Neither the receipt by the Company of a portion of any money which shall from time to time, be due from any member of the company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the company in respect of the payment of any such money shall preclude the company from thereafter proceeding to enforce a forfeiture of such share as herein provided.
25. When any shares shall have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any, manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
26. Any share so forfeited shall be deemed to be the property of the Company and the directors may sell re-allot or otherwise dispose of the same in such manner as they think fit.
27. Any member whose shares have been forfeited shall notwithstanding such forfeiture, be liable to pay and shall forthwith pay to the company all calls installments, interest and the forfeited together with interest thereupon from the time of the forfeiture until payment at 12 percent per annum or such other rate as the directors may determine and the directors may enforce the payment thereof or any part thereof without any deduction or allowance for the value of shares at the time of forfeiture but shall not be under any obligation to do so.
28. The Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annual the forfeiture thereof upon such conditions as they think fit.



29. The forfeiture of a share shall involve the extinction of all interests in and also of all claims and demands against the company in respect of the share and 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.
30. A duly verified declaration in writing that the declarant is a director of the company and that certain share in the company and that certain share in the company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated, as against all persons claiming to be entitled to the shares and such declaration and the receipt of the shares and such declaration and the receipt of the company for the consideration, if any, given for the shares as on the sale or disposition thereof, shall constitute a written title to such shares.
31. The Company shall have a first and paramount lien upon all the shares (not being fully paid up) registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for all moneys (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 excepts upon the footing and condition that Article 10 hereof is to have from time to time declared in respect of such share. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the company's lien, if any, of such shares.
32. For the purpose of enforcing such lien, the directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such member, his executor, administrator or his committee or other person recognized by the company as entitled to represent such member and default shall have been made by him or them in the payment of the sum payable as aforesaid for thirty days after such notice. The net proceeds of any such sale shall be applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable to such member, his executors, administrators or other representatives or persons so recognized as aforesaid.
33. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers by these presents given, the directors may appoint some person to execute an instrument of transfer of the shares sold and after his name had been entered in the register in respect of such shares his title to such forfeiture sale or disposition, nor impeached by any person and the remedy of any person, aggrieved by the sale shall be in damages only and against the company exclusively.
34. Where any share under the powers in that behalf herein contained are sold by the directors and the certificate in respect thereof has not been delivered to the company by the former holders of the said shares the directors may issue a new certificate in lieu of certificate not so delivered up.

TRANSFER AND TRANSMISSION OF SHARES

35. Subject to the provisions of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or transferee has been delivered to the company together with the certificate or certificates of the shares, or if no such certificates is in existence along with the letter of allotment of shares. The instrument of transfer of any shares shall be signed both by or on behalf of the transferor and by or on behalf of the transferee and the transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the Register in respect thereof.
36. Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the company gives notice of the application to the transferee in the manners prescribed by the Act, and, subject to the provisions of Articles hereof, the company shall, unless objection is made by the transferee within two weeks from the date of receipt of notice, enter in the Register the name of the Transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
37. Before registering any transfer tendered for registration, the company may, if it so think fit, give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that, unless objection is taken the transfer will be registered and if such registered holder fails to lodge no objection in writing at the office of the company within two weeks from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer.



38. The Company shall keep a "Register of Transfers and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any shares.

The company shall cause to be kept a Register and Index of Members and / or Debenture holders in accordance with section 150 and 151 of the act and the Depositories Act, with details of Share / Debenture held in material and dematerialized forms, in any media (including electronic media) as may be permitted by law. The register and index of beneficial owner maintain by Depository under section 11 of the Depositories Act, shall be deemed to be the registered and index of the members holding shares in a dematerialized form, for the purpose of the Act. The company shall be entitled to keep in any state or country outside India, a branch register of members resident to state or country.

39. Subject to the provisions of section 111 of the Act, the Board at their own absolute and uncontrolled discretion and without assigning any reason for such refusal, may within two months from the date in which instrument of transfer is delivered to the company, refuse to register any transfer of a share upon which the company has a lien, and in the case of a share not fully paid up, may refuse to register a transfer to a transferee to whom the board does not approve. Provided that the registration of a transfer of share shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company on any account.
40. 1) No Transfer shall be made to a minor or any person of unsound mind.
- 2) Unless otherwise no fee shall be charged for registration of transfer, probate, letter of administration, certificate of death, or marriage, power of attorney or similar other instruments.
41. All instruments of transfer duly approved shall be retained by the company and in case of refusal, instruments of transfer shall be returned to the person who lodges the transfer deal.
42. If the directors refuse to register the, transfer of any shares the company shall within two months from the date on which the instrument of transfer was lodged with the company or intimation given send to the transferor and the transferee or the person giving intimation of such transfer notice of such refusal.
43. On giving not less than seven days notice by advertisement in a newspaper circulating in the district in which the Registered Office of the Company is situated, the transfer books the Register of Members or Register of Debenture holders may be closed during such time as the directors think fit not exceeding in the whole forty five days in each year but not exceeding thirty days at a time.
44. The Executors or administrators of the holder of a succession certificate in respect of shares of a deceased member (not being one of several joint holders) shall be the only person whom the company shall be the only person whom the company shall recognize as having any title to the shares registered in the name of such member and in case of the death of anyone or more of the joint-holders of any registered shares the survivors shall be the only persons recognised by the company as having any title to or interest in such share but nothing herein contained shall be taken to release the estate of a deceased joint-holders from any liability on shares held by him jointly with any other person before recognizing any legal representative, or heir or a person otherwise claiming title to the shares of the company may require him to obtain a grant or probate or letters of administration or a succession certificate or such other legal representation upon such terms as to indemnity or otherwise as the board may consider desirable.
45. Any person becoming entitled to or to transfer shares in consequence of the Death, Lunacy or Insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under this articles, or of his title as the directors thinks sufficient may with the consent of the directors (which they shall not be under any obligation to give), be registered himself as a member in respect of such shares or may, subject to the regulations as to transfer hereinbefore contained, transfer such shares. This Articles is hereinafter referred to as "The Transmission Article". Subject to any other provisions of these Articles if the person so becoming entitled to shares under this or the last preceding Articles shall elect to be registered as a member in respect of the share, himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects. If he shall elect to transfer the shares to some other person he shall execute an instrument of transfer in accordance with the provisions of these articles relating to transfer



of shares. All the limitations, restrictions and provisions of these articles relating to the rights to transfer and the registration of transfer of shares shall be applicable to, any such notice of transfer as aforesaid.

46. Subject to any other provisions of these Articles if the Directors in their sole discretion are satisfied in regard thereof, a person becoming entitled to a share in consequence of the death, lunacy, or insolvency of a member may receive and give a discharge for any dividends or other money payable in respect of the share/debenture.
47. The instrument of transfer shall be in writing and all the provisions of section 108 of the companies Act, 1956 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and the registration thereof.
48. The company shall incur no liability or responsibility whatever in consequence of *its* registering or giving effect to any transfer of shares, made or purporting to be made by any apparent legal owner thereof (as shown or appearing *in* the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares, notwithstanding that the company may have had *notice* of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though *it* may have been entered or referred to in some books of the company; but the company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the directors shall so think fit.
49. The provisions of the Articles shall mutatis mutandis apply to the transfer of transfer of transmission by operation of law of debentures of the company.

SHARE WARRANTS

50. Subject to the provisions of Section 114 and 115 of the Act and subject to any directions which may be given by the Company in General Meeting the Board may issue share warrants in such manner and on such terms and conditions as the Board may deem fit. In case of such issue, Regulations 40 to 43 of Table 'A' in Schedule I to the Act shall apply.

STOCKS

51. The company may exercise the power of conversion of its shares into stock and in that case regulation 37 to 39 of Table 'A' in Schedule I to the Act shall apply.

ALTERATION OF CAPITAL

52. The company may, by ordinary resolution, from time to time alter the condition of Memorandum of Association as follows:
 - a) Increase the Share Capital by such amount to be divided into shares of such amount as may be specified in the resolution.
 - b) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
 - c) Sub-divide its existing shares or any of them into shares of similar amount than is fixed by the Memorandum of Association; so however, that is the sub-division between the amount paid and the amount, if any, unpaid in each reduced share shall be the same as it was in the case of share from which the reduced share is derived, and
 - d) Subject to the provisions of Section 100 to 104 of the Act the board may accept from any member the surrender of all or any of his shares on such terms and conditions as shall be agreed.



MODIFICATION OF RIGHTS

53. If any time the share capital is divided into different classes of shares all or any of the rights attached to any class unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the company is being wound up, be varied with consent in writing of the holders of three fourth of the issued shares of that class, or with the sanction of a special Resolution passed at a separate Meeting of the holders of the shares of that class.

To every such separate meeting the provisions of these Articles, relating to general meeting shall apply, but so that the necessary quorum shall be two persons atleast holding or representing by proxy one tenth of the issued shares of the class but so that if ay any adjourned meeting of such holders a quorum as above defined is not present, those members who are present shall be a quorum and that any holder demand a poll and on a poll, shall have one vote for each share of the class of which he is the holder. The company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar of Companies.

BORROWING POWERS

54. The board may, from time to time and at its discretion subject to the provisions of Section 58-A, 292 and 293 of the Act, raise or borrow, from the Directors or from elsewhere and secure the payment of any sums or sum of money so borrowed for the purpose of the company.
55. The board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by the issue of bonds, perpetual or redeemable, debenture or debenture stocks or any mortgage, or charge other security on the undertaking of the whole or any part of the property of the company (both present and future), including its uncalled capital for the time being provided that debentures with the rights to allotment of or conversion into shares shall not be issued except with the sanction of the company, in general meeting and subject to the provisions of the Act.
56. Any debentures, debenture stock, bonds or other securities may be issued subject to the provisions of the Act, at a discount, premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotments of shares, appointment of directors and otherwise, debentures, debenture stocks bonds and other securities may be made assignable free from any equities between the company and the person to whom the same may be issued.
57. Save as provided in Section 108 of the Act, no transfer of debenture shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the company together with the certificate or certificates of debentures.
58. If the board refuses to register the transfer of any debentures, the company shall within two months from the date on which the instrument of transfer was lodged with the company send to the transferee and to the transferor notice of the refusal.

RESERVES

59. Subject to the provisions of the Act, the Board shall in accordance with Section 205(2A) of the Act, before recommending any dividend, set aside out of the profits of the company such sums as it thinks proper as Reserves, which shall at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such applications, may at the like discretion either be employed in the business of the company or be invested in such investments (other than shares of the company, as the board may from time to time think fit). The board may also carry forward any profit which it may think prudent not to divide without setting them aside as a reserve.
60. Any General Meeting may resolve that the whole or any part of the undivided profits of the company (which expression shall include any premium received on the issue of shares and any profits or other sums which have been set aside as a reserve or reserves or have been carried forward without being divided) be capitalized and distributed amongst such of the members as would be entitled to receive the same proportions distributed by way of dividend and in the same proportions on the fitting that they become entitled thereto as capital and that all or any part of such capitalized amount be applied on behalf of such



members in paying up, in full any unissued shares/ debentures or debenture stock of the company which shall distributed accordingly, or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such members in full satisfaction of the interest in the said capitalized amount. Provided that any sum standing to the credit of a shares premium account for a Capital Redemption Reserves Account may, for the purpose of this Article only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.

61. A general meeting may resolve that any surplus money arising from the realization of any capital representing the same, or any other undistributed profits of the company not subject to charge of Income Tax be distributed among the members on the footing that they receive the same as capital.
62. For the purpose of giving effect to any resolution under the last two preceding articles, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates.

GENERAL MEETING

63. The Directors may, whenever they think fit, call an extra ordinary general meeting provided however if at any time they are not in India, directors capable of acting who are sufficient in number to form a quorum any director present in India, may call an extra ordinary general meeting in the same manner as nearly as possible as that in which such a meeting may be called by the board.
64. The board of directors of the company shall on the resolution of such member or members of the company as is specified in subsection (4) of Section 169 of the Act forthwith proceed to call an extra ordinary general meeting of the company and in respect of any such requisition and of any meeting to be called pursuant thereto, all the provisions of section 169 of the Act and of any statutory modifications thereof for the time being shall apply.
65. The quorum for a general meeting shall be five members present in person.
66. At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any meeting the Chairman of the Board of Directors is not present fifteen minutes after the time of appointed for holding the meeting or though present is unwilling to act as Chairman the members present shall choose one of the Director present to be chairman or if no Director is present or Directors present are not willing to take the chair, then the members present shall choose one their number, being a member entitled to vote, to be Chairman of such meeting.
67. Any act or resolution which under the provision of these Articles or of the Act, is permitted shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act or the Articles specifically require such act to be done or resolution passed by a special resolution.
68. If within half-an-hour from the time appointed for the meeting a quorum be not present the meeting if convened upon a requisition of share holders shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week at same time and place, unless the same shall be public holiday when the meeting shall stand adjourned to the next day not being a public holiday at the same time and place and if at such adjourned meeting a quorum be not present within half-an hour from the time appointed for the meeting, those members who are person and not being less than two persons shall be a quorum and may transact the business for which the meeting was called.
69. In the case of an equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote *in* addition to the vote or votes to which he may be entitled as a member.
70. The Chairman of a General Meeting may adjourn the same, from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. It shall not be necessary to give notice to the members of such adjournment or of the time, date and place appointed for the holding of the adjourned meeting.
71. If a poll be demanded, the demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.



VOTES OF MEMBERS

72. 1) On a show of hands every member present in person and being a holder of Equity Shares shall a proxy on behalf of a holder of Equity Shares or as a duly authorised representative of a body corporate being a holder of equity shares. If he is not entitled to vote in his own rights, shall have one vote.
 - 2) On a poll the voting rights of a holder of Equity shares shall be as specified in Section 87 of the Act.
 - 3) The voting rights of the holders of the preference" shares including the redeemable a cumulative preference shares shall be in accordance with the provisions of section 87 of the act.
 - 4) No company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under section 187 of the act is in force and the representative named in such resolution is present at the General Meeting at which the vote by proxy is tendered.
73. A person becoming entitled to a share shall not before being registered as member in respect of the share entitle to exercise in respect thereof any right conferred by membership in relation to meeting of the company.

If any member be a lunatic or idiot, he may vote whether on a show of hands or at a poll by his committee or other legal curator and such last mentioned persons may give their votes by proxy provided twenty four hours at least before the time of holding the emitting or adjourned meeting, as the case may be at which any such person proposes to vote he shall satisfy the board of his rights under this Article unless the' Board shall have previously admitted his right to vote at such meeting in respect thereof.

74. Where there are joint holders of any share anyone of such persons may vote at any meeting neither personally or by proxy in respect of such shares as if he were solely entitled thereto; and if more than one of such joint holders by present at any meeting neither personally or by proxy then that one of the said persons so present whose stands prior in order on the register in respect of such share shall alone be entitled to vote in respect thereof. Several Executors or administrators of a deceased member in whose name. any share stands shall for the purpose of this Article be deemed joint holders thereof.
75. The instrument appointing a proxy shall be in writing under the hand of the appointed or of his Attorney duly authorised in writing or if such appointed is a corporation under its common seal or the hands of its attorney.
76. The instrument appointing a proxy and the power of attorney or other authority (if any) under which its signed or notarized copy of that power of authority shall be deposited at the office not less than forty eight hours before the time for holding the meeting, at which the person named in the instrument purposes' to vote and in default the instrument of proxy shall not be treated as valid.
77. No intimation in writing of the death, insanity, revocation or transfer of the shares shall have been received at the office or by the Chairman of the meeting before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
78. Every instrument appointing a proxy shall as nearly as circumstances will admit, be in the 'form set out in Schedule IX to the act.
79. No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy or otherwise shall be deemed valid for all purposes.
80. Before or on the declaration of the result of the voting of any resolution on a show of hands; a poll be ordered to be taken by the chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and



fulfilling the requirements as laid down In Section 179 of the Act for the time being in force.

81. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has, and has exercised, any right to lien.

DIRECTORS GENERAL PROVISIONS

82. The number of Directors shall not be less three and not more than twelve.

83. The following shall be the First Directors of the Company:

1. NANDLAL CHATURVEDI
2. SUNIL KUMAR PATHAK
3. VINOD KUMAR CHATURVEDI

84. The Directors shall have power at any time and from time to time, to appoint any person as an additional Director as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles. Any director so appointed shall hold office only' until the next Annual General Meeting of the Company and shall be eligible for re-election.

85. A Director shall not be required to hold any shares in the Capital of the Company as his qualification.

- 86 a) In connection with any collaboration arrangement with any company or corporation or firm or person for supply of technical know how and/or machinery or technical advice, the directors may authorise such company, corporation, firm or person (hereinafter in this.. clause referred to as "collaborator") to appoint from time to time, any person or persons as director or directors of the company (hereinafter referred to as "Special Director") and may agree that such special director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such director, so however, that such special director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the company and such collaborator under the collaboration arrangement or at time thereafter.

- b) The collaborator may at any time and from time to time remove any such special director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed at any time appoint any other person as a special director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the company at its registered office.

- c) It is clarified that every collaborator entitled to appoint a director under this article may appoint one or more such person or persons as a director(s) and so that if more than one collaborator is so entitled there may at any time be as many special directors as the collaborators eligible to make the appointment.

87. Any trust deed for securing debenture or debenture stocks may, if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture stocks, of some person or persons to be a director or directors- of the company and may in power such Trustees or holders of debentures or debenture stock from time to time, to remove and re-appoint any director (s) so appointed, the director (s) so appointed under this Articles is herein referred to as "Debenture Director" and the term "Debenture Director" means the director for the time being in office under this Article. The Debenture Director(s) shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company.

The trust deed may contain such ancillary provisions as may be arranged between the company and the trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.



88. A director, managing director office or employee of the company may be, or become a director of any company promoted by the company or in which it may be interested as a vendor, member or otherwise, and no such director shall be accountable for any benefit received as director or member of such company except to the extent and under the circumstances as may be provided in the Act.
89. a) Every director (including a person deemed to be a director by virtue of the explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company. who is appointed to or relinquishes the office of Director, Managing Director, Manager or Secretary of any other Body Corporate shall within twenty days of his appointment or relinquishment of such office, as the case may be disclose to the company aforesaid the particulars relating to the office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.
- b) Every director the company and every person deemed to be a director of the company by virtue of sub-section (10) of Section 307 of the Act and every other person referred to in sub-section (II) of the Section 307 of the Act, shall give notice to the company of such matters as may be necessary for the purpose of enabling the company to comply with the provisions of that section and section 308 of the Act.
90. Each director shall be entitled to be paid out of the funds of the Company by way of sitting fees for his services not exceeding the sum as may be prescribed under law and as may be fixed by director(s) from time to time for every meeting of the board of directors or committee thereof attended by him. Subject to provisions of the Companies Act, 1956, the directors shall also be entitled to receive in each year a commission @ 1% of the net profits of the company, such commission to be calculated on the net profits of the company to be computed in accordance with the provisions of the companies act, 1956 and such commission shall be divided among the directors in such proportion and manner as may be determined by them. The director may allow and pay to any director who for the time being is resident out of the place at which any meeting of the directors may be held and who shall come to that place for the purpose of attending such meeting such sum as the directors may consider fair and reasonable for his expenses in connection with his attending at the meeting in addition to his remuneration as above specified. If any director being willing is appointed to an executive office either whole time or part time or be called upon to perform extra services or made any special exertions for any of the purposes of the company, then, subject to the provisions of Section. 198, 309, 310 and 314 of the Act, the Board may remunerate such director either by a fixed sum or by a percentage of profits or otherwise and such ---remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled to.
91. The sitting fees payable to a director for attending a meeting of the board or a committee of the board or a general meeting shall be regulated as per the provisions of section 310 of the Act and Schedule XIII thereof.
92. The continuing directors may act notwithstanding any vacancy in their body: but so that if the number falls below the minimum number above fixed the directors shall not except for the purpose of filling vacancies or of summoning a General Meeting act so long as the number is below the minimum.
93. Subject to the provisions of Section 292, 293, 294, 295, 297, 300, 311, 314, 370 and 373 of the Act, the directors (including Managing Director) shall not be disqualified by reason of his or their office as such, from holding office under the company or from .contracting with the company either as vendor, purchase, lender, agent broker lessor or arrangement entered into by or on behalf of the company with a relative of such directors or the managing director or a relative of such directors or the managing director or with a private company in which such director/manager director whole time director is a member or director interested be avoided, nor shall any director, managing director whole time director, or otherwise so contracting or being such members or so interested be liable to account to the company for any profit realised by such contract or arrangement by reason only of such director, managing director, whole time director holding that office or of the fiduciary relation thereby established.

APPOINTMENT OF DIRECTOR

95. The company in general meeting may subject to the provisions of these articles and the Act, at any time elect any person to be a director and may from time to time increase or reduce the number of directors. .



96. Any member of the company shall be competent to propose the name of any person who is otherwise not disqualified as being a director of a company for the office of director in the company and shall accordingly give a notice of at least 14 days in writing along with a deposit of Rs.500/- (Rupees Five hundred) on such sum as may for the time being prescribed by the Act, which shall be refunded only after the person proposed to be appointed as director is elected. .
97. If any director appointed by the company in general meeting vacates office as a director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the board at a meeting of the board, but any person so appointed shall retain his office so long only as the vacating director would have retained the same if no vacancy had occurred. Provide that the board may not file such a vacancy be appointing thereto any person who has been removed from the office of director under section 284 of the Act.
98. The company shall subject to the provisions of the Act, be entitled to agree with any person, firm or corporation that he or it shall have the right to appoint his or its nominee on the Board of Director of the company upon such terms and conditions as the company deem fit. The corporation firm or person shall be entitled, from time to time to remove any such Director or Directors and appoint another or other in his or their places. He shall be entitled to the same right and privileges and be subject to the same obligation as any other Director of the company.
99. a) Notwithstanding anything to the contrary contained in these articles, so long as any money remain owing by the company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI). The Industrial Credit and Investment Corporation' of India Ltd. (ICICI), Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC), Unit Trust of India (UTI) or any other Financial Institutions of Central or State Governments or to any other Financial Company or other Body out of any loans granted by them to the company or so long as IDBI, IFCI, ICICI, LIC, GIC, UTI or any other financing corporation or Credit Corporation or any financing company or body. is hereafter in this article referred to as "The Corporation") continue to hold shares/debentures in the company as a result of underwriting or so long as any liability of the company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the corporation may appoint any person or persons as a Director or Directors whole time or non-whole time, (which Director or Directors is/are hereinafter referred to as nominee Director (s» on the board of the company and to remove from such office any person or persons so appointed and to appoint any person' or persons in his or their place/s.
- b) The Board of Directors of the company shall have no power to remove from office the nominee Director/s. At the option of the corporation, such nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid the nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligation as any other Director of the company.
- c) The Nominee Director(s) so appointed shall hold the said office only so long as any money remain owing by the company to the corporation or so long as the corporation holds debentures in the company or so long as the corporation hold shares in the Company as a result of underwriting of Director subscription and the nominee Director/s so appointed in exercise of the said power shall ipso-factor vacate such office immediately after the money owing by the company to the corporation is paid off or the corporation ceasing debentures and shares in the company.
- d) The nominee director/s appointed under this article shall be entitled to receive all notices, of and attend all general meetings, board meetings and of the meetings off the committee of which the nominee director/s is/are member/s and also the minutes of such meetings. The corporation shall also be entitled to receive all such notice and minutes.
- e) The company shall pay to the nominee director/s sitting fees and expenses which the other directors of the company are entitled to, but if any other fees, commission, moneys or remuneration in any form is payable to the directors of the company, the fees, commissions, moneys and remunerations in relation to such nominee director/s shall accrue to the corporation and the same shall accordingly be paid by the company directly to the corporation. Any expenses that may be incurred by the Corpor2.tion or such nominee director/s in connection with their appointment or directorship shall also be paid or reimbursed



by the Company to the corporation or as the case may be to such nominee director/so Provided that if any such nominee director/s is an officer of the corporation, the sitting fees, in relation to such nominee director/s shall also occur to the corporation or as the case may be to such nominee director/s is an officer of the corporation, the sitting fees, in relation to such nominee director/s shall also occur to the corporation and the same shall accordingly be paid by the company directly to the corporation. Provided also that in the event of the nominee director/s being appointed as whole time director/s such nominee directors shall exercise such powers and duties as may be approved by the corporation and have such rights as are usually exercised or available to a whole time director, in the managements of affairs, of the company. Such nominee director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the corporation.

100. Subject to the provisions of Section 313 of the Act, the Board may appoint any person to act as an alternate, director for a director during the latter's absence for a period for not less than three months from the State in which meeting of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director, shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly but he shall ipso facto vacate office if and when the absent director returns to State in which meetings of the Board are ordinarily held or the absent Director vacates office as a director.

ROTATION OF DIRECTORS

101.1) Not less than two third of the total number of directors shall be persons whose *period of office is* liable to determination by retirement of directors by rotation.

2) At every Annual General Meeting of the Company one third of such of the directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one-third shall *retire* from office.

3) The directors to retire by rotation at every Annual General Meeting shall be those who' have been longest in office since their last appointment, but as between persons who become directors on "the same day, those to retire shall, *in default of and subject to any agreement amongst themselves*, be determined by lot.

4) If an any Annual General Meeting all the directors appointed under Article 87 and 108 hereby are not exempt from retirement by rotation under Section 255 of the Act, then to the extent permitted by the said Section, the exemption shall extend to the Directors or director appointed under Article 87. Subject to the foregoing provisions as between directors appointed under any of the Articles referred to above, the director or directors who shall not be liable to retire by rotation shall be determined by and in accordance with their respective seniorities as may be determined by the Board.

102. A retiring director shall be eligible for re-election and shall act as a director throughout the meeting at which he retires.

103. Subject to any resolution for reducing the number of directors, if at any meeting at which an election of directors ought to take place, the places or the retiring directors not filled up, the meeting shall stand adjourned till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting also the places of the retiring directors are not filled up, the retiring directors or such of them as have not had their places filled up shall (it will continue in office) be deemed to have been re-elected at the adjourned meeting.



PROCEEDINGS OF DIRECTORS

104. The directors may meet together for the dispatch of business, and may adjourn and otherwise regulate their meetings and proceedings as they think fit. Notice in writing of every meeting to the director shall ordinarily be given by a director or such other officers of the company duly authorised in this behalf to every directors for the time being in India and at his usual address in India.
105. The quorum for a meeting of the directors shall be determined, from time to time, in accordance with the provisions of section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Directors, it shall be adjourned until such date and time as the directors present shall appoint.
106. The Secretary may at any time and upon request of any two directors shall summon a meeting of the directors.
107. Subject to the provisions of sections 316, 372 (5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes each director having one vote and in case of an equality of votes the Chairman shall have second of casting vote.
108. The chairman of the board of directors shall be the chairman of the meeting of directors. Provided that if the chairman of the board of directors is not present within five minutes after the appointed time for holding the meeting, the directors present shall choose one of their members to be chairman of such meeting.
109. A meeting of directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Articles of the Company and the Act are for the time being vested in or exercisable by the Directors generally.
110. The directors may subject to compliance of the provisions of the Act, from time to time, delegate any of their powers to committees consisting of such members or member of their body as they think fit any may, from time to time, revoke such delegation. Any committee so formed shall in the exercise of the powers so delegated confirm to any regulations that may, from time to time be imposed on it by the directors. The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions herein contained for, regulating the meetings and proceedings of the directors so far as the same are applicable thereto and are not superseded by any regulations made by the directors under article.
111. All acts done at any meeting of directors or of a committee of the directors or by any person acting as a director shall be valued notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such directors, committee or persons acting as aforesaid or that they or any of them were disqualified.
112. Except resolution which the companies act 1956 requires in specifically to be passed in a board meeting a resolution may be passed by the directors or committee thereof by circulation in accordance with the provisions of section .289 of the Act, and any such minutes of any meetings of directors or of any committee or of the company if proposed to be signed by the Chairman of such meeting or by the chairman of next succeeding meeting shall be for all purposes whatsoever as prima facie evidence of the matters in such minutes.

POWERS OF DIRECTORS

113. a) Without derogating from the powers vested in the board of directors under these articles the board shall exercise the following powers on behalf of the company and they shall do so only by means of resolutions passed at meetings of the board.
- i) The Power to make calls on shareholder in respect of money unpaid on their shares;
 - ii) The power to issue debentures.



- iii) The power to borrow moneys otherwise than on debentures;
- iv) The power to invest the funds of the company and

- v) The power to make loans.

Provided that the Board may by resolutions passed at the meeting, delegate to any committee of Directors, the Managing Director, the Manager or any other principal officer of the company or in the case of a branch office of the company, a principal officer of the branch office, the power specified in clause (iii) (iv) and (v) to the extent specified in clauses (b) respectively in such condition as the board may prescribe.

- b) Every resolution delegating the power referred to in sub-clause (iii) of clause (a) shall specify the total amounts outstanding at any one-time upto which moneys may be borrowed by the delegate.
- c) Every resolution under sub clause (iv) shall specify the total amounts upto which the funds of the company may be invested and the nature of the investments which may be made by the delegate.
- d) Every resolution delegating the powers referred to in sub clause (v) of clause (a) shall specify the total amount up to which loans may be made and the maximum amount upto which loans may be made for each such position kind individual cases.
- e) Nothing in this article contained shall be deemed to effect the right of the company in general meeting to impose restriction and conditions on the exercise by the Board of any of the powers referred to in sub-clause (i), (iii), (iv) and (v) of clause (a) above.

114. a) The board of directors of company shall not except with the consent of the company in general meeting.

- i) Sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the company, or where the company, owns more than one undertaking of the whole or substantially the whole of any such undertaking;
- ii) Remit, or give time for the repayment of any debt, due by a director.
- iii) Invest, otherwise than in trust securities, the amount of compensation received by the company in respect of the compulsory acquisition of any such undertaking as is referred to in sub-clause (i) above, or for any premises or properties used for any such undertakings is referred to in sub-clause (i) above, or of the any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- iv) Borrow moneys, where the money to be borrowed, together with the moneys already borrowed by the company (apart from the 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; or
- v) Contribute to charitable and other funds not directly relating to the business of the company or the welfare of its employees any amounts the aggregate of which will in any financial year, exceed, fifty thousand rupees or five percent of its average net profit determined in accordance with the provisions of section 349 and 350 of the Act, during the three financial year, immediately preceding, whichever is greater.

b) Nothing contained in sub-clause (i) of clause

(a) above shall affect:

- i) the title of a buyer or other person who buys or takes a lease of any such undertaking as is referred to in that sub-clause in good faith and after exercising due care and caution, or
- ii) the selling or leasing of any property of the company where the ordinary business of the company consists of or companies such selling or leasing.



- b) Any resolution passed by the Company permitting any transaction such as .is referred to in sub-clause (a) (i) above, may attach conditions to the permission as may be specified in the resolution including conditions, regarding the use, disposal or investment of the sale proceeds which may result from the transaction. Provided that this clause shall not be deemed to authorise the company to effect in accordance with the provisions contained in that behalf in the Act.
- c) No debt incurred by the company in excess of the limit imposed by sub-clause iv) of clause (a) above, shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.
- d) Due regard and compliance shall be observed in regard to matter dealt with by or in the explanation contained in sub-section (I) of section 29) of the Act and in regard to the limitations on the power of the company contained in Section 293A of the Act.

GENERAL POWERS OF THE COMPANY

VESTED IN DIRECTORS

115. Subject to the provisions of the Act the management of the business of the company shall be vested in the directors and the directors may exercise all such powers and do all such acts and things as the company is by the Memorandum of Association or otherwise authorised to exercise and do and not hereby or by the statute or otherwise directed or required to be exercised or done by the company in general meeting, but subject nevertheless to the provisions of the Act and other act and 'of the Memorandum of Association and these articles and to any regulations, not being inconsistent with, the Memorandum of Association and these articles or Act, from time to time made by the Company in general Meeting provided that no such regulation shall invalidate and prior act of the directors which would have been valued if such regulation had not been made.
116. Without prejudice to the general powers conferred by Articles 115 and the other powers conferred by these presents and so as not in any way to limit any or all those powers it is hereby expressly declared that the directors shall have the following powers:
- i) to pay the costs, charges and expenses preliminary and incidental to the promotion formation, establishment and registration of the company;
 - ii) to pay and charge to the capital account of the company and interest lawfully payable thereon under the provisions of section 76 and 208 of the act.
 - iii) Subject to the provisions of the Act and these Articles to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, credits, royalties, bounties and goodwill of any person, firm or company carrying on the business which this company is authorised to carry on at or for such price or consideration and generality on such purchase or acquisition to accept such terms and conditions as they may think fit; and in any such purchase or acquisition to accept such title as the board may believe or may be advised to be reasonably satisfactory: .
 - iv) Subject to the provisions of the Act to purchase or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and outhouses thereon, situated in any part of India at such price or rent and under and subject to such terms and conditions as the directors may think fit and in any such purchase, lease or other acquisition to accept such title as the directors may believe or may be advised to be reasonably satisfactory:
 - v) To erect, construct, enlarge, improve, alter, maintain, pull down, rebuild or reconstruct any buildings, factories, off ice, workshops or other structures, necessary or convenient for the purposes of the company and to acquire lands for the purposes of the company, and to acquire lands for the purposes of the company:



- vi) To let mortgage, charge, sell or otherwise dispose of subject to the provisions of section 293 of the act, any property of the company either absolute or conditionally and in Such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same *in* cash or otherwise as they may think fit.
- vii) At their discretion to pay for any property rights or privileges acquired by or service rendered to the company either wholly or partially in cash or in shares, bonds, debentures, debenture stock or other securities of the company and any such shares may be issued either as Fully paid up or with such amount credited as paid up thereon as may be agreed upon and any such bonds, debentures debenture stocks or other securities may be either specifically charged upon, all or any part of the property of the company and its uncalled capital or not so charged.
- viii) To insure and keep insured against loss or damage by fire or otherwise, for such period and to such extent as they *may* think proper, all or any part of the building, machinery goods, stores, produce and other movable property of the company either separately or jointly; also to insure all or any portion of the goods, produce machinery and other articles imported or exported by the company and to sell assign surrender or c~~l~~iscontinpe any policies or assurance effected in pursuance of this power.
- ix) Subject to Section 292 of the Act, to open accounts with any bank or bankers or with any company, firm or individual and to pay money into and draw money from any account from time to time as the directors may think fit.
- x) To secure the fulfillment of any contracts or engagement entered into by the company by mortgage or charge of all or any of the properties of the company and its unpaid capital for the time being or in such other manner as they may think fit.
- xi) To attach to any shares to be issued as the consideration for any contract with or property acquired by the company or in payment for services rendered to the company, such conditions subject to the provisions of the Act, as to the transfer thereof as they may think fit.
- xii) To accept from any member on such terms and conditions as shall be agreed as surrender of shares or stock or any part thereof subject to the provisions of the Act.
- xiii) To appoint any person or persons (whether incorporated or not), to accept and hold in trust for the company and property belonging to the company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide for the remuneration of such trustee or trustees;
- xiv) To institute conduct, defend, compound or abandon any legal proceedings, by or against the company or its officers or otherwise concerning the affairs of the company and also subject to the provisions of section 293 of the act to campaigned and allow time for payment or satisfaction of any debts due or of any claims or demands by or against the company.
- xv) To refer, subject to the provisions of section 293 of the act, any claims or demands by or against the company to arbitration and observe and perform the awards;
- xvi) To act on behalf of the company in all matters relating to bankrupts and insolvents;
- xvii) To make and give receipts, release and other discharge for moneys payable to the company and for the claims and demands of the company subject to the provisions of section 293 of the act.
- xviii) To determine from time to time as to who shall be entitled to sign bills, notices, warrants, released, contracts, and documents on the company's behalf.
- xix) Subject to the provisions of section 292, 293, 370 and 372 of the Act, to invest and deal with any of the moneys of the company not immediately required for the purposes thereof, upon such shares, securities or investments (not being shares in this company) and in such manner as they may think fit, and from



time to time vary or realise such investments;

- xx) To execute in the name and on behalf of the company in favour of any director or other person who may incur or be about 'to incur any personal liability for the benefit of the company, such mortgages of the company property (present and future) as they may think' fit and any such mortgage may contain a power of sale and such other powers, convenient and provisions as shall be agreed on;
- xxi) Subject to such sanction as may be necessary under the Act or the Articles, to give to any director, officer, or other person employed by the company, an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the company, and such interest commission or share of profits shall be treated as part of the working expenses of the company;
- xxii) To provide for the welfare of employees or ex-employees of the company and their wives, widows families dependents or connections of such persons by building or contributing to the building of houses, dwelling or chawls or by grants of money, pensions, allowances, gratuities, bonus or payments by creating and from time to time subscribing or contribution to provident and other funds, institution or trust and by providing or subscribing or contributing towards places of instruction and recreation hospitals, and dispensaries, medical and other attendances and other assistance as the Directors shall think fit.
- xxiii) To subscribe, or 'contribute or otherwise to assist or to guarantee money to charitable benevolent, religious, scientific, national public or any other useful institutions object or purposes for any exhibitions.
- xxiv) To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of and give or procure the giving of donations, gratuities pensions allowances or emoluments, to any persons who are or were at any time in the employments or services of the company or of any company which is a subsidiary of the company or its allied to or associated with the company or with any such subsidiary company or who are or were at any time directors or officers of the company or of any such other company as aforesaid and the wives widows, families and establish and subsidise and subscribe to any institutions, associations clubs or funds collected to be for the benefit or to advance the interest and well being of the company or of any such other company as aforesaid and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other company as aforesaid.
- xx) To decide and allocate, the expenditure on capital and revenue account either for the year or period or spread over the years.
- xxvi) Before recommending any dividend to set aside out of profits of the company such sums as they may think proper for depreciation or to depreciation fund or Reserve Fund or Sinking fund or any other special fund to meet contingencies' or to repay redeemable preference shares, debentures or debenture stock or for special dividends or for equalizing dividends or for repairing, improving extending and maintaining any part of the property of the company and for such other purpose as the directors may in their absolute discretion think conducive to the interests of the company and to invest the several sums 50 set aside or 50 much thereof as' required to be invested upon such investments (subject to the restrictions imposed by Section 292 and 293 and other provisions of the act) as the directors may think fit and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the company in such manner and for such purposes as the directors (subject to such restrictions as aforesaid) in their absolute discretion notwithstanding that the matters to or upon which the directors apply or upon which they may expend the same or any part thereof may be matters to or upon which the capital moneys divide the Reserve Fund into such special funds as the directors think fit, and to employ the assets constituting all or any of the above funds including the depreciation fund in the business of the company or in repayment or redemption of redeemable preference shares, debentures or debenture stock and that without being bound to keep the same separate from other assets or to pay interest on the same with power, however to the Directors at their discretion to pay or allow to the credit of such fund interest at such rate as the Directors may think proper.



- xvii) To appoint and at their discretion to remove or suspend such manager secretaries officers, agents and servants for permanent temporary or special service as they may from time to time think fit and to determine their powers and duties and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit and from time to time to provide for the management and transactions of the affairs of the company in any *special locality in India* in such manner as they may think fit. the provisions contained in the clause following shall be without prejudice to the general, powers conferred by this clause.
- xxviii) At any time and from time to time by power of attorney to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these presents) and for such period and subject to such conditions as the directors may from time to time think fit and any such appointment (if the directors may think fit) be made in favour of any company or the members directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body or person whether nominated, directly or indirectly by the member directors, nominees or managers, of any company or firm or otherwise in favour of any fluctuating body or person whether nominated, directly or indirectly by the directors and any such power of attorney may contain any such powers for the protection or convenience of persons dealing with such attorneys as the directors may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities, and discretions for the time being vested in them.
- xxix) Subject to the provisions of the Act, generally and from time to time and at any time to authorise, empower or delegate to (with or without powers of sub-delegation) any director, officer or officers or employee for the time being of the company and/or any other person firm or company all or any of the powers, authorities and discretions for the time being vested or any of the powers authorities and discretions for the time being vested in the directors by these presents, subject to such restrictions and conditions if any as the directors may think proper.
- xxx) To enter into all such, negotiation contracts and rescind and/or vary all such contacts and to execute and do all such act, deeds and or things in the name and on behalf of the company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the company.
117. The directors may authorize any such delegate or attorney as aforesaid to sub-delegate all or 'any of the powers, authorities and discretion for the time being vested in them.
118. The Directors may make such arrangement as may be brought fit for the management of the Companies affairs abroad, and may for this purpose {without prejudice to the generality' of their powers to appoint local bodies and agents and fix their remuneration and delegate to them such powers as may be/deemed requisite or expedient. The foreign seal shall be affixed by the authority and in the presence of and instruments sealed therein, shall be signed by such persons as the directors shall, from time to time by writing under the common seal appoint. The company may also exercise the powers of keeping foreign registers. Such regulations not being consistent with the provisions of Section 157 and 158 of the act, the Board may from time to time make such provisions as it may think fit relating thereto and may comply with the requirements of any local law.
119. A manager or secretary, directors on such terms, upon such conditions as any manager or secretary by the directors.
120. A provision of the Act or these regulations required for authorising a thing to be done by a director, manager or Secretary shall not be satisfied by its being done by the same person acting both as director and as, or as, or in place of the manager or secretary.



MANAGING DIRECTORS

121. Subject to the provisions of Section 197, A, 269, 316 and 317 of the Act the Board, may, from time to time appoint one or more directors to be Managing Directors or Managing Director and /or Whole time Directors and /or Special directors like Technical Directors, Financial Directors etc. of Company and may from time to time, (subject to the provisions of any contract between him or them from office and appoint another or others in his place or their places.
122. Subject to the provisions of Section 255 of the Act and Article 101(40) hereof, a Managing director or special director shall not, while he continues to hold that office be subject to retirement by rotation, but he shall be counted for ascertaining the number of directors to retire (subject to the provisions of any contract between him and the company) he shall be subject to the same provisions as to resignation and removal as the other directors and he shall ipso facto and immediately cease to be a Managing Director or special director, if he ceases to hold the office of director for any cause.
123. Subject to the provisions of Section 198, 269, 309, 310 and 311 of the Act, a Managing Director, or special Director shall in addition to the remuneration payable to him as a director of the company under the articles, receive such additional remuneration as may, from time to time be sanctioned by the company.
124. Subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in Section 292 and 293 thereof, the board may, from time to time, entrust to and confer upon a managing director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers and such time, and to be exercised for such objects and with such restrictions as it thinks fit, and the Board may confer such powers either collateral with or to the exclusion of and in substitution for all or any of the powers of the Board in that behalf and may from time to time revoke withdraw, alter or vary all or any of such powers.
125. The directors may from time to time appoint and at their discretion remove a person firm or body corporate to act as the registrar of the company for the purpose of maintaining the register of members, and index of members the register and index of debenture holders (if any) copies of all Annual Returns etc. for the purposes of Section 159 of the act together with the Certificate to be annexed thereto under section 161 and for the purposes of handling share certificates in compliance with the companies (issue of share certificates) Rules, 1960.

COMMENCEMENT OF BUSINESS

126. The company shall not at any time commence any business out of other objects of its Memorandum of Association unless the provisions of sub-section 2(b) of Section 149 of the Act have been duly complied with by it.
127. The board shall provide for the share custody of the seal, and the seal shall never be used except by the authority previously given of the Board or committee of the board authorized by the board in that behalf and two directors at least shall sign every instrument to which the seal is affixed. Provided nevertheless, that any instrument bearing the seal of the company and issued for valuable consideration shall be binding on the company notwithstanding any irregularity touching the authority of the board to issue the same.
128. The company may exercise the powers conferred by section 50 of the act with regard to having an official seal for use abroad, and such powers shall be vested in the board and the company may cause to be kept in any state or country outside India, as may be permitted by the act, a Foreign Register of members or Debenture holders resident in any such state or Country and the Board may from time to time make such regulations as it may think fit respecting the keeping of any such foreign register, such regulations not being inconsistent with the provisions of sections 157 and 158 of the act and the board may, from time to time make such provisions as it may think fit relating thereto and may comply with the requirements of any local law and shall, in any case, comply with the provisions of section 157 and 158 of the Act.
129. Save as otherwise expressly provided by the Act, a document or proceeding requiring authentication by the Company may be signed by a Director the Managing Director, the managing agents, the Secretaries and Treasurers, the Managers, the Secretary or their authorized officers, of the company and need not be under its common seal.



DIVIDENDS

130. Subject to the Rights of members entitled to shares (if any) with preferential or special rights attached to them the profits of the company from time to time determined to be distributed as dividend in respect of any year or other period shall be applied in payment of dividend on the Equity Shares in proportion to the amount of capital paid up on the shares provided that unless the board otherwise determines all dividends shall be apportioned and paid proportionately to the amounts paid or portions as paid up in the shares during any portions or portions of the period in respect of which dividend is paid provided always that subject as aforesaid any capital paid up on a share during the period in respect of which a dividend is declared shall (unless the board otherwise determines or the terms of issue otherwise provide, as the case may be), only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment but so that where capital is paid up in advance of calls such capital shall not confer a right to participate in profits.
131. The company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 205 of the Act, fix the time for payment.
132. No larger dividend shall be declared than is recommended by the Directors but the company in the meeting may declare a smaller dividend.
133. No dividend shall be payable except out of the profits of the company of the year or any other undistributed profits and no dividend shall carry interest as against the company.
134. The declaration of the Directors as to the amount of the net profits in the audited annual accounts of the company for any year shall be conclusive.
135. The directors may from time to time pay to the members such interim dividends as in their judgment the position of the company justifies.
136. The directors may retain any dividends on which the company has a lien and may apply the same in or towards satisfaction of the debts liabilities or engagements in respect of which the lien exists, subject to section 205A of the Act.
137. A transfer of shares shall not pass the rights to any dividends declared thereon before the registration of the transfer.
138. Subject to section 205A of the act, the director may retain the dividends payable upon shares in respect of which any person is under the transmission Articles entitled to become a member or which any person under these Articles is entitled to transfer until such person shall duly become a member in respect thereof or shall transfer the same.
139. Any one of the several persons who are registered as joint holders of any share may give effectual receipts of all dividends, bonuses and other payments in respect of such shares.
140. Unless otherwise directed any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or in the case of joint holders to the registered address of that one whose name stands first on the register in respect of the joint holding of to such person entitled or such joint holders as the case may be may direct and every cheque or warrant so sent shall be made payable at part to the person or to the order of the person to whom it is sent or to the order of such other person as the member or person entitled or such joint holders, as the case may direct.
141. Subject to the provisions of section 205 of the act and if and insofar as may not be prohibited by that section or any of the provisions of the act, may in general meeting sanctioning or declaring a dividend in terms of these articles may direct payment of such dividend wholly or in part by the distribution of partly or fully paid up shares, and the directors shall give effect to such direction and where any difficulty arises in regard to the distribution they may settle the same as they think expedient and in particular may issue fractional certificates or that fractions of less value than rupee one may be disregarded in order to adjust the rights of



the parties and may vest any such shares, in trustees upon such trusts for the person entitled to the dividends as may seem expedient to the directors, where required, the directors shall comply with section 75 of the Act, and the directors may appoint any person to sign any contract thereby required on behalf of the persons entitled to the dividends and such appointment shall be effective.

142. The payment of every cheque or warrant sent under the provisions of the last preceding Articles shall, if such cheque or warrant purports to be duly endorsed, be a good discharge to the company in respect thereof, provided nevertheless that the company shall not be responsible for the loss of any cheque, dividend warrant or postal money order which shall be sent by post to any member or by his order to any other person in respect of any dividends.

143. Any dividend remaining unpaid or unclaimed for one year after having been declared shall be dealt in accordance with Section 205A and 205B of the Companies Act, 1956 and rules made there under.

144. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provisions of Section 205A of the Companies Act, 1956 and rules made thereunder in respect of such dividend.

144A. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of _____ Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the Investor Education and protection Fund established the Central Government. A claim to any money so transferred to the above fund may be preferred to the Central Government/Committee appointed by the Central Government by the shareholders to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the Board

145. No unpaid dividend shall bear interest as against the company.

146. Where any shares in the company are issued for the purpose of raising money to defray the expenses of construction of any work or building or the provisions of any plant which cannot be made profitable for a lengthy period, the company may interest on so much of that share capital as is for the time paid up, for the period and at the rate and subject to the conditions and restrictions provided by section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work of building of the provisions of plant.

147. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixed, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the company and the members be set off against the calls.

CAPITALIZATION

148.A) Any general meeting may receive any amount standing to the credit of the share premium account or the Capital Redemption Reserve Account of any moneys investments or other assets forming part of the undividend profits (including profits or surplus moneys arising from the realisation and where permitted by law, from the appreciation in value of any capital assets of the company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the company and available for dividend may be capitalized. Any such amount (excepting the amount standing to the credit of the share premium account and/or the capital redemption reserve account) may be capitalised;

- i) By the issue and distribution as fully paid shares debentures, debenture stock, bonds or obligations of the Company, or



- ii) By creating the shares of the Company which may have been issued and are not fully paid with the whole or any part of the sum remaining unpaid thereon.

Provided that any amounts standing to the credit of the share premium account may be applied on:

- 1) Paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares:
- 2) In writing off the preliminary expenses of the company.
- 3) In writing off the expenses of, or the commission paid or discount allowed on any issue of shares or debentures or the company; or
- 4) (a) In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the company. Provided further that any amount standing to the credit of the capital redemption reserve account shall be applied only in paying up unissued shares of the company to be issued to the members of company as fully paid bonus shares.

b) Such issue and distribution under sub-clause (a) (i) above and such payment to the credit to unpaid share capital under sub-clause (a)(ii) above shall be made to among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportionate the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a) (ii) above shall be made on the footing that such members become entitled thereto as capital.

c) the directors shall give to any such resolution and apply portion of the profits general reserve fund or any other fund or account as aforesaid payment in full for the shares, debenture, for debenture stock, bonds or other obligations of the company so distributed under sub-clause (a)(ii) above provided that no such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalized sum.

d) For the purpose of giving effect to any such resolution the directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares fractional certificates or coupons, debentures debenture stock bonds, or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the directors and generally may make such arrangement for the acceptance allotment and sale of such shares debentures debenture stock bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit.

e) Subject to the provisions of the act and these articles in Case where some of the shares of the company are Fully paid and others are partly paid only such capitalization may be effected by the distribution of further, shares in respect of the fully paid shares and by crediting the partly paid shares with the whole or Part of the unpaid liability thereon, but so that *as* between the holders of fully paid shares and the partly paid shares the sum so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied prorate in proportion to the amount than already paid or credited as paid on the existing fully paid and Partly paid shares respectively.

f) When deemed requisite a proper contract shall be filed with, the Registrar of Companies in accordance with the Act and the board may appoint any persons to sign such contact on behalf *of* the members entitled as aforesaid and such appointment shall be effective.



BOOKS AND DOCUMENTS

149. The books of Account shall be kept at the Registered Office or at such other place in India *as* the Directors think fit and shall be open to inspection by the Director during business hours.
150. The directors shall from time to time determine whether and to what extent and at what times and place and under what conditions or regulations the accounts, books and documents of the company or any of them shall be open for inspection to members not being directors and no member (not being *a* director shall have any right of inspection to *any* books of account or documents of the company except as offered by Law or authorised by the directors or by the company in general meeting.
151. Every balance sheet and profit & loss account shall be audited once in *a* year by *a* qualified auditor for correctness as per provisions of the Act.
152. The first auditors of the company shall be appointed by the Board of directors within one month after its incorporation who shall hold office till the conclusion of first 'annual general meeting of the company.
153. The company at the Annual General Meeting each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting.
154. The director may fill up *any* casual vacancy in the office of the Auditors.
155. The remuneration of the auditors shall be fixed by the company in annual general meeting except as otherwise decided or that remuneration of the first or any auditors appointed by the directors may be fixed by the directors.

NOTICE

156. The company shall comply with the provisions of Section 53, 172 and 190 of the Act, as to the Servicing of Notices.
157. Every person who by operation of law or by transferor by other means whatsoever, shall become entitled to any shares shall be bound by every notice in respect of such share which previously to his name and address being entered on the register shall be duly given to the person from whom he derives his title to such share.
158. Any notice or documents delivered or sent by post to or left at the registered address of any member in pursuance of these presents shall notwithstanding such member be then deceased and whether or not the company has notice of his demise, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such members until some other person be registered in his stead as the holder or joint holders thereof and such service shall for all purposes of the presents be deemed a sufficient derive of such notice or document on his, or her heirs executor or administrators and all persons if any jointly interest with him or her in any such share.
- 159 The Signature to any notice to be given by the company may be written printed or lithographed.
160. On any sale of undertaking of the company the directors of the liquidators on a winding up may if authorised by a special resolution accept fully paid or partly paid up shares; debentures or securities of any other company whether incorporated in India or not either than existing or to be formed for the purpose in whole or in part of the property of the company, and the directors (if the profits of the company) or the liquidators (in winding up) may distribute such shares .are security or any other property of the company amongst the members without realisation or vest the saving trustees for them and any special resolution may provide for the distribution or appropriation of ,the cash shares or other securities benefits or properties otherwise than in accordance with the strict legal rights of the members or contributories of the company and for the valuation of any such securities or property at such prices and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised and waive all rights in relation there to save only in case to the company is proposed to be or in the course of being wound up such statutory rites, if any under section 494 of the Act as are incapable of being varied or excluded by the presents.



SECRECY CLAUSE

161. a) Every director, manager, auditor, treasurer, trustee, member of committee officer servant agent account or other person employee in the business of the company shall if so required by the directors before entering upon his duties sign a declaration pledging himself to observe a strict secrecy respecting all transaction, and defers of the company with the customers, and the state of the accounts with individuals and in matters thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

b) No member shall be entitled to visit or inspect any works of the company without the permission of the directors or to require discovery of or any information respecting any details of the company trading or any matter which may relate to the conduct of the business of the company and which in the opinion of the director it would be inexpedient in the interest of the company to disclose.

WINDING UP

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

163. In the event of the company being wound up whether voluntarily or otherwise, the liquidators, may with the sanction of special resolution divide amongst the contributories, in specie or kind, the whole or any part of the assets of the company and may with the like sanction, vest any part of the assets of the company in trustees upon such trusts forth with benefit of the contributories or any of them as the liquidators, with like sanction shall think fit.

INDEMNITY AND RESPONSIBILITY

164. Subject to the provisions of section 201 of the Act, every director managing director whole time director manager, secretary and other officers or employees of the company shall be indemnified against and it shall be the duty of the directors to payout of the funds of the company all bonafide costs, losses and expenses (including travelling expenses) which any such directors manager or secretary or other officer or employee may incur or become liable to by reason of any contract entered into or any way in the discharge of his or their duties and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him or by them as such director, manager, secretary, officer or employees in defending any proceeding whether civil or criminal in which judgement is given in his or their favour or he/they is/are acquitted or discharged or in connection with any application under section 633 of the act in which relief is granted by the court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the company and have priority as between the members over all claims.

165. Subject to the provisions of the act and so far as such provisions permit no director auditor or other officer of the company, shall be liable for act, receipt, neglects or defaults of any other director or officer of for joining in any receipt of act for conformity or for any loss or expenses happening to the company through the insufficiency or deficiency of title to any property acquired by order of the directors for or on behalf of the company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested or for default or oversight on his part for any loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.



SPECIAL OBJECTIVE

166. The company shall have among its objectives the promotion and growth of the national economy through increased productivity effective utilization of material and manpower resources and continued application of modern scientific and managerial techniques in keeping with the national aspiration and the company shall be mindful of its social and moral responsibilities to the consumers, employment, shareholders society and the local community.

GENERAL POWER

167. Wherever in the Companies Act it has been provided that the Company shall have any right privilege or authority or that the company could carry out any transaction apply only if the company is so authorised by its Articles, then and in that case this regulation hereto authorizes and empowers the company to have such rights, privilege or authority and to carry such transaction as have been permitted by the act, without there being any specific regulation in that behalf herein provided.

THE SEAL

168. The Company shall have common seal and the Board shall provide for the safe custody thereof. The seal shall not be affixed to any instrument, except by the authority of a resolution of the Hearn or of a committee of the Board authorised by it in that behalf and in the presence of a Director or such other person as the Board may appoint for the purpose and such Director or other person aforesaid shall sign every instrument to which seal of the Company is so affixed in his presence.



SECTION IX - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) 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 Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of our Company situated at C-617, Hiton Tower, Sher-E-Punjab, Andheri from [10.00] am to [4.00] pm on working days from the date of this Prospectus until the Issue Closing Date.

- i. Letter of appointment dated November 17, 2005 to IDBI Capital Market Services Limited, appointing them as Lead Manager to the Issue.
- ii. Memorandum of Understanding dated February 22, 2006 between our Company and IDBI Capital Market Services Limited.
- iii. Memorandum of Understanding dated February 7, 2006 executed by our Company with Registrar to the Issue.
- iv. Agreement dated August 11, 2006 executed by our Company with Bankers to the Issue.
- v. Agreement dated August 11, 2006 executed by our Company with Refund Bankers to the Issue.
- vi. Safety Net Agreement executed by our Company and IDBI Capital Market Services Limited.

List of Documents for Inspection

1. Copy of Memorandum and Articles of Association as amended from time to time.
2. Our Certificate of Incorporation of dated June 20, 1996
3. Our Certificate for Commencement of Business dated July 04, 1996.
4. Resolutions passed by Shareholders/ Board of Directors in relation to this Issue and other related matters such as appointment of auditors, formation of other committees
5. Resolutions approving the present terms of employment between our Company and our Directors as approved by our Board and our Shareholder
6. Resolution passed under Section 81(1A) of the Companies Act, 1956 at the AGM of the Company held on November 17, 2005.
7. Report of the auditors, M/s Dinesh C. Banger & Co, Chartered Accountants, dated August 11, 2006 prepared as per Indian GAAP and mentioned in this Prospectus
8. 'Statement of Tax Benefits' dated February 2, 2006 prepared by our auditors, M/s Dinesh C. Banger & Co, Chartered Accountants.
9. Copies of annual reports of our Company for the years ended June 30, 2001, 2002, 2003, 2004, 2005 and audited financials for the period of eleven months ending May 31, 2006.
10. Consent of our Auditors, M/s Dinesh C. Banger & Co, Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in this Prospectus.
11. Copy of the Auditors Certificate dated August 11, 2006 regarding the Sources and Deployment of Funds as on August 11, 2006.



12. IDBI Ltd. Sanction letter for a Rupee Term Loan of Rs. 590 lacs dated January 28, 2005
13. General Power of Attorney executed by the Directors of our Company in favour of Managing Director for signing and making necessary changes in the Prospectus and other related documents.
14. Consents of Bankers to the Company, Bankers to the Issue, Registrar to the Issue, Legal Advisor to the Issue, Directors of the Company, Lead Manager to the Issue, Company Secretary and Compliance Officer, as referred to, in their respective capacities
15. Tripartite Agreement dated April 21, 2006 among our Company, CDSL and Investor Services of India Limited, Registrar to the Issue
16. Tripartite Agreement dated May 25, 2006 among our Company, NSDL and Investor Services of India Limited, Registrar to the Issue
17. Due Diligence Certificate dated February 27, 2006 to SEBI from IDBI Capital market Services Ltd.
18. Copy of affidavit confirming that Mr. Manoj Chaturvedi is also using his name as Manoj Pathak and Identity proof of Mr. Manoj Chaturvedi.
19. Agreement dated October 1, 2003 entered into between our Company and Mr. Vinod Kumar Chaturvedi to act as Managing Director of our Company.
20. In Principal approval for listing dated 24th April 2006 from BSE.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 or 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 Prospectus are true and correct.

SIGNED BY THE DIRECTORS

Vinod Kumar Chaturvedi
(Managing Director)

Manoj Chaturvedi*
(Whole Time Director)

Ajay Prakash Arora*
(Director)

Shri Prakash Arora*
(Director)

Vijay Ranchhan*
(Director)

Vinod Khanna*
(Director)

Edvin Fernandes*
(Nominee Director)

* by his constituted attorney Mr. Vinod Kumar Chaturvedi

Place: Mumbai
Date: August 18, 2006