



LAWRESHWAR POLYMERS LIMITED

(Originally incorporated as Lawreshwar Polymers Private Limited on March 31, 1994 with Registrar of Companies, Rajasthan and was subsequently converted into Public Limited Company w.e.f. 27.05.1996 and consequently the name of the Company was changed to Lawreshwar Polymers Limited.)

Registered Office: Originally the registered office was located at E – 100, Ambabari, Jaipur and was changed w.e.f 30.03.1996 to A-243 (A), Road No. 6, V K I Area, Jaipur – 302013

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Web site: www.leharfootwear.com; **E-Mail:** info@leharfootwear.com

Contact Person: Ms. Aadya Chauhan, **Company Secretary & Compliance Officer.**

PRESENT ISSUE

Present Issue of 87, 12,500 Equity Shares of Rs. 10/- each for Cash at a Premium of Rs. 6/- per Equity Share aggregating Rs. 1394.00 Lacs. The Face Value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price of Rs. 16/- per Equity Share is 1.6 times of the Face Value.

NET OFFER TO PUBLIC THROUGH THIS PROSPECTUS

Public Issue of 62, 50,000 Equity Shares of Rs. 10/- each for Cash at a Premium of Rs. 6/- per Equity Share aggregating Rs. 1000.00 Lacs.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is Rs.10 and the issue price is 1.6 times of the face value. The issue price (as has been determined and justified by the Lead Manager and the Issuer Company as stated under the paragraph “Basis of Issue Price”) 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 or sustained trading in the shares of the company nor 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 Issue including the risk involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors **on Page No.vi of the Prospectus.**

ISSUER’S ABSOLUTE RESPONSIBILITY

Lawreshwar Polymers Limited, having made all reasonable inquiries, accepts responsibility for, and confirms that this Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue; that the information contained in this 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.

LEAD MANAGER TO THE ISSUE



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REGISTRAR TO THE ISSUE



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ISSUE PROGRAMME

ISSUE OPENS ON	Monday, 5th February, 2007
ISSUE CLOSES ON	Thursday, 8th February, 2007

LISTING

The Equity Shares are proposed to be listed on Bombay Stock Exchange Limited, Mumbai (BSE) {Designated Stock Exchange}. The “in-principle” approval for listing from Bombay Stock Exchange Limited has been received vide letter no. DCS/Smd/sm/2005 dated June 06, 2006.

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DEFINITIONS AND ABBREVIATIONS**CONVENTIONAL/GENERAL TERMS**

Term	Description
Articles/Articles of Association/AoA	The Articles/Articles of Association of Lawreshwar Polymers Limited
Board of Directors	Board of Directors of the Company
Companies Act / Act	The Companies Act, 1956 as amended from time to time
DP	Depository Participant
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 SEBI (Foreign Institutional Investors) Regulations 1995) registered with SEBI under the applicable laws in India
Financial Year/Fiscal/FY	Period of twelve months ended March 31st of that particular year, unless stated otherwise
Government/GoI	The Government of India
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Memorandum/MoA	Memorandum of Association of the Company
NRI / Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
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 issued by SEBI on January 27, 2000, including instructions, clarifications, press releases, circulars etc. issued by SEBI from time to time

OFFERING RELATED TERMS

Applicant	Any prospective investor who makes an application for shares in terms of the prospectus.
Application Form	The form in terms of which the investors shall apply for the equity shares of the Company
Auditors	The Statutory Auditors of the company i.e. M/s. A. Bafna & Co.
Bankers to the Issue	The Bankers with whom the escrow account for the Issue shall be opened
Designated Stock Exchange	Bombay Stock Exchange Limited, Mumbai.
Prospectus	This document, which is not a Prospectus under section 60 of the Indian Companies Act, 1956.
Equity Shares	Equity Shares of the Company of face value Rs. 10 each, unless otherwise specified in the context thereof
Fresh Issue / Issue / Public Issue / Offer	Public issue of 87,12,500 new Equity Shares of Rs. 10/- issued at a premium of Rs.6/-for cash at the Issue Price of Rs. 16/- each aggregating to Rs.1394.00 Lacs by the Company in terms of the Prospectus
“LPL”, “the Company”, “our Company”, “we” or “us”	Unless the context otherwise requires, refers to Lawreshwar Polymers Limited, a public limited company incorporated under the Companies Act, having its registered office at A-243 (A), Road No. 6 V K I Area, Jaipur – 302013.
Issue Opening Date	The date on which the issue opens for subscription from the public
Issue Closing Date	The date on which the issue closes for subscription from the public
Issue Period	The period between the Issue Opening Date and Issue Closing date and including both these dates
Issue Price	The price at which Equity Shares are offered in terms of this Prospectus i.e. Rs. 16/- each
Issue Size	87,12,500 Equity Shares of the Company
Prospectus	The Prospectus filed with the RoC
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 from the Escrow Account for the Issue on the Designated Date.
Registrar/Registrar to the Issue	Registrar to the Issue, In this case being Bigshare Services Pvt. Ltd
Stock Exchange/Designated Stock Exchange	Bombay Stock Exchange Limited
Auditors	The statutory auditors of the Company M/s A. Bafna & Company
Board/ Board of Directors	Board of Directors of Lawreshwar Polymers Limited or a committee thereof
Directors	Director(s) of the Company unless otherwise specified
Company / LPL / Our Company / The Issuer	Lawreshwar Polymers Limited
Equity Shares	Equity Shares of the Company of 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
Face Value	Value of paid up equity capital per Equity Share, in this case being Rs. 10/- each
Registered Office of the Company	A-243 (A), Road No. 6 V K I Area, Jaipur - 302013
ROC	Registrar of Companies, Rajasthan situated at 132, Vijay Nagar, Kartarpura, Near Kartarpura Railway Crossing, Jaipur - 302 006.

ABBREVIATIONS

BSE	Bombay Stock Exchange Limited
A/c	Account
CDSL	Central Depository Services (India) Limited
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e. profit after tax divided by outstanding number of Equity Shares.
FEMA	Foreign Exchange Management Act, 1999
FII(s)	Foreign Institutional Investors registered with SEBI
FY/Fiscal	Financial year ending March 31st each year
HUF	Hindu Undivided Family
IPO	Initial Public Offer
JVVNL	Jaipur Vidyut Vitran Nigam Limited
INR	Indian Rupee
NAV	Net Asset Value
NOC	No Objection Certificate
NRIs	Non-Resident Indians
NSDL	National Securities Depository Limited
P/E Ratio	Price/Earning Ratio
PAN	Permanent Account Number
RBI	The Reserve Bank of India
RoC	Registrar of Companies, Rajasthan, Jaipur
RONW	Return on Net Worth
PT	Physical Training
NCC	National Cadet Corps
GAAP	Generally Accepted Accounting Principles
SSI	Small Scale Industries
CLRI	Central Leather Research Institute
Sec.	Section
SIA	Secretariat for Industrial Approval
Country	India

Technical Glossary

PU	Poly urethane
TPR	Thermo plastic Rubber
PVC	Poly Vinyl Chloride
EVA	Ethyl Vinyl Acetate
MCL	Methyl Chloride
DG	Diesel Generator
JVVNL	Jaipur Vidyut Vitran Nigam Limited
KVA	Kilo Volt Ampere.

I. RISK FACTORS

FORWARD-LOOKING STATEMENTS AND MARKET DATA

Forward-looking Statements

This Prospectus contains certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “expect”, “estimate”, “intend”, “may”, “plan”, “project”, “shall”, “will” or other words or phrases of similar import. Similarly, statements that describe Company’s objectives, strategy, plans or goals are also forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and assumptions about the Company 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 the expectations include, among others:

- General economic and business conditions;
- Company’s ability to successfully implement its strategy and its growth and expansion plans;
- Factors affecting the Footwear industry;
- Increasing competition in the Footwear industry;
- Increases in labour costs, raw material prices and prices of plant & machineries;
- Manufacturing defects or mechanical problems with Company’s plant & machineries or incidents caused by human error;
- Cyclical or seasonal fluctuations in the operating results;
- Amount that the Company is able to realize from the clients;
- Changes in laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

For further discussion of factors that could cause Company’s actual results to differ, please see the section entitled “Risk Factors” included in this Prospectus. In the light of inherent risks and uncertainties, the forward-looking statements, events and circumstances discussed in this Prospectus might not occur and there is no guarantee of future performance.

Neither the Company, its Directors and Officers, any member of the Issue Management Team nor any of their respective affiliates has 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, for purposes of the Issue, the Company and the Lead Manager to the Issue will ensure that investors in India are informed of material developments relating to the business until such time as the grant of listing and trading permission by the Stock Exchange.

Market Data

The Prospectus also includes statistical data regarding the footwear industry. Industry and market data used throughout this Prospectus has been obtained from Government of India sources, and internal Company reports. Although industry and market data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the company to be reliable, have not been verified by any independent sources.

RISK FACTORS

An investment in the company's Equity Shares involves a high degree of risk. You should carefully consider all the information in this Prospectus, including the risks described below before you make an investment decision. Risks have been quantified, wherever possible. If any of the following risks actually occur, the business of the company, its financial condition and results of operations could suffer, and hence the trading price of its Equity Shares may decline and you may lose all or part of your investment.

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

RISKS INTERNAL TO THE COMPANY

1. There has been a revision in implementation schedule of the project

Management Perception

The company had envisaged placement of orders for Plant & Machinery by May 2006, which is now expected to be completed by February 2007. Due to this, subsequent activities like commissioning and production have also been delayed. For further details please refer "Schedule of Implementation" appearing on page 42 of this Prospectus.

2. We are dependent on importers for supply of EVA Granules, which constitutes the largest component of raw material for manufacturing of EVA injected footwear.

For manufacturing of EVA injected footwear, we are dependent on the importers of EVA granules. There are number of traders in the Indian market who are importing EVA granules and hence it is easily available. Any inordinate increase in price in international market or the shortages in supply of the raw material will adversely affect the profitability of the company.

Management Perception

There are a large numbers of importers in India, so we do not anticipate shortage in supply of raw material and secondarily the company had imported the raw material in the past at competitive price.

3. We are dependent on our management and professional team for success.

Our success depends in part on the continued services of our Chairman Mr. Mohan Lal Agarwal, Managing Director, Mr. R. K. Agarwal, Executive Director Mr. Naresh Agarwal and other key managerial personnel of the Company. If we lose the services of our Chairman / Managing Director / Executive Director or any of our key managerial personnel, it would be very difficult to find and integrate replacement personnel in a timely manner which could significantly impair our ability to develop and implement our business strategies. This would have a material adverse effect on our financial condition and results of operations.

Moreover, if we fail to hire and retain sufficient number of qualified personnel for functions such as finance, marketing and sales, engineering, our business, operating results and financial condition could be adversely affected. Competition for qualified professional personnel is intense as these personnel are in limited supply, particularly as the industry continues to grow and mature. There can be no assurance that we will be able to successfully attract, assimilate or retain sufficiently qualified personnel.

Management Perception

The Company has devised a sound human resource policy to develop and retain its key management personnel and talent, and the company has been able to retain the significant part of its manpower. Its employee turnover has also been very low over the years. The Company is confident that the Company will be able to retain the existing personnel and also attract additional number of personnel as and when required.

4. We are expanding our capacity without any firm marketing arrangements for our products

We do not have any purchase agreements in place, which will require us to utilize our expanded capacity. Our calculation of such potential demand is based on our analysis of market trends and other factors. If we are unsuccessful in implementation of the project, or we prove to be wrong in our estimations, our costs may increase with an adverse effect on our operations, profitability and cash flows.

Management Perception

Our capacity expansion has been planned considering the potential demand for our products. The company is already supplying EVA Footwear in Rajasthan and is facing capacity constraints, thus it will not face problem in selling the increased production of EVA Footwear due to established brand and sound marketing network.

5. Risk of time and cost overrun in the project.

We have taken the cost of showrooms and construction cost of the buildings on the estimated cost of construction, lease charges and procurement price as per the existing market structure. The plant and machinery will be imported for which the suppliers have been identified and quotations have been called. There may be cost overrun if there is delay in purchase /lease of retail showrooms/corporate office due to increase in the market price of the properties or actual cost of construction.

Management Perception

The estimate for capex on plant & machinery/ equipment has been prepared on the basis of firm quotations received from the suppliers. Cost may vary due to exchange rate fluctuation, for which necessary provisions for contingencies have been made. There may be some variance in estimated/ actual cost of retail showrooms/ corporate office being established by the company but this will not affect the overall project. Moreover the company has already considered 5% of the Project Cost towards contingency or meeting any future eventualities.

6. The company is yet to place orders for an amount of Rs. 574.75 lacs (i.e. 57.52% of total Plant & Machinery cost).

We have not placed orders for certain machineries to be financed from the proceeds of the issue as mentioned under “Objects of the Issue” as stated on page 40-41 of the Prospectus. For the estimates where orders are yet to be placed we have relied on quotations received over the past six months and on our past experience. Our Company has yet to take a decision to finalize the orders/suppliers for the equipments.

Management Perception

The company has already ordered for almost a half of the imported machinery required for the project. It has also floated enquiries for the remaining equipments and the quotations have been received from various parties. Many of the machineries whose orders are yet to be placed are to be procured from indigenous or local suppliers and the company does not see any difficulty in procuring those machineries, as they are readily available.

7. Our current debt sanctions contain several restrictive covenants.

We have received the sanction of the term loan for the said project from UTI Bank Limited and the loan agreement will be entered into between the company and the bank in due course. The company is in negotiation with the banker for change(s) in few of the restrictive covenants, some of which operate on implementation of the project and other, which operate on any default, made by us in meeting out our repayment obligations, or not complying with the terms and conditions.

The restrictive covenant include that the bank will disburse the loan for purchase of machinery or open the Letter of Credit in favour of the suppliers only after induction of proposed equity capital by the promoters and receipt of fund from proposed IPO. Further the bank has imposed the condition of 100% margin for opening of Letter of credit in favour of the suppliers. The said covenant may delay in the implementation of the project and may result in time and cost overrun.

Further the bank has stipulated the condition that the disbursement of the enhanced working capital facility will be made only after the receipt of the proceeds of the proposed initial public offer.

8. In order to expand and grow, we may require further equity issuance to satisfy our capital needs, and any future equity offerings by us may lead to dilution of equity and may affect the market price of our equity shares.

Our growth is dependent on having a strong balance sheet to support our activities. We may need to raise additional capital from time to time to fund working capital or capital expenditure requirements, depending upon business conditions. The factors that would require us to raise additional capital could be business growth beyond what the current balance sheet can sustain; additional capital requirements imposed due to changes in regulatory regime or new guidelines; or significant depletion in our existing capital base due to unusual operating losses.

Management Perception

The Company has no immediate plans to issue further equity shares. In case the company decides to raise additional funds through the issuance of equity, the same would be done for further value creation for the shareholders of the company and after taking adequate consent from them.

9. We are involved in certain legal proceedings and claims against us incidental to our business and operations.

The Company is a defendant in some legal proceedings incidental to its business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. If significant claims are determined against the Company, the Company may be required to pay all or a portion of the disputed amounts. For more details of these litigations, please refer to the section titled “Outstanding Litigation, Material Developments” beginning on page 120 of this Prospectus.

10. Our Promoter and Promoter Group will hold 54.31% of the post issue equity shares, and will effectively control our company and may have interests which conflicts with those of our other shareholders or holders of our equity shares.

Our Promoter and Promoter Group together will hold 54.31% of post-Issue Equity Shares. As a result of their shareholding they will have the ability to influence most matters, which require the approval of our shareholders. In addition they

collectively have the ability to block any special resolution by our shareholders, including the alterations of our Articles of Association, issuance of additional shares of capital, commencement of any new line of business and similar significant matters.

Management Perception

The Company operates in a professional manner and decisions are being taken by experienced managerial group. The Board of the Company comprises of professional independent directors and important corporate decision-making is taken on a joint, consultative basis and where applicable by committee of directors.

11. We do not have a track of record for payment of dividend on equity shares.

We have not declared or paid any cash dividends on the Equity Shares. The future payment of dividends, if any would be based on the then available distributable profits and the recommendations of our Board of Directors.

Management Perception

The company has not yet declared any dividend till date with the object to conserve the resources and utilize the same for the future growth/expansions.

12. The revenue of the company for the period ended 30.11.2006 includes products traded to the tune of Rs.423.81 Lakhs (29.63 % of the total revenue) which is non-recurring.

Management Perception

The company is mainly into manufacturing activities and trading of goods is non-recurring in nature. The company undertook this activity mainly to increase its market share and to facilitate it in the sale of the increased production in the future years.

13. The Company is yet to obtain approvals from Department of Factories & Boilers and Rajasthan State Pollution Control Board for the proposed project.

Management Perception

The company has made applications in the month of November, 2005 and the approvals from the respective authority will be granted once the commercial production starts.

14. We have not yet applied for or are yet to receive certain statutory clearances and approvals in relation to the project.

We have applied for environmental clearances and other approvals for the project of EVA injected footwear and PU sole footwear, which are pending with appropriate authorities for clearances. Any delay in receiving the above mentioned permissions might delay implementation for the project.

Management Perception

The Company requires these approvals, licenses, registrations and permissions for operating the business, some of which have either been made or are in the process of making an application for obtaining the approval. For more information, see Government Approvals on page 122-123 of this Prospectus. These approvals are of routine nature and the company is confident to obtain them in due course of time.

15. There is a pending litigation between M/s Jai Narayan Mohan Lal & Sons (JNMLS)- Related entity and Pepsi Foods Pvt Ltd (PFPL) for the trade mark of "Lehar" brand and opposition has been filed by PFPL opposing the registration of trade mark in the name of JNMLS. PFPL may file a case against the company restraining it to use the brand name "Lehar".

Management Perception

"M/s Jai Narayan Mohan Lal and Sons (JNMLS) was using the brand "Lehar" since 1990 and it made an application for the registration of the same with Trademark authorities on 28th February 1995. The company was also using the brand "Lehar" since 1995 and subsequently entered into an Agreement with JNMLS for using such brand. Thereafter, PFPL has filed a case opposing the registration of the Trademark. In the meanwhile, "Lehar" brand has been registered in the name of the company and the company does not foresee any litigation from PFPL. The company is confident that the outcome of the case may not have any impact on its operations."

16. The Company is dependent on its promoters and any inability on their part to contribute to the business may affect its performance.

The Company is dependent on the experience and the continued efforts of its promoters who are first generation entrepreneurs and have been associated with the company since inception. The promoters have been involved with critical functions like development of new products, marketing, and other operations of the Company.

Management Perception

The company has a team of qualified marketing executives, finance professionals and other professionals who are involved in the day-to-day operations of the company. This reduces the company's dependency on the promoters to manage the operations of the company.

17. Contingent Liability for the period ended 30/11/2006.

(Rs. in Lacs)

Particulars	Amount
a. Estimated amount of capital commitments	486.98
b. Claims against company not acknowledge as debts.	1.77

Management Perception

The above Contingent Liabilities are in the normal course of business, hence no provision is required.

For further details see page 120 under the head 'Legal and Other information'.

18. Inability to keep abreast with the latest trends in the Footwear Industry.

The Company may not be able to keep abreast with the latest trends in the footwear industry and consumer preferences, which may adversely affect the competitiveness of the Company.

Management Perception

This is a risk applicable to the entire footwear industry. The Company is constantly endeavoring to keep pace with the latest developments in the industry and is gradually strengthening its position to enhance its market share by introducing new products, appointing new distributors, extensive geographical coverage etc.

Moreover, the Company is in the field of manufacturing of footwear for over 10 years and has requisite expertise and ability to adapt to newer generation products and technology. The company is well aware of the development of market trends, consumer preferences, competition, regulations etc.

19. The cost of inputs may increase and may distort the profitability and financial position of the Company

The input costs of the products of the company may increase due to various reasons. In case the company is not able to pass on such increase to the consumers because of competition or otherwise, it may affect the profitability of the Company.

Management Perception

The Company constantly endeavors to procure raw materials and packing materials at the lowest prices using its long-term association with the suppliers and developing new sources as well. The company will also follow prudent pricing policy to keep the costs under check.

20. The project has been appraised by UTI Bank and certain weaknesses have been incorporated in the Appraisal Report which are as under:

- Company is undertaking large-scale expansion and may face problem in sales/ marketing of higher output.
- Company faces the risk of failure of public issue as the issue is not underwritten.
- There is a risk of time and cost overrun in the project.

21. The Company has revalued its assets during the year 2004-05 and there is an increase in the reserves of the company to the extent of Rs. 229.94 Lakhs on this account.

The details of revaluation as follows:

(Rs. in lacs)

Sr. No	Particulars	Old Value	New Value	Difference	Revaluation Date
1	Land	13.72	258.78	245.05	31.03.2005
2	Building	82.21	163.03	80.82	31.03.2005

Management Perception

The Company has revalued its land & building during the year 2004-05, since then there was a spurt in the land price and company has intention to reflect the same in the books. Infact, there is further spurt in the land prices for which the Company is yet to revalue.

22. Interest of promoter / director/group concern in any transaction in the acquisition of land, construction of building and supply of machinery is as under:

Name of the Concern	Nature of the transaction	Value involved	Nature of relation with the concern
Jeetish Properties Pvt. Ltd.	Acquittance of Corporate Office	Rs.65 Lacs	MD of the Company is director in Jeetish Properties Pvt. Ltd.
Sankhla Investors	Acquittance of Showroom at Jaipur	Rs.45 Lacs	MD's brother is partner in the firm.

23. Company is yet to identify showroom premises at Banglore, Gurgaon and Mumbai for which an amount of Rs. 136.56 Lakhs(i.e. 7.2% of the project cost) have been earmarked in the proposed project.

Management Perception:

The management is in the process of identifying the locations in the cities mentioned above and is hopeful to complete the same in the due course.

24. For the year ended 31.03.2006, the company's sale were with M/s Jai Narayan Mohan Lal & Sons (JNMLS) and Lawreshwar Footcare Private Limited (LFPL) (ie. related entities) to the extent of 2.90 % and 19.46% respectively.

Management Perception

The transactions with JNMLS and LFPL were done at the market price. Further, LFPL has become our subsidiary company with effect from 10th April 2006.

25. Company's Average Return on Net Worth is less than the minimum return required to maintain the pre-issue EPS of Rs. 2.07.

RISKS EXTERNAL TO THE COMPANY

26. The Company operates in a globally competitive business environment

We operate in a globally competitive business environment, particularly with the opening up of the Indian economy and competition being faced from international players. In the area itself where we operate, there are many other manufacturers in the same product line. We face substantial competition in each of the market we serve. The market for distributing and selling rubber footwear and EVA injected footwear is intensely competitive. We believe that as the footwear industry in India is ever increasing; many competitors will be attracted to the industry. We expect competition in each of the market we serve, to continue and intensify in the future. Increased competition may result in reduced revenues and operating margins, loss of market share, either of which could have an adverse effect on our business, financial condition and results of operations.

Management Perception:

In view of favorable market scenario, prospects of footwear industry are very promising. The company, therefore, does not foresee any problem despite competition and entry of multinationals. The company's products command good brand equity and has augmented its market share in the semi premium and regular categories. The company aims to keep growth with the dynamic business strategy and plans to broad base its product mix by introduction of new products.

27. Political instability in India owing to the currently prevalent coalition politics could cause delays and changes in key policy decisions thereby adversely affecting business and economic conditions in India generally and our business in particular.

During the past decade India has witnessed the vagaries of coalition politics wherein the government at the center has been formed by a clutch of political parties with varied ideologies coming together for the sake of power. Though most of the governments have taken initiatives that support continued economic liberalization, we cannot assure you that these liberalization policies will continue in the future. With the increasing influence of the Left parties in the decision-making process, the rate of economic liberalization could change and specific laws and policies affecting footwear industry, foreign investment, currency exchange rates and other factors affecting our business could change as well. A

significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

Management Perception

The above risk factors are essentially applicable to the entire business sector as a whole and not specifically to the Company only. The Company will deal with such situations as and when they arise.

28. The business of the Company is significantly affected by external factors

The results of the Company have been and may be significantly affected by factors outside our control such as political unrest, cross-border hostilities, civil commotion and acts of terrorism either in India or outside India. Other factors include potential negative changes in environmental regulations, government regulations. The Company is also subject to the risk of loss of revenues and assets due to fire or natural disasters. The occurrence of all such events including natural disasters could interrupt the Company's business for significant periods.

Management Perception

Although, the above risk factors are generic in nature, the Company is aware and would address the same through appropriate risk management strategies as and when such eventualities arise.

29. Changes in the Government of India policies

A significant change in India's economic liberalization and deregulation policies, including the shoe and leather industry, could affect business and economic conditions in India generally and the business of the Company in particular. A significant change in the Indian government's or the state government's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and the business and financial condition and prospects in particular of the Company.

Management Perception

This is a risk applicable to the entire industry. The Company will address the same as and when required by falling in line with other industry players. Moreover, Government of India has identified footwear as a thrust area and incentives are being provided to encourage the Industry. Hence, the company does not foresee any adverse policy changes that could be detrimental to the growth of this sector.

Further, whenever such policy changes affect the company's business, the company would work towards complying with or reckoning the policy changes and adopt appropriate strategies to sustain the effects on its business.

30. Any adverse changes in laws, regulations, tax structures etc. may increase our tax liability and decrease any profits we might have in the future.

The statutory corporate income tax rate in India is currently 30.00%. This tax rate is presently subject to a 10.00% surcharge and an education cess of 2.00%, resulting in an effective tax rate of 33.66%. We cannot assure you that the tax rate or the surcharge will not be increased further in the future. Further, any change in the laws and regulations governing the leather and footwear industry may adversely affect the business and financial condition of the Company. For details, please refer to the section entitled "Statement of Tax Benefits" on Page 26 of this Prospectus.

Management Perception

The emphasis of Government of India is very much on rapid industrial growth. It has been concerned with initiating various tax exemptions, tax holidays, and subsidy and grant schemes etc. to encourage industries. In such a scenario, it is very unlikely to have any negative changes in the regulations, laws, tax structures etc.

31. We require certain registrations and permit from government and regulatory authorities in the ordinary course of business and the failure to obtain them in a timely manner or at all may adversely affect our operations.

A number of government permissions and approvals are required for the Company's operations. These permissions and approvals include licenses for operation of the factories, registration under the Central and State Sales Tax Acts, environment clearances under the Water and Air (Prevention and Control of Pollution) Acts. The cost, liabilities and requirements associated with complying with these laws and regulations may be substantial and time consuming and may delay the commencement or continuation of production activities. Failure to comply with these laws and regulations or to obtain or renew the necessary permissions and approvals may result in the loss of the right to operate the business. For more information, see the section titled "Government Approval/Licensing Agreement" on page 122-123 of this Prospectus.

Management Perception

The Company has a proven track record of compliance with various regulations, terms of approvals etc. Further, the Company is ISO 9001 and ISO 14001 certified and it works in the area of environment friendly products thus mitigating the risk of adverse changes in regulatory environment for the Company.

32. Volatility of share price

After the Issue, the price of the Equity Shares may be highly volatile or may fluctuate significantly or an active market for our equity shares may not develop due to many factors, including variations in the operations of the Company and changes in the regulatory environment. The prices of the Equity Shares on the Indian Stock Exchanges have fluctuated in the past and may continue to fluctuate after the Issue as a result of several factors, including:

- Volatility in the Indian and global securities markets;
- Results of operations and performance in terms of market share;
- Performance of our competitors, the Indian footwear industry and perception in the market about investments in the sector;
- Contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- Changes in the estimates of Company's performance or recommendations by financial analysts;
- Significant developments in India's economic liberalization and deregulation policies;
- Significant developments in India's fiscal and environmental regulations;

Management Perception

The ever-increasing restrictions and compliance measures by regulatory authorities have discouraged the unwanted fluctuations in the share prices.

33. Increase in employee compensation in India

The senior employee compensation, if increased, in India may erode some of the competitive advantage that the Company presently enjoys and may negatively affect the profit margins of the Company. The senior employee compensation in India is increasing at a faster rate, which could result in increased costs relating to professionals. Compensation increase may have a material adverse effect on the business of the Company.

Management Perception

The Company believes that with the help of its sound human resource policy to develop and retain key management personnel and talent and the prevailing cordial atmosphere within the Company, it will be able to develop and retain more qualified and skilled key personnel on competitive package to cater its future needs.

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

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001 and New Delhi on December 13, 2001, as well as the bomb blasts in Mumbai on August 25, 2003, in Bali, Indonesia, Madrid, Spain and recently the bomb blasts in New Delhi on 29th October, 2005 as well as other acts of violence or war, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. Travel or communication restrictions as a result of such attacks may have an adverse impact on our ability to operate effectively. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession. Some parts of India have experienced communal disturbances, terrorist attacks and riots during recent years. In addition, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region. Further, since 2002 there have been military hostilities and continuing civil unrest and instability in Iraq and Afghanistan. Events of this nature in the future as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

Management Perception

The consequences of any of the above are unpredictable and the company may not be able to foresee such events that could have a material adverse effect on its business, financial conditions or results of operations.

Notes to Risk Factors

1. Public Issue of 87,12,500 Equity Shares of Rs. 10/- each at a premium of Rs. 6/- each for cash aggregating Rs. 13,94,00,000. (Here in after referred to as “this Issue”).
2. The average cost of acquisition of Equity Shares during last 12 months, of the nominal value of Rs. 10/- each by the Promoters, is as follows:

(In Rs.)

Name of our Promoters	Average cost of acquisition
Mr. Mohan Lal Agarwal	9.64
Mr. Raj Kumar Agarwal	13.48
Mr. Naresh Agarwal	8.16

3. Net worth prior to the Issue as on 30-11-2006 as per the audited accounts is Rs.796.08 Lacs.
4. The book value of the equity shares of the Company as on 30-11-2006 is Rs.16.03 per equity share.
5. For details on Related Party Transactions refer to the section titled “Information on Related Party Disclosures” on Page No. 61 of this Prospectus.
6. Investors are advised to refer the paragraph on “Basis of Issue Price” on page 24 of this Prospectus before making an investment in this Issue.
7. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis as set out in the section titled “Basis of Allotment” on page 138 of this Prospectus.
8. Investors are free to contact the Lead Manager for any complaints/information/clarification pertaining to this issue. For contact details of the Lead Manager, please refer to the cover page of this Prospectus.
9. The Promoters/Directors/Key Managerial Persons are not deriving any benefits other than reimbursement of expenses incurred and/or normal remuneration.

II. INTRODUCTION

SUMMARY

This is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Prospectus, including the information on “Risk Factors” and our financial statements and related notes appearing elsewhere in this Prospectus, before deciding to invest in our Equity Shares.

Footwear was historically produced primarily to protect the foot. With the passage of time, dictates of fashion became key influences. Initially leather was the main raw material for the footwear industry but gradually with the advent of time, ture footwear which were not only more durable, comfortable but also cost effective for the generahe footwear industry started developing and new raw materials were used to design and manufactl mass.

The Indian Footwear industry both at manufacturing and marketing side continues to be fragmented into multiple regions. This is basically because of big size of the country total demand of which is decided on regional preferences, the economic, social, seasonal factors and absence of a proper distribution network. Almost 70% of the industry belongs to the rural segment, which is serviced by the unorganized sector.

The footwear segment includes shoes, slippers and sandals. India’s per capita annual consumption of footwear is around 1.5 pairs against the per capita annual consumption of approximately 5 to 6 in developed countries like USA & UK. As leather footwear is costlier than other footwear made from its substitutes i.e. PVC, PU, Rubber, TPR etc., the leather footwear segment accounts for less than 25 per cent of the total footwear market in India.

In future, the domestic demand of footwear is estimated to grow at a faster pace due to rise in urban and rural population. A number of large players (some of whom having tied up with international players) have entered into the shoe market and are developing brand culture in this segment. The major domestic players in footwear market are Relaxo, Liberty, Lakhani, etc. The exports (especially of shoe components) are also likely to grow, with a number of large players setting up units with 75 per cent export commitment. Increasingly major multinational companies are shifting their production base to the countries having cheap labour costs. The overall demand for this segment is estimated to grow by more than 15 per cent p.a. in future.

LAWRESHWAR POLYMERS LIMITED (LPL) was incorporated as a Private Limited Company in the year 1994 with the object of manufacturing of canvas shoes, lightweight hawai chappals & EVA Injection footwear. The status and name of the company was changed to public limited company Lawreshwar Polymers Limited w.e.f. 27.05.1996.

The present promoters of the company are Mr. Raj Kumar Agarwal, Mr. Mohan Lal Agarwal and Mr. Naresh Agarwal. The Company commenced its production from 11th May 1995 with an installed capacity of 45 Lac pairs per annum and within a span of one year it had been successful in achieving envisaged results and able to establish an effective sales network in Rajasthan as well as other states. The Company has successfully established its brand name “**LEHAR**” in the market within a very short period. At present the Company is having an annual installed capacity of 75 Lac pairs of Hawai Chappals, 12 Lac pairs of Canvas shoes and 9.87 Lac pairs of EVA Injection footwear. The Company manufactures a variety of footwear like light weight fancy slippers, PVC and TPR footwear, synthetic leather chappals in addition to Hawai Chappals and canvas shoes. The Company is proposing to diversify its product line by manufacturing of PU Sole Footwear alongwith the expansion of present EVA Injection footwear manufacturing facilities.

The Company has installed machines of latest technology including imported EVA injection machine and other devices to make most efficient use of available resources as well as to maintain high standards of footwear manufacturing. This has also been one of the key factors for the company in achieving the following major awards:

- The Company is the first ISO: 9002 certified manufacturer in footwear industry in the state of Rajasthan.
- The Company is ISO: 9001 and ISO: 14001 certified Company.
- The Government of Rajasthan honored Mr. M. L. Agarwal, Chairman of the Company with “Udyog Shree Award” in the year 1997.
- The Company received “National Award 2000” from the Government of India for Special Recognition Award in Small Scale Industry for the year 2000.
- Awarded the National Award from Ministry of Small Scale Industry for Quality products in SSI Sector for the Year 2003.
- Received the National Award from Ministry of Small Scale Industry for Small Scale Entrepreneurs for the Year 2003.

Our Competitive Strengths

The primary competitive strengths of the company are as under:

- Strong management team and a motivated and efficient work force.
- Profit making company since incorporation and proven track record.
- Multi product capability having integrated facilities.
- Good operational performance due to good technical base, lower overheads, state of the art manufacturing facilities and effective marketing network.

Our Strategy

Our Company's strategy is to leverage its reputation as an efficient reliable, customer driven company providing a diversified range of footwear products. The key elements of our business strategy are as follows:

- Wide variety of products for diversified markets.
- Strategically located showrooms.
- To be cost-efficient and a low cost footwear manufacturer/supplier in India.
- Maintaining a high quality dedicated workforce through training, superior benefits and the fostering of a close-knit, supportive culture.
- Continuous optimization of the manufacturing infrastructure resulting into timely delivery of quality products.
- One-Stop Source for high quality and cost effective footwears.

THE ISSUE

Fresh Issue by the Company	87,12,500 Equity Shares of Rs.10/- each for cash at a premium of Rs. 6/- per share aggregating to Rs. 1394.00 lakhs.
Of which	
Promoters participation in the Issue to the extent of	24,62,500 Equity Shares of Rs.10/- each for cash at a premium of Rs. 6/- per share aggregating to Rs. 394.00 lakhs.
Net Offer to the Public	62, 50,000 Equity Shares of Rs.10/- each for cash at a premium of Rs. 6/- per share aggregating to Rs. 1000.00 lakhs.
Equity Shares outstanding prior to the Issue	49, 65,594 Equity Shares of Rs.10/- each.
Equity Shares outstanding after the Issue	1, 36, 78,094 Equity Shares of Rs.10/- each.
Use of Issue proceeds	Please see the section titled “ Objects of the Issue” on page 15 of this Prospectus

SUMMARY OF FINANCIAL DATA

The summary of financial and operating information presented below should be read in conjunction with the Financial Statements, the notes thereto included in the “Financial Statements” and “Management’ Discussion and Analysis of Financial Condition and Results of Operations” on page 105 of the Prospectus.

STATEMENT OF PROFIT & LOSS ACCOUNT**(Rs. in Lacs)**

PARTICULARS	As on 30.11.06	Year ended 31st March				
		2006	2005	2004	2003	2002
INCOME						
Turnover						
- Manufactured	929.76	1722.21	1547.84	1538.02	1208.09	1,202.37
- Traded	423.81	0	0	0	0	0
- Job Work	2.49	3.56	11.68	13.17	3.89	0
Increase/ (Decrease) in stocks	67.81	-6.66	9.68	27.68	-23.47	12.51
Other income	6.60	4.51	1.01	1.01	1.33	3.74
TOTAL	1430.47	1723.62	1570.2	1579.89	1189.85	1218.62
EXPENDITURE						
Material Cost	983.72	1071.31	981.88	1,016.28	685.85	758.6
Manufacturing & Other Expenses	268.26	453.76	407.77	401.63	379.88	326.93
Preliminary Expenses written off	0.18	0.27	0.03	0.03	0.03	0.03
TOTAL	1252.16	1525.34	1,389.68	1417.94	1065.75	1085.56
Profit before Interest, Depreciation and Tax	178.31	198.28	180.52	161.95	124.1	133.06
Depreciation	28.29	39.03	39.94	44.71	26.09	28.93
Profit before Interest and Tax	150.02	159.25	140.58	117.24	98.01	104.14
Financial Expenses	43.25	72.77	80.56	77.94	64.9	70.45
Net Profit Before Tax	106.77	86.48	60.02	39.3	33.11	33.68
Provision for Taxation						
Current Tax	36.19	30.86	11.2	6	3.5	5.5
Deferred Tax	1.78	-1.02	1.85	6.88	6.77	-
Tax for earlier years	-	-	-	-	-	-
FBT	0.73	1.75				
Net Profit after Tax	68.07	56.92	46.97	26.41	22.84	28.18
Brought Forward from Previous Year	56.92	202.20	155.23	128.82	106.15	113.18
Prior Period Expenses/ (Income)	0.44	0.18	-	-	0.17	-
Transferred to General Reserve	0	200.00	-	-	-	-
Balance Carried to Balance Sheet	125.43	56.92	202.2	155.23	128.82	141.36
Earning Per Share	2.07*	2.06	3.88	2.18	2.23	2.85

*Annualised

STATEMENT OF ASSETS & LIABILITIES

(Rs. in Lacs)

Particulars	As on 30.11.06	As at 31st March				
		2006	2005	2004	2003	2002
Gross Block	1055.06	967.88	933.8	564.99	555.68	394.36
Less: Depreciation	338.06	307.97	266.56	231.36	187.14	162.84
Net Block	717.00	659.91	667.23	333.63	368.55	231.51
Less: Revaluation Reserve	321.37	323.17	325.87	-	-	-
Net Block after adjustment for Revaluation Reserve	395.63	336.73	341.36	333.63	368.55	231.51
Capital Work in Progress	164.51	160.68	-	-	-	-
TOTAL FIXED ASSETS (A)	560.14	497.42	341.36	333.63	368.54	231.51
INVESTMENTS (B)	33.18	31.23	0.03	0.03	0.03	0.03
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	423.00	331.03	302.1	293.56	269.8	261.27
Sundry Debtors	785.82	612.05	546.6	466.09	350	328.01
Cash and Bank Balance	26.66	31.19	20.43	5.17	6.55	4.88
Loans and Advances	237.88	229.30	72.67	29.24	14.27	16.49
Total (C)	1473.36	1203.58	941.8	794.06	640.62	610.65
LIABILITIES AND PROVISIONS						
Secured Loans	528.89	506.26	443.72	431.74	394.59	310.79
Unsecured Loans	32.78	0.00	171.66	198.64	158.87	128.5
Current Liabilities	452.29	234.47	225.96	149.34	143.55	140.37
Share Application Money	165.26	158.26	-	-	-	-
Provisions	39.90	30.86	11.2	6	3.5	5.5
Deferred Tax Liability	51.48	49.70	50.72	48.87	41.99	-
Total (D)	1270.60	979.55	903.26	834.59	742.5	585.16
Net Worth (A+B+C-D)	796.08	752.67	379.94	293.13	266.69	257.04
REPRESENTED BY:						
Share Capital	496.56	496.56	146	121	121	98.84
Total Reserves and Surplus	655.46	588.75	560	172.16	145.74	158.29
Less: Revaluation Reserves	321.37	323.17	325.87	-	-	-
Net Reserves and Surplus	334.09	265.58	234.13	172.16	145.74	158.29
Miscellaneous Expenditure (To the extent not written off or Adjusted)	34.56	9.47	0.18	0.03	0.05	0.08
Net Worth	796.08	752.67	379.94	293.13	266.69	257.04

GENERAL INFORMATION

Lawreshwar Polymers Limited

(Originally incorporated as Lawreshwar Polymers Private Limited on March 31, 1994 with Registrar of Companies, Rajasthan and was subsequently converted into Public Limited Company w.e.f. 27.05.1996 and consequently the name of the Company was changed to Lawreshwar Polymers Limited.)

Registered Office : A-243 (A), Road No. 6 V K I Area, Jaipur - 302013
Tel: 91-141- 5104901-02 **Fax:** 91-141- 5104977
E-mail: info@leharfootwear.com
Web site: www.leharfootwear.com

Registrar of Companies : 132, Vijay Nagar, Kartarpura,
Near Kartarpura Railway Crossing,
Jaipur-302 006.
Ph: 91-141-500564/5, Fax No: 91-141- 500564,
E-Mail: rocjai.sb@sb.nic.in

Company Registration No : 17-08196 of 1993-94

Company Identification No : U19201RJ1994PLC008196

BOARD OF DIRECTORS OF THE COMPANY

The Board of Directors of Lawreshwar Polymers Limited comprises of:

Name of the Director	Designation
Mr. Mohan Lal Agarwal	Chairman
Mr. Raj Kumar Agarwal	Managing Director
Mr. Naresh Agarwal	Executive Director
Mr. G.C.Singhvi	Technical Director
Mr. Krishan Kumar Gupta	Non Executive Independent Director
Mr. Kaushlendra Pratap Singh	Non Executive Independent Director
Mr. Rakesh Akar	Non Executive Independent Director
Mr. Radhe Shyam Mangal	Non Executive Independent Director

For details of Board of Directors please refer 'Our Management' on page 44 of this Prospectus.

ISSUE MANAGEMENT TEAM

COMPANY SECRETARY CUM COMPLIANCE OFFICER

Ms. Aadya Chauhan
A-243 (A), Road No. 6 V K I Area
Jaipur - 302013
Tel: 91-141- 5104901-02 Fax: 91-141- 5104977
E-mail: info@leharfootwear.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre- Issue or post- Issue related problems such as, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

LEAD MANAGER TO THE ISSUE

ASHIKA CAPITAL LIMITED
SEBI Regn. No. INM 000010536
1008, Raheja Centre,
214, Nariman Point, Mumbai-400 021.
Phone No.: 91-22-6611 1700
Fax No. : 91-22-6611 1710
E-Mail: mbd@ashikagroup.com
Contact Person: Mr. Hari Surya

BANKERS TO THE COMPANY

UTI BANK LIMITED
O-15, Green House
Ashok Marg, C-Scheme
Jaipur-302001.
Phone No.: 91-141-2375601
Fax No.: 91-141-2376400
Email: jprbr@utibank.co.in

BANKERS TO THE ISSUE

UTI BANK LIMITED
O-15, Green House
Ashok Marg, C-Scheme
Jaipur- 302001.
Phone No.: 91-141-2375601
Fax No.: 91-141-2376400
Email: jprbr@utibank.co.in

HDFC BANK LIMITED

Maneckji Wadia Building,
Ground Floor, Nanik Motwani Marg,
Mumbai - 400001.
Phone No. : 91-22-22679961, 22679947, 9324637297
Fax No. : 22671661
E-mail: kripa.kalro@hdfcbank.com

AUDITORS TO THE COMPANY

M/s. A. Bafna & Co.
K-2, Raj Apartment, Keshav Path,
Ahinsa Circle, C-Scheme,
Jaipur - 302001.
Phone No.: 91-141-2375212, 2372572
Fax: 91-141-2363426
E-mail: bafna_anil@yahoo.com

LEGAL ADVISOR TO THE ISSUE

Chir Amrit Law Chambers
5th Floor, The Milestone
Bapu Nagar, Tonk Road
Jaipur-302015.
Phone: 91-141-5188011-22-33
Fax: 91-141-5188044
Email: sanjaycaindia@rediffmail.com

REGISTRAR TO THE ISSUE

BIGSHARE SERVICES PRIVATE LIMITED
E/2, Ansa Industrial Estate, Saki Vihar Road,
Saki Naka, Andheri (E), Mumbai - 400 072.
Tel: +91-22-2847 3747
Fax: +91-22-2847 5207
E-mail: ipo@bigshareonline.com
Website: www.bigshareonline.com
Contact Person: Mr. N.V.K.Mohan

PUNJAB NATIONAL BANK

VKI Area, Road No. 12,
Sikar Road, Jaipur- 302013.
Phone No.: 91-141-2332413, 2331809
Fax No.: 2333261
Email: Bo3906@Pnb.co.in

BROKERS TO THE ISSUE

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

CREDIT RATING

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

MONITORING AGENCY

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI DIP Guidelines. The Audit Committee appointed by the Board of Directors will monitor the utilization of the Issue proceeds.

TRUSTEE

This being an Issue of Equity Shares, appointment of Trustee is not required.

UNDERWRITERS TO THE ISSUE

Underwriting being optional, the Company does not propose to underwrite the issue

APPRAISING ENTITY

UTI BANK LIMITED

O-15, Green House
Ashok Marg, C-Scheme
Jaipur-302001
Phone No.: 91-141-2375601
Fax No.: 91-141-2376400
Email: jprbr@utibank.co.in

CAPITAL STRUCTURE

Share capital as at the date of filing of the Prospectus with SEBI (before and after the Issue) is set forth below.

(Rs. in Lacs)

	Share Capital	Nominal Value	Aggregate Value
A.	Authorized Capital 1,50,00,000 Equity shares of Rs 10/-each	1500.00	
B.	Issued, Subscribed and Paid Up Capital 49,65,594 Equity Shares of Rs 10/- each fully paid up	496.55	634.29
C.	Present Issue 87,12,500 Equity Shares of Rs 10/- each	871.25	1394.00
	Out of Which		
	24, 62,500 Equity Shares of Rs 10/- each fully paid up to be allotted to Promoters, Promoter Group, Associates, Friends, Relatives on firm basis.	246.25	394.00
	Net Offer to the Public 62,50,000 Equity Shares of Rs 10/- each	625.00	1000.00
D.	Paid Up Share Capital after Issue 1,36,78,094 Equity Shares of Rs 10/- each	1367.80	2028.29
E.	SHARE PREMIUM ACCOUNT		
	Before the Issue	137.74	137.74
	After the Issue	522.75	660.49

• Changes in the Authorised Capital since inception are as follows:

S. No.	Particulars of Increase	Date of Meeting
1.	Rs. 1 Lacs	Incorporation
2.	From Rs. 1 Lacs to Rs. 50 Lacs	03.02.1995
3.	From Rs. 50 Lacs to Rs. 100 Lacs	30.03.1996
4.	From Rs. 100 Lacs to Rs. 120 Lacs	29.01.2003
5.	From Rs. 120 Lacs to Rs. 125 Lacs	03.03.2003
6.	From Rs. 125 Lacs to Rs.150 Lacs	31.03.2005
7.	From Rs.150 Lacs to Rs. 375 Lacs	19.08.2005
8.	From Rs. 375 Lacs to Rs.1500 Lacs	15.10.2005

NOTES TO THE CAPITAL STRUCTURE

1. Capital History of the Company:

The existing share capital of the company has been subscribed and allotted as under:

Date of Allotment	No. Of Equity Shares	Face Value (Rs)	Issue Price (Rs)	Consideration (Cash, Bonus, Consideration other than cash)	Cumulative Share Capital (Rs)	Reasons for allotment
31.03.1994	2	10	10	Cash	20	Allotment to subscribers of Memorandum & Articles
28.02.1995	299998	10	10	Cash	3000000	Allotted to Promoters/others
15.11.1996	500000	10	10	Cash	8000000	Allotted to promoters/others
15.03.1999	188350	10	10	Cash	9883500	Allotted to Promoters/others
03.02.2003	211650	10	10	Cash	12000000	Allotted to Promoters/others
07.03.2003	10000	10	10	Cash	12100000	Allotted to Promoters/others
31.03.2005	250000	10	16	Cash	14600000	Allotted to Promoters/others
15.10.2005	1460000	10	10	Bonus issue in the Ratio of 1:1	29200000	Allotted to Promoters/others
29.12.2005	2045594	10	16	Cash	49655940	Allotted to Promoters/others
Total	4965594					

2. Promoter Contribution and Lock In

Allotment to Promoters

Promoter	Date of Allotment	No. of Shares	Face Value	Issue Price	Consideration
Mohan Lal Agarwal	28-02-1995	25000	10	10	250000
	15-11-1996	20000	10	10	200000
	15-03-1999	30000	10	10	300000
	03-02-2003	60000	10	10	600000
	15-10-2005	155000	10	Bonus	NIL
	29-12-2005	227500	10	16	3640000
TOTAL		517500			4990000
Raj Kumar Agarwal	31-03-1994	01	10	10	10
	28-02-1995	49999	10	10	499990
	15-11-1996	226500	10	10	2265000
	15-10-2005	220000	10	Bonus	NIL
	29-12-2005	367500	10	16	5880000
TOTAL		864000			8645000
Naresh Agarwal	31-03-1994	01	10	10	10
	28-02-1995	33199	10	10	331990
	15-11-1996	35000	10	10	350000
	03-02-2003	1650	10	10	16500
	15-10-2005	129850	10	Bonus	NIL
	29-12-2005	320938	10	16	5135008
TOTAL		520638			5833508

Final Shareholding of Promoters

Name of Promoter	Shares Alloted as per table above	Add: Shares Acquired through transfers	Less: Shares Transferred	Pre-Issue Shareholding
Mohan Lal Agarwal	517500	20000	NIL	537500
Raj Kumar Agarwal	864000	60000	116500	807500
Naresh Agarwal	520638	60000	NIL	580638
TOTAL	1902138	140000	116500	1925638

Details of shares acquired through transfers:

Date of Transfer	No. of Shares	Name of Transferor	Name of Transferee	Consideration paid in Rs.
10-02-1999	18300	Raj Kumar Agarwal	Mohan Lal Agarwal	183000
22-03-1999	1700	Pramod Agarwal	Mohan Lal Agarwal	17000
26-09-2005	60000	Pramod Agarwal	Naresh Agarwal	960000
26-09-2005	60000	Pramod Agarwal	Raj Kumar Agarwal	960000
Total	140000			2120000

Participation of Promoters, Promoters Group, Relatives and Associates in the Public Issue

Name of the Participant	No. of shares to be allotted	Face Value	Issue Price	% of Post Issue	Lock in period (in years)
Mohan Lal Agarwal	450000	10	16	3.29%	3
Raj Kumar Agarwal	400000	10	16	2.92%	3
Naresh Agarwal	400000	10	16	2.92%	3
Others	1212500	10	16	8.86%	1
TOTAL	2462500			17.99%	

Lock in of Minimum Promoters Contribution

Name	Date of Allotment	Date when made fully paid-up	Consideration	No. of shares	Face Value	Issue Price	% of Post Issue	Lock in period
Mohan Lal Agarwal	15-03-1999	15-03-1999	Cash	3181	10	10	0.02%	3 years
	03-02-2003	03-02-2003	Cash	60000	10	10	0.44%	3 years
	15-10-2005	15-10-2005	Bonus	155000	10	Nil	1.14%	3 years
	29-12-2005	29-12-2005	Cash	227500	10	16	1.66%	3 years
	To be allotted	-	Cash	450000	10	16	3.29%	3 years
Sub Total (A)				895681			6.55%	
Raj Kumar Agarwal	15-10-2005	15-10-2005	Bonus	220000	10	Nil	1.61%	3 years
	29-12-2005	29-12-2005	Cash	367500	10	16	2.69%	3 years
	To be allotted	-	Cash	400000	10	16	2.92%	3 years
Sub Total (B)				987500			7.22%	
Naresh Agarwal	03-02-2003	03-02-2003	Cash	1650	10	10	0.01%	3 years
	15-10-2005	15-10-2005	Bonus	129850	10	Nil	0.95%	3 years
	29-12-2005	29-12-2005	Cash	320938	10	16	2.35%	3 years
	To be allotted	-	Cash	400000	10	16	2.92%	3 years
Sub Total(C)				852438			6.23%	
Total (A+B+C)				2735619			20.0 %	

Notes:

- All the shares, which have been locked in above, have been made fully paid up on the date of allotment.
 - In case the final allotment of shares exceeds 62, 50,000 shares on account of rounding off to the nearest integer as decided at the time of allotment, the number of shares to be locked in for 3 years shall be calculated on the increased allotted share capital.
 - The above promoters have given their consent for lock in as stated above; vide letter dated 29.12.2005. Shares issued last shall be locked in first. The securities which are subject to lock in carry the subscription “non transferable”. The entire pre-issue capital, other than that **locked in as minimum promoters contribution shall be locked in for a period of one year from the date of allotment in the public issue.**
 - The lock in period shall commence from the date of allotment of shares in the public issue.
 - 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.
 - 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.
3. **The shareholding pattern of the Promoter Group is as detailed below:**

Category	Before the Issue		After the Issue	
	No. of shares @ Rs. 10/- each	% Holding	No. of shares @ Rs. 10/- each	% Holding
Promoter/Directors	1925638	38.78	3175638	42.75
Immediate relative of Promoter/Director (Spouse, parent, child, brother, sister)	2423606	48.81	3011106	22.01
Sub - Total	4349244	87.59	6186744	45.23
Company in which 10% or more of the share capital is held by the promoter his immediate relative firm or HUF in which the promoter or his immediate relative is a member.	616350	12.41	616350	4.51
Company in which the Company mentioned above holds 10% or more of the share capital.	Nil		Nil	Nil
HUF in which aggregate share of the promoter and his immediate relatives is equal or more.	Nil		Nil	Nil
Others(friends and associates)	Nil		625000	4.57
Total	4965594	100	7428094	100

4. The pre-issue & post-issue shareholding pattern of LPL is as under:

Particulars	Pre-Issue		Post-Issue	
	No. of Shares Rs. 10/- each	% Of Equity Share capital	No. of Shares Rs. 10/- each	% Of Equity Share capital
Promoters/directors & other persons in promoter group.	4965594	100%	7428094	54.31%
Financial Institutions/Banks/Mutual Funds	NIL		NIL	
Private Corporate Bodies	NIL		NIL	
Indian Public	NIL		6250000	45.69%
Total	4965594	100%	13678094	100%

5. The Promoter's contribution has been brought in from persons defined as promoters under the Guidelines.
6. The Company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at later date into equity, which would entitle the holders to acquire further equity shares of the Company.
7. The Company/Promoters/Directors/Lead Manager has not entered into buyback or similar arrangements for the purchase of securities issued by the Company.
8. 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 minimum of 50% of the net offer to the public will initially be made available for allotment to retail individual investors.
 - The Balance net offer to the public shall be made available for allotment to the applicants other than retail individual investors.
9. The details of the top ten shareholders as on the date of filing and ten days before filing the Prospectus with ROC

Sl. No.	Name	Face Value	No. Of Shares
1	Raj Kumar Agarwal	Rs. 10/- each	807500
2	Pramod Kumar Agarwal	Rs. 10/- each	726563
3	Ramesh Chand Agarwal	Rs. 10/- each	677700
4	Naresh Agarwal	Rs. 10/- each	580638
5	Mohan Lal Agarwal	Rs. 10/- each	537500
6	Naveen Agarwal	Rs. 10/- each	301875
7	Lawreshwar Footcare (P) Ltd	Rs. 10/- each	268750
8	Megha Agarwal	Rs. 10/- each	182655
9	Santra Devi Agarwal	Rs. 10/- each	150313
10	Sushila Devi Agarwal	Rs. 10/- each	140000

10. The details of the top ten shareholders 2 years prior to the date of filing the Prospectus, with ROC

Sl. No.	Name	Face Value	No. Of Shares
1	Raj Kumar Agarwal	Rs. 10/- each	160000
2	Mohan Lal Agarwal	Rs. 10/- each	155000
3	Ramesh Chand Agarwal	Rs. 10/- each	146350
4	Pramod Kumar Agarwal	Rs. 10/- each	140000
5	Megha Agarwal	Rs. 10/- each	90000
6	Santra Devi Agarwal	Rs. 10/- each	70000
7	Sushila Devi Agarwal	Rs. 10/- each	70000
8	R.C. Agarwal HUF	Rs. 10/- each	70000
9	M L Agarwal HUF	Rs. 10/- each	70000
10	Naresh Agarwal	Rs. 10/- each	69850

11. The total number of members of the Company as on the date of filing of the prospectus with SEBI is 18 only.
12. The Company has not raised any bridge loan from any banks against the proceeds of this issue. Also, the Company has not borrowed any sum as short term unsecured loans to incur expenses towards the project.
13. The entire pre-issue capital, other than that locked-in as promoter's contribution, shall be locked-in for a period of one year from the date of commencement of commercial production or the date of allotment in the public issue, whichever is later.
14. The securities offered through this public issue will be made fully paid up from the date of allotment or commencement of commercial production whichever is later.
15. As the process of allocation of rounding off to the nearer multiple of 100 result in the actual allocation being higher than the Equity Shares offered, an over subscription to the extent of 10% of the net offer to the public can be retained while finalizing the allotment.
16. The equity shares to be held by the promoters under the lock-in period shall not be sold / hypothecated / transferred during the lock-in period. Shares held by promoter(s) which are locked in, may be transferred to and amongst promoter/promoter group or to a new promoter or persons in control of the company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997 as applicable.
17. An applicant in the net public category cannot make an application for a number of securities, which exceeds the net offer to the public.
18. The Company shall not make any further issue of capital in any manner whether by way of issue of bonus shares, preferential allotment, rights issue, or public issue or otherwise during the period commencing from the submission of offer document to the Board on behalf of the Company for public or rights issue, till the securities offered to in the said document have been listed or the application moneys refunded on account of non-listing or under-subscription, etc.
19. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential, bonus or otherwise, except that the Company may issue options to its employees pursuant to any employee stock option plan, or if the Company goes for any acquisitions and joint ventures they might consider raising additional equity capital to fund such activity or use shares as currency for acquisitions and/or participation in such joint venture.
20. At any given point of time, there shall be only one denomination for the Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
21. A minimum of 50% of the net offer of securities to the public shall initially be made available for allotment to retail individual investor who applies for securities of or for a value of not more than Rs. 100,000/- (upto 6250 Equity shares). The remaining 50% of the offer to the public is reserved for individual investors applying for more than Rs. 100,000/- (more than 6250 Equity Shares) and corporate bodies / institutions etc. or less. Unsubscribed portion in either of these categories shall be added to the other category interchangeably.
22. There are no transactions in the securities of the Company during preceding 6 months which were financed directly or indirectly by the promoters, their relatives, their group companies or associates or by the above entities directly or indirectly through other persons.
23. 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).

OBJECTS OF THE ISSUE

The objects of the Issue are to achieve the benefits of listing on the Stock Exchange and to raise capital. We believe that listing will enhance the Company's brand image and provide liquidity to the Company's existing shareholders. Listing will also provide a public market for the Equity Shares in India.

The Company intends to use the net proceeds of the Issue for the following purposes:

- Expansion of existing manufacturing capacity for manufacturing EVA injected Moduled Footwears by installing 4 new imported fully automatic computerized EVA injection Moulding Machines and Global BS Machine.
- Construction of Factory Building.
- Installation of a PU pouring Machine for manufacturing PU Sole Footwear with annual capacity of 6.00 Lac pairs per annum.
- Opening of 5 new showrooms in various locations of the country and a new corporate office at Jaipur.
- Meeting the Expenses of the Issue.

The main objects and objects incidental or ancillary to the main objects as set out in our Memorandum of Association enable to undertake our existing activities and the activities for which funds are being raised by us through this Issue. The Fund requirement and deployment is based on internal management estimates and has been appraised by the UTI Bank. The Fund requirement below is based on our current business plan. In view of the highly competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement may also change. This may include rescheduling of our capital expenditure programmes and increase or decrease in the capital expenditure for a particular purpose vis-à-vis current plans at the discretion of our Management.

AS PER THE APPRAISAL REPORT OF UTI BANK DATED 23RD NOVEMBER 2005 THE BREAK UP OF THE PROJECT COST UNDER THE VARIOUS HEADS HAS BEEN ESTIMATED AS UNDER.

BREAK UP OF THE PROJECT COST

Cost of Project

		(Rs.In Lacs)
Sl. No.	Particulars	Cost of Project
1	Land & Building	412.65
2	Plant & machinery/Moulds/Equipments	999.15
3	Working Capital Requirements	361.00
4	Preliminary/ Public Issue Expenses	121.20
	TOTAL	1894.00

Means of Finance

		(Rs.In Lacs)
Sl. No.	Particulars	Fund Requirement
A	EQUITY	
1	Proceeds from Initial Public Issue	1000.00
2	Shares to be allotted to Promoters, Promoter Groups, Friends, Relatives and Associates in the Public Issue	394.00
	Total Equity (A)	1394.00
	DEBT	
B	Term Loan from UTI Bank	500.00
	Total Debt (B)	
	TOTAL (A+B)	1894.00

The Company is planning to enhance its market share in the footwear Industry. In addition to continued investments in expansion of manufacturing facilities, it intends to enhance its capacities, technical expertise and marketing strengths through investments. The management in accordance with the policies set up by the Board of Directors of the Company will have flexibility in applying the balance proceeds received by the Company from this issue, if any, for general corporate purpose.

1) LAND & BUILDING

Capex on Land & Building comprises of the following:

(Rs. In Lacs)

Sl.No	Particulars	Amount
A	Factory Building	40.50
B	Land & Building - Corporate Office	71.87
C	Land & Building - Retail Showroom	278.13
D	Architect's Fees	2.50
	Total	393.00
	Contingencies @ 5%	19.65
	Grand Total	412.65

A. Factory Building

At present, the company is having its factory on a lease hold land measuring 3900 Square Metres, located at A-243 (A), Road No. 6, V.K.I. Area, Jaipur. The existing covered area of factory building is 40000 Sq. fts. Consisting of Ground Floor, first Floor and second floor, which is sufficient for the present manufacturing facilities. However taking into consideration the future growth plans the company is going for construction of a new building with a built-up area of 9000 Sq. Fts at an estimated cost of Rs. 40.50 Lacs (Rs. 450 per Sq. Fts) at the same premises. The company has entered into an agreement with the architect - M/s Genesis Design Group (269, AWHO Colony, Ambabari, Jaipur 302012) for the proposed construction of the Building.

B. Corporate Office

The Company is establishing a corporate Office at 607 & 707, KK Tower, Ghiya Marg, Jhotwara Road, Bani Park, Jaipur, and measuring 2858 Sq. Fts. The Estimated cost of construction is as under: -

(Rs. in Lacs)

Particulars	Amount
Cost of Premises (@ 1600/- per sq. ft)	45.72
Legal/ Transfer Changes	1.15
Cost of Finishing/ interiors/ etc.	25.00
Total	71.87

C. Retail Showrooms

The Company has planned to open 5 new retail Showrooms at different locations in the country, for which it will acquire commercial space at the following places, at total estimated cost of Rs. 278.83 Lacs.

Number Of Showrooms	Nature Of Ownership	Location	Area (Sq.ft.)	Total Cost
2	Owned	Jaipur*	1195.00 sq. ft.	40.72
			1467.20 sq.ft.	100.85
1	Leased	Gurgaon	2500.00 sq.ft.	[●]
1	Leased	Mumbai	600.00 sq. ft	[●]
1	Leased	Bangalore	-	[●]
TOTAL				278.13

*The company has already acquired the properties for the showrooms at Jaipur. (See Page No 39 of the Prospectus).

The company is in the process of identifying the locations for the proposed showrooms at Gurgaon, Mumbai and Bangalore and therefore exact cost could not be arrived. However, by going through the prevalent market rates in these cities, the estimated cost for Gurgaon, Mumbai and Bangalore may work out to Rs. 75 Lakhs, Rs. 30 Lakhs and Rs. 32 Lakhs respectively.

The company intends to enter into definitive long-term lease, leave and licence, and any other arrangement with the property owners for all other planned new showrooms. The setting up additional showrooms will help the company in expanding its reach and serving additional customers in existing and new locations and shall be helpful for its growth plans.

D. Architects Fee

The company has appointed M/s Genesis Design Group as architect for executing our various projects. The total cost for availing their services is Rs. 2.50 Lacs.

2) PLANT & MACHINERY

The total cost of plant & machinery is estimated at Rs. 959.48 lakhs comprising of EVA Injection Moulding Machines and PU Pouring Machine to be used for the manufacturing of footwear.

Details of Machines Ordered

Sl	Equipment	Name of Supplier	Qty	Price	Conversion Rate in INR	Price In Indian Rupees (in Lacs)	Date of Order
1	Imported Global BS Machine	Main Group S.P.A., Italy	1	EURO 43000	53.95	23.20	16th Jan 2006
2	Imported EVA Injection Moulding Machine Model Activa - 8 Station	Main Group S.P.A., Italy	1	USD111800	44.47	49.72	16th Jan 2006
3	Imported EVA Injection Moulding Machine (Model No. E-266, 6 Stations Super)	Main Group S.P.A., Italy	3	EURO435000	54.1	235.34	17th Jan 2006
	TOTAL					308.26	
	Customs duty 21.42%					66.03	
	Transportation Charges					10.65	
	TOTAL					384.94	
	Add: Erection & Installation 5%					19.2	
	TOTAL					404.19	
	Add: Contingencies 5%					20.21	
	Total		5			424.40	

Details of Plant and Machinery to be ordered for:

PU SOLE FOOTWEAR

(Rs in Lacs)

Description	Date of Quotation	Qty	Amount
PU Pouring Machine (Indian Supplier - Aryavrata Impex Consultants, Pondicherry)	23.11.2006	1	154.42
TOTAL			154.42
Add: Erection & Installation 5%			7.72
Add: Contingencies 5%			8.11
TOTAL			170.25

EVA FOOTWEAR

(Rs in Lacs)

Sl No	Description	Date of Quotation	Qty	Amount
1	Imported Moulds: Sole, uppers, throng (Strap) Supplier - Main Group S.P.A., Italy	12.12.2006	50	261.83
2	Horizontal Machine (D) Supplier: Vishavakarma Hydraulic Works, Delhi	18.11.2006	3	14.58
3	EVA Compound Line Machine Supplier: Extrusions Systems, New Delhi Add: Erection & Installation 5% Add: Contingencies 5%	18.11.2006	2	54.50
				330.91
				16.55
				17.37
	TOTAL			364.83

OTHER EQUIPMENTS

The expenditure on purchasing other equipments by the company is estimated to cost Rs. 39.67 lacs. The break of cost to be incurred on various items is as follows:

SL. NO.	DESCRIPTION	Date of Quotation	NO.	RATE	AMOUNT (Rs.in lacs)
1	Working Table (4" X 6" Self fabricated)	-	35	0.065	2.28
2	Iron Racks	-	50	0.05	2.50
3	DG Sets of 250 KVA	22.11.2006	2	10.50	21.00
4	Tools and Equipments				2.00
5	Other Fixed Assets				10.00
	Total				37.78
	Add: Contingencies @ 5%				1.89
	Total				39.67

3) Additional working Capital

The additional working capital requirement of the company has been calculated as under :

S.No.	INVENTORIES	PERIOD IN MONTHS	AS ON 30.11.2006 (AUDITED) Rs. IN LACS	AS ON 31.03.2007 (ESTIMATED) Rs. IN LACS	2007-08 (EXPANDED PROJECT) Rs. IN LACS
1	Raw Material Stocks	2.00	214.17	225.00	242.00
2	Stores, Spares & Consumables	2.00	4.13	5.00	23.00
3	Goods In Process	0.25	92.10	110.00	55.00
4	Finished Goods	0.50	112.60	125.00	112.00
5	Sundry Debtors	3.00	785.82	800.00	906.00
6	Others Current Assets		68.92	80.00	30.00
	Total Current Assets		1277.74	1345.00	1368.00
	Less:				
7	Sundry Creditors for RM & Consumables	1.50	185.00	190.00	182.00
8	Other Current Liabilities		307.19	300.00	40.00
	Net Current Assets		785.55	855.00	1146.00
	Less: Estimated Bank Finance:		484.10	475.00	200.00
	Working Capital requirement		301.45	380.00	946.00
	Less: Margin Money available		301.85	380.00	585.00
	Net working capital required		0	0	361.00

4) Preliminary / Public Issue Expenses

The expenses for the issue includes issue management fees, selling commission, distribution expenses, legal expenses, fees to advisors, stationary costs, advertising expenses and Listing fees payable to the Stock Exchanges, among others. The total expenses for this issue are estimated at Rs. 121.20 Lacs, which will be paid by the Company.

SCHEDULE OF IMPLEMENTATION:

The installation of several production units along with the construction of factory buildings, utilities and services require co-operation for procurement of equipment, designing the buildings and equipment foundations, award of all contracts and supervision of all construction jobs at plant site. The project implementation schedule was drawn up as per the appraisal report of UTI Bank Limited as follows:

Acquisition of Land	: Already acquired
Completion of Civil Work	: February, 2006
Placement of order for machinery	: November 2005 to January 2006
Installation of Machinery	: December, 2005 to March 2006
Commencement of Operation	: April 2006

The revised Schedule of implementation of the project as estimated by the Company is as under:

EVA Injected Footwear

PARTICULARS	Completion Date	Present Status
Acquisition of Land	Already Acquired	
Completion of Civil works Machinery	February 2007	In progress
Plant & Machinery:Indegenous	Order to be placed by January 2007	
Plant & Machinery: Imported	Order for certain plant & machinery have already been placed and for the moulds to be placed by January 2007.	
Commissioning	By March 2007	
Arrangement of Water	Already Arranged	
Arrangement of Power		
Commercial Production	By April 2007	

PU Sole Footwear

PARTICULARS	Completion	Present Status
Acquisition of Land	Already Acquired	
Completion of Civil works Machinery	Not Required	
Plant & Machinery:Indegenous	Order to be placed latest by January 2007	
Plant & Machinery: Imported	Order to be placed latest by January 2007	
Commissioning	By March 2007	
Arrangement of Water	Already Arranged	
Arrangement of Power		
Commercial Production	By April 2007	

APPRAISAL

The appraisal report given by the UTI Bank Limited in regard to the above issue is listed as under:

Name of the Bank	Amount of Term Loan Sanctioned	Date of Sanction
UTI Bank	Rs. 500.00 lacs	29/11/2005

Current Status: The Loan will be disbursed after the successful completion of IPO.

The salient points and the areas of strength and weaknesses as mentioned in the Appraisal report of UTI BANK LIMITED have been reproduced below:

STRENGTHS

- Profit making company since its inception.
- Promoters are highly experienced in the footwear industry.
- Promoters are high net worth individuals and enjoy good reputation in Jaipur.
- Established Brand name of LEHAR footwear in the market.

WEAKNESS

- Company is undertaking large-scale expansion and may face problem in sales/ marketing of higher output.
- The company faces the risk of failure of public issue as the issue is not underwritten.
- There is a risk of time and cost overrun in the project.

UNDERTAKING BY THE ISSUER COMPANY:

The Company hereby confirms that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed Public issue, have been made.

(Rs in Lacs)

Sl.	Particulars	Amount
A	Total Means of Finance Required	2074.34
B	Amount to be raised through public Issue	1000.00
C	Amount Excluding Public Issue	1074.34
	Total 75% of 'C'	807.76
A	Loan Sanctioned from UTI Bank Limited	500.00
B	Already Brought in by Promoter Group	158.26
C	Amount to be bought in by, Promoter Group, Associates, Friends, Relatives	225.64
	Finance arranged through verifiable Means	894.00

SOURCES AND DEPLOYMENT OF FUNDS

The Company has received the Sources and Deployment Funds Certificate dated 11.01.2007 from M/s. A. Bafna & Company, Chartered Accountants & Statutory Auditors of the Company. The certificate states that the Company has as on 11.01.2007, deployed amounts aggregating Rs.258.46 Lacs. Details of the sources and deployment of funds as per the certificate are as follows:

Cost Incurred

(Rs. in lacs)

S. No.	Particulars	Amount
1	Advance Against Imported Machinery: Main Group, Itlay	15.41
	• Global B S Machine	1.16
	• EVA Injection Moulding Machine (Model Activa -8 Machine)	2.49
	• EVA Injection Moulding Machine (Model No. E-266, 6 Station Super with all Electricals)	11.76
2	Payment for Showroom at Jaipur	82.31
3	Payment for Corporate office at Jaipur	50.86
4	Fees to Lead Manager/legal advisor/secretarial advisor	20.27

S. No.	Particulars	Amount
5	Purchased Machinery and Standing as CWIP	29.48
6	Payment to UTI Bank as processing fee	7.16
7	Working Capital, Miscellaneous & Preoperative expenses	52.97
	Total	258.46

The above expenditure has been met out of the following sources:

(Rs. in Lacs)

Sources of Funds	Amount
Share Application money from the promoters and their group	258.46
Total	258.46

Yearwise Breakup of expenditure proposed to be incurred

The Company proposes to deploy the entire funds raised through this issue before 31st March, 2007 except working capital fund of Rs. 361.00 Lacs, which is will be deployed in the Financial Year 2007-08.

Interim use of Funds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilisation for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks, for the necessary duration or for reducing overdraft to save interest costs. Such investments would be in accordance with investment policies approved by our Board of Directors from time to time.

Shortfall of funds

The Company does not foresee any shortfall of funds. However, in case of any such contingency, the same shall be met out of internal accruals.

BASIC TERMS OF ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act 1956, our Memorandum and Articles of Association, the terms of this Prospectus, the Prospectus, the Application Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by our Company after the date of Allotment.

Face Value and Issue Price

The Face Value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price is Rs. 16/- per equity share, which is 1.6 times of the Face Value.

Rights of the Equity Shareholders

- a. Right to receive dividend, if declared.
- b. Right to attend general meetings and exercise voting rights, unless prohibited by law.
- c. Right to vote on a poll either personally or by proxy.
- d. Right to receive offer for rights shares and be allotted bonus shares, if announced;
- e. Right to receive surplus on liquidation;
- f. Right of free transferability;
- g. Such other rights, as may be available to a shareholder of a Public Limited Company under the Companies Act, 1956 and the terms of the listing agreements with the Stock Exchanges; and
- h. Such other rights as may be available to our shareholders under our Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/ or consolidation/ splitting, pledge see the section titled “Main Provisions of Articles of Association of the Company” beginning from page 141 of the Prospectus.

Market Lot & Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the company shall be allotted only in dematerialised form. In terms of existing SEBI guidelines, the trading in the equity shares of the company shall only be in dematerialised form for all investors.

Minimum Subscription

If the 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, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act.

Authority for the Present Issue

Present Issue of Equity Shares has been authorized by shareholders vide a Special Resolution passed at the EGM of the Company held on 15/10/2005. The Board of Directors of the Company had approved the present Issue of Equity Shares vide a resolution passed at their meeting held on 19/09/05.

Minimum and Maximum Application Size

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

In the case of reserved categories, a single applicant in the reserved category cannot make an application for a number of Equity Shares, which exceeds the reservation.

Terms of Payment

The entire Issue price of Rs. 16/- per share is payable on application only. In case of allotment of lesser number of Equity Shares than the number applied, the Company shall refund the excess amount paid on application to the applicants.

Interest on Excess Application Money

Payment of interest at rate of 15% per annum on the excess application money, after adjusting the amount due on allotment will be made to the applicants, if the refund orders are not dispatched within 30 days from the date of closure of the subscription list.

Basis of Allotment

In the event of the Present Issue of Equity Shares being oversubscribed, allotment shall be made on a proportionate basis and the basis of allotment will be finalized in accordance with the SEBI Guidelines and in consultation with BSE (Designated Stock Exchange). The Executive Director/ Managing Director of Company along with the Lead Manager and the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the following guidelines:

Proportionate Allotment Procedure

Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size i.e. 400 Equity Shares.

Reservation for Retail Individual Investor

The above proportionate allotments of Equity Shares in an Issue that is oversubscribed shall be subject to the reservation for Retail individual investors as described below:

- a. A minimum 50% of the net offer to public shall initially be made available for allotment to retail individual investors, as the case may be. The balance net offer to public shall be made available for allotment to:
 - I. Individual applicants other than retail individual investors, and;
 - II. Other investors including corporate bodies/ institutions irrespective of the number of shares applied for.
- b. The Unsubscribed portion of the net offer to any one of the categories specified in (I) or (II) shall / may be made available for allotment to applicants in the other category, if so required.

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).

Dispatch of Refund Orders

The Company shall ensure dispatch of Refund Orders of value up to Rs.1500/- Under Certificate of Posting & Refund Orders of value over Rs.1500/- by Registered Post or speed post only at the sole risk of the applicant. The Company shall make further, adequate funds for the said purpose available to the Registrar.

Interest in Case of Delay in Dispatch of Allotment Letters / Refund Orders

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 despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 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.”

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines we shall ensure that the number of prospective Allottees to whom the Equity Shares will be allotted will be not less than 1,000 in number.

BASIS OF ISSUE PRICE

Qualitative factors

- An existing profit making company with a track record of consistent profitability for last five years.
- The promoters have experience of more than 25 years in the Footwear business.
- An ISO 9001 and ISO 14001 certified Company.
- One of the established and growing company in the footwear sector in northern India with a turnover of Rs. 1725.77 lacs for the year ended on 31.03.2006.
- The expansion plan of the company is aimed to boost the current operations and enhance growth possibilities.

Quantitative factors

Earning per Share (EPS)

Year	EPS	Wts
2003-04	2.18	1
2004-05	3.88	2
2005-06	2.06	3
As on 30.11.2006 (Annualised)	2.07	4
Weighted Average	2.44	

P/E Ratio

Price per share	Rs. 16/-
P/E (based on pre issue EPS as on 30th November, 2006)	7.73

Return on Net worth (RONW)

Year	RONW (%)	Wts
2003-04	9.01	1
2004-05	12.36	2
2005-06	7.27	3
As on 30.11.2006	8.55	4
Weighted Average RONW	8.97	
Minimum Return on Total Net Worth after Issue needed to maintain EPS at Rs 2.07		12.93
Net Asset Value per Share (Rs.)		
NAV (pre issue) (As on 31/03/2005)		26.02
NAV (pre issue) (As on 31/03/2006)		15.16
NAV (pre issue) (As on 30/11/2006)		16.03
NAV (post issue)		16.01
Issue Price		16
Industry P/E Ratio		
Highest (Bata India Limited)		52.20
Lowest (Mayur leather)		6.1
Industry Composite		23.90

(Source: Capital Market: : January 01, 2007 - January 14, 2007; sector: Leather / Leather Products)

Comparison with other Companies in the same Industry Group

Name of the Company	Equity (in crs)	Sales	RONW %	PAT	EPS (Rs.)	BV (Rs.)	P/E (multiple)
Lakhani India Limited	13.45	127.50	4.5	2.90	2.10	39.90	15.70
Liberty Shoes	17.04	204.70	25.70	18.50	10.70	47.90	14.00
Relaxo Footwears Limited	6.00	200.90	7.3	3.30	2.60	38.30	9.70

(Source: Capital Market: : January 01, 2007 - January 14, 2007; sector: Leather / Leather Products)

The Issue Price is 1.6 times of the face value of the Equity Shares.

The Lead Manager believes that the Issue Price of Rs.16/- is justified in view of the above qualitative and quantitative parameters. Investors should read the following summary along with the section titled “Risk Factors” beginning on page vi, the financial statements included in this Prospectus.

STATEMENT OF TAX BENEFITS

The Board of Directors
Lawreshwar Polymers Limited
A-243 (A), Road No. 6
V.K.I. Area
Jaipur-302012

Sub: Initial Public Offering of Lawreshwar Polymers Ltd. - Possible tax benefits available to the company and its shareholders

Dear Sirs,

We hereby report that the enclosed "Annexure" states the possible tax benefits available to Lawreshwar Polymers Ltd. (hereinafter referred to as "the company") and its shareholders under the current tax laws presently in force. Several of the 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 tax benefits is dependent upon fulfilling conditions prescribed therein.

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

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

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

The contents of this "Annexure" are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations currently carried on by the company.

This report is intended solely for your information and for the inclusion in the Offer Document in connection with the proposed Initial 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 M/s A. Bafna & Co.
Chartered Accountants**

Dated: 27.12.2006
Place: Jaipur
Annexure

CA M. K. Gupta
Partner

As per the existing provisions of the Income Tax Act, 1961 (the Act) and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alias be available to M/s Lawreshwar Polymers Limited and its shareholders.

Benefits available to the Company under the Income Tax Act, 1961.

1. Under Section 10(34) of the Act, dividend income (whether interim or final) in the hands of the company as distributed or paid by any other Company on or after April 1, 2003 is completely exempt from tax in the hands of the Company.
2. As per the provisions of Section 112(1)(b) of the Act, long-term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education Cess). However, as per the proviso to Section 112(1)(b), the long term capital gains resulting on transfer of listed securities or units (not covered by section 10(36) and 10(38)), would be subject to tax at the rate of @ 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education Cess) as per the option which is more beneficial to the assessee.
3. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.

4. As per the provisions of section 111 A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognised stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
5. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the Company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by section 10(36) and section 10 (38)) if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section within six months after the date of such transfer. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
6. In terms of Clause (iia) of Sub-section (1) of section 32 of the Act, the company is entitled to further deduction of 20% as additional depreciation on new plant & Machinery acquired and installed after 31st March 2005, subject to conditions specified therein.
7. Under section 35 D of the Act, the Company will be entitled to deduction equal to 1/5th of the expenditure of the nature specified in the said section, including expenditure incurred on present issue, such as brokerage and other charges by way of amortization over a period of 5 successive years, beginning with the previous year in which the new unit commences production, subject to the stipulated limits.

Benefits available to Resident Shareholders under the Income Tax Act, 1961

1. Under Section 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the Company.
2. Under section 10(32) of the Act, any income of minor children clubbed with the total income of the parent under section 64(1A) of the Act, will be exempt from tax to the extent of Rs. 1500/- per minor child.
3. As per the provisions of Section 112(1) (b) of the Act, long-term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1)(b), the long term capital gains resulting on transfer of listed securities or units (not covered by sections 10(36) and 10(38)), would be subject to tax at the rate of @ 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option which is more beneficial to the assessee.
4. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and the sale is subject to Securities Transaction tax.
5. As per the provisions of section 111 A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognised stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
6. As per the provisions of section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
7. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)), if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
8. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains on the sale of shares in the Company (not covered by sections 10(36) and 10(38)), upon investment of net consideration in purchase /construction of a residential house. If part of net consideration is invested within the prescribed

period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains shall be charged to tax as long-term capital gains in the year in which such residential house is transferred.

Benefits available to Non-Resident Indian Shareholders under the Income Tax Act, 1961

1. Under Section 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the Company.
2. In accordance with the provisions of Section 10(32) of the Act, any income of minor children clubbed with the total income of the parent under Section 64(1A) of the Act will be exempt from tax to the extent of Rs. 1,500 per minor child per year.
3. In the case of shareholder being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in Section 115D read with Section 115E of the Act, long term capital gains arising from the transfer of an Indian company's shares (not covered by sections 10(36) and 10(38)), will be subject to tax at the rate of 10% as increased by a surcharge and education cess at an appropriate rate on the tax so computed, without any indexation benefit but with protection against foreign exchange fluctuation.
4. In case of a shareholder being a non-resident India, and subscribing to the share in convertible foreign exchange in accordance with and subject to the conditions and to the extent specified in Section 115F of the Act, the non resident Indian shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the transfer of shares in the Company upon investment of net consideration in modes as specified in sub-section (1) of Section 115F.
5. In accordance with the provisions of Section 115G of the Act, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-A of the Act.
6. In accordance with the provisions of Section 115H of the Act, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
7. As per the provisions of section 115 I of the /Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.
8. In accordance with and subject to the conditions and to the extent specified in Section 112(1) (b) of the Act, tax on long term capital gains arising on sale on listed securities or units not covered by sections 10(36) and 10(38) will be, at the option of the concerned shareholder, 10% of capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and Education Cess at an appropriate rate on the tax so computed in either case.
9. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
10. As per the provisions of section 111 A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognised stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
11. As per the provisions of section 88E, where the business income of a assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

12. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10(36) and 10(38)) arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the specified asset is transferred or converted into money.
13. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase / construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.
14. As per the provisions of 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.

Benefits available to other Non-residents under the Income Tax Act, 1961

1. Under Section 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the Company.
2. In accordance with the provisions of Section 10(32) of the Act, any income of minor children clubbed with the total income of the parent under Section 64(1A) of the Act will be exempt from tax to the extent of Rs.1500 per minor child per year.
3. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
4. As per the provisions of section 111 A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognised stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
5. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
6. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)) if such capital gain is invested in any of the long term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
7. As per the provisions of 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.

Benefits available to Foreign Institutional Investors (FII) under the Income Tax Act, 1961

1. In case of a shareholder being a Foreign Institutional Investor (FII), in accordance with and subject to the conditions and to the extent specified in Section 115AD of the Act, tax on long term capital gain (not covered by sections 10(36) and 10(38)) will be 10% and on short term capital gain will be 30% as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case. However short term capital gains on sale of Equity Shares of a company through a recognised stock exchange or a unit of an equity oriented mutual fund effected on or after 1st October 2004 and subject to Securities transaction tax shall be taxed @ 10% as per the provisions of section 111A. It is to be noted that the benefits of Indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to FII.

2. As per the provision of 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.
3. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
4. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
5. In accordance with and subject to the conditions and to the extent specified in section 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10 (36) and 10(38)) arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long term specified assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified asset is transferred or converted into money.

Benefits available to Mutual Funds under the Income Tax Act, 1961

1. In case of a shareholder being a Mutual fund, as per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

Benefits available to Venture Capital Companies /Funds under the Income Tax Act, 1961

1. In case of a shareholder being a Venture Capital Company / Fund, as per the provisions of Section 10(23FB) of the Act, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, would exempt from Income Tax, subject to the conditions specified.

Benefits available under the Wealth Tax Act, 1957

1. As per the prevailing provisions of the above Act, no Wealth Tax shall be levied on value of shares of the Company.

Benefits available under the Gift Tax Act

1. Gift tax is not livable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

Notes:

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2006.
2. All the above benefits are as per the current tax law and will be available only to the sole / first named holder in case the shares are held by joint holders.
3. 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.
4. 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. However, a shareholder is advised to consider in his / her / its own case. The tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

III. ABOUT THE COMPANY

INDIAN FOOTWEAR INDUSTRY

Unless otherwise indicated, industry data used throughout this Prospectus has been obtained from industry and company sources.

Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but 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.

Organization of the Industry

Indian Footwear industry is the second largest footwear industry in the world. Owing to a paradigm shift in the attitude of the society towards those involved in footwear designing and production, and a gradual shift from the labour-intensive techniques used since ancient times to more modern and machine-based production, the Indian footwear industry is poised to rise to the top in exporting footwear in the international arena. India in itself has a huge domestic market, which is largely untapped.

The Indian footwear industry has witnessed a metamorphosis growth with the advent of new retail brands & formats in the Indian markets. The Industry has grown by leaps & bounds in the last decade with the introduction of new technologies and inflow of investments. The Industry both at manufacturing and marketing sides continues to be fragmented into multiple regions. This is largely because of the large size of the country resulting in local preferences due to the economic, social and seasonal factors and absence of a proper distribution network.

The Footwear industry is serviced by both organized & unorganized sector with 70% of the industry belonging to the rural unorganized sector. In the case of chappals and sandals, use of non-leather material is prevalent in the domestic market. India is a religious country so people prefer to use non-leather footwear. The major footwear production centers in India are Chennai, Ranipet, Ambur in Tamil Nadu, Mumbai in Maharashtra, Kanpur, Jalandhar, Agra and Delhi.

The industry is Labour intensive and is mostly concentrated in the small and cottage industry sectors. The organized urban sector, on the other hand has witnessed a sea change with the introduction of new market players and brands. The organized sector operates at a national or regional level in a marketing mix of both Retail & Wholesale. Bata India continues to be the largest manufacturer and marketer followed by the likes of Action, Liberty, Lakhani, M & B Footwear, Paragon, Ajanta, Khadim, Metro, Regal, etc. The utility footwear followed by the daily office or school uniform shoes dominates this market. In the urban markets, national and international brands are fast emerging offering the latest in fashion and comfort at competitive prices and the boom is fueled by the burgeoning retail markets.

INDIA V/S THE REST OF THE WORLD

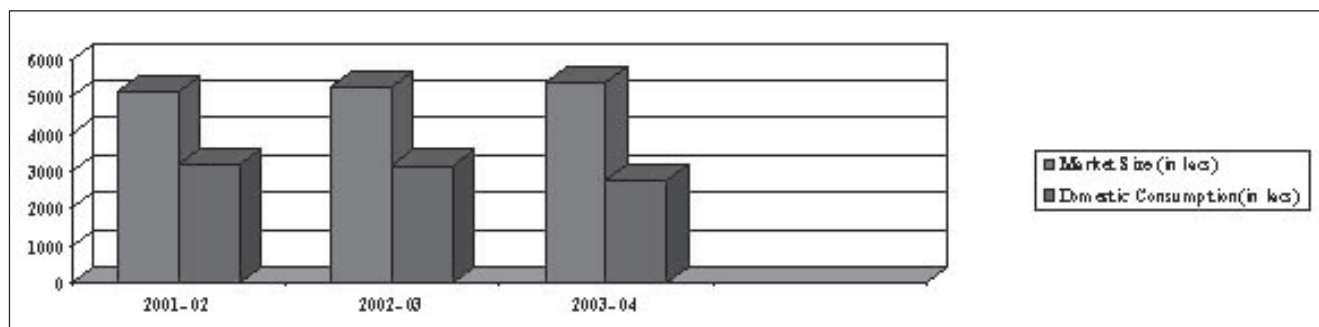
India is fast becoming an attractive destination for technologies and investments from foreign countries. India ranks second among the footwear producing countries next to China due to easy availability of abundant raw material, labor base, large domestic market and the opportunity to cater to world markets demands.

Its global import is about \$53 billion. India has only a 1.5% share in this. The Indian footwear export trend has been encouraging and growing annually at 17% in the last three years. From \$625 million in 2002-03, it has risen to \$856 million in 2004-05.

India is at second position after China in the Division of footwear manufacturers, which is in a super league of its own. Our country has a huge export potential but when compared to Brazilian footwear, with its style, colours and contemporary changing fashions.

Statistical Overview:

The major production of Indian Footwear Industry is consumed domestically as is evident from the graph below.



Key Indicators of Indian footwear industry are summarized below:

	Units	2001-02	2002-03	2003-04	2004-05	2005-06
Production	Million Pairs	170.10	178.55	185.81	NA	NA
Export Quantity	Million Pairs	49.22	52.05	62.19	NA	NA
Export Value	Rs. In million	19,308	20,962	26,073	*32870.22	*37876.51
Import Quantity	Million pairs	2.37	2.75	4.54	NA	NA
Import Value	Rs. In million	386	414	654	NA	NA
Sales Value	Rs. In million	51,000	52,000	53,000	NA	NA

Source: "Industry Market Size & Shares" dated February 2005, Economic Intelligence Service, Centre for Monitoring Indian Economy Pvt. Ltd.

* **DGCI & S.**

GLOBAL FOOTWEAR TRADE - AN OVERVIEW

India is a happening destination is amply corroborated by a number of foreign footwear manufacturers who have set up shops in India. This enthusiasm has galvanised the Indian industry to take advantage of the positive response from across the world to channelise its efforts and maximize the benefits accrued.

In 1999, the global import of footwear (leather and non-leather) in terms of value was around US\$ 43,278 million. Out of this, import of leather footwear alone accounted for US\$ 26379 million and non-leather footwear US\$ 16899 million.

Export

India's export of footwear touched Rs. 26,073 million in 2003-04.

Government Initiatives
Key announcements - Budget 2005-06

The Indian footwear industry is strongly supported by the Government of India. The Budget 2005-06 opened a new avenue for the leather and footwear industry, which stands to get benefited from customs duty cuts. Custom Duties on seven machinery used in leather and footwear industry have been cut sharply to 5% from 20%. Custom Duty on **Ethyl Vinyl Acetate (EVA)**, an input for the footwear industry, has also been halved to 10% from current 20%. These steps will greatly encourage import of new technologies, which would bring the Indian footwear industry in line with the world footwear industry.

Institutional Support

The Indian footwear industry is provided with institutional infrastructure support through premier institutions like Central Leather Research Institute, Chennai, Footwear Design & Development Institute, Noida, National Institute of Fashion Technology, New Delhi, etc in the areas of technological development, design and product development and human resource development.

EVA INJECTED FOOTWEAR

The estimate production non-leather footwear in India 960 million pairs per year according to CLRI.

The major demand in nonleather footwear sector is chappals (Hawai and Eva) because it is the cheapest footwear available in India. The chappals have captured 70% of demand in rural areas, because in rural areas people use this product as multipurpose footwear.

Earlier in the rural areas rubber based hawai chappals are used because there was no other substitute before them. The demand of rubber hawai was upto 2002 on increasing side, because that time Eva injection product were very costly and far from the reach of rural people. After the 2002 the demand of Eva injection products on increasing trends because of rural people adopted these products. Now a days 70% demand of rubber based is replaced by Eva footwear. Eva footwear is light in weight, durable and has cosmetic appeal as compared to traditional Hawaii chappal.

According to the survey conducted by the **Delhi Footwear Market News** and **Footwear Today** the demand of Eva injection products would increase as the population increases, because in India, no other durable footwear at such low cost is available.

Installed Production Capacities.

Total machine in India	Average production per day per machine	Total production per day	Total production per year
165(Automatic)	3000 pairs	49.5 Lacs pairs	1485.00 Lacs pairs
220 (Manual)	500 pairs	11.0 Lacs pairs	330.00 Lacs pairs
Total			1815.00 Lacs pairs

Demand & Supply Analysis

Demand	Supply	Shortage	Demand Supply Ratio
2457.00 lacs pair	1815.00 lacs pair	642.00 lacs pair	1.35:1

Sources: - CLRI 2005, Delhi Footwear Market News, Footwear Today.

PU SHOES

According to CLRI 2005 report the production of leather footwear in 2004 was 7760 lacs pairs (shoes, sandals, etc) of made of PU, TPR, PVC AND RUBBER soles.

As per the market survey done by the footwear market news in 2005 the demand and supply of various soles of the leather shoes will be as follows:

Demand	Figures in lacs
<ul style="list-style-type: none"> ■ Domestic market ■ Export market 	<p>3590 pairs</p> <p>5400 pairs</p>
Total Demand	8990 pairs
Supply	7760 pairs
Shortage	
<ul style="list-style-type: none"> PU and other Sole Footwear Leather Sole Footwear 	<p>861 pairs</p> <p>369 pairs</p>

Sources: - CLRI, 2005 Delhi Footwear Market News, Footwear Today.

BUSINESS OVERVIEW

Lawreshwar Polymers Ltd (LPL) was incorporated as a Private Limited Company in the Year 1994 and converted to a Public Ltd Company in May 1996. The company started its commercial production in May' 1995, with an installed capacity of 45 Lacs pairs per annum of Hawaii Chappals. Within a short duration of one year company took up expansion - cum diversification program for the manufacturing of Light Weight Hawaii Chappals, Canvas Shoes, PVC Shoes, Synthetic Leather Chappals, etc. and Fancy Chappals. Later, company started manufacturing EVA Injected Footwear. The company was the first one in the state of Rajasthan to install "EVA Injection Moulding Machine". The motto and vision of the company is to manufacture reasonably priced footweares for the common masses.

LPL is a professionally managed, system driven organization. The company believes that strong focus on customers and a committed work force are the key factors that would contribute to its success and would help to scale up as it embarks on its strategic growth plan.

The growth strategy of the company is based on increasing its reach and penetration across the country by opening new showrooms, and positioning 'LEHAR' footwear as an esteemed footwear brand through unique national promotions. LPL also looks at enlarging its market share by adding new product varieties and strengthen its offerings by manufacturing various affordable footwear items at affordable prices for the masses keeping in mind the latest trends in the footwear industry.

Location of the plant

The details of Company's Registered Office and manufacturing unit are as below:

Registered Office	A-243 (A), Road No. 6 VKI Ind. Area, Jaipur - 302013	Owned
Manufacturing Unit	A-243 (A), Road No. 6, VKI Ind. Area, Jaipur- 302013	Owned

The capacity utilization of the company for the past 3 years is as under:

(Pairs in Lacs)

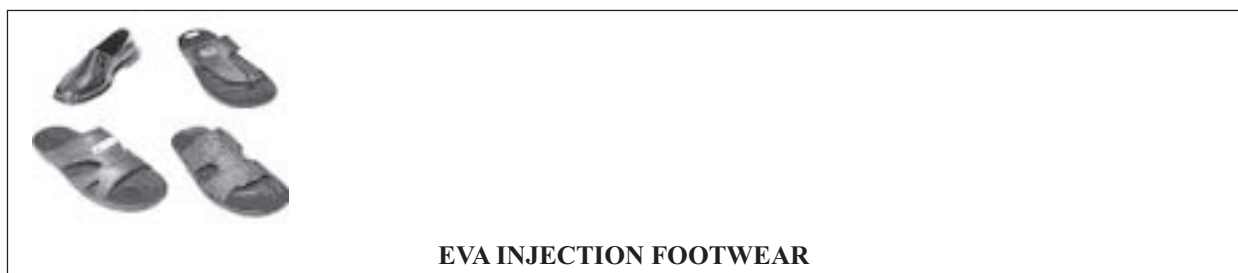
Products	2005-06			2004-05			2003-04		
	Installed Capacity	Actual Production	% of Installed Capacity	Installed Capacity	Actual Production	% of Installed Capacity	Installed Capacity	Actual Production	% of Installed Capacity
Hawaii Chappals	75.00	20.53	27.37	75.00	25.56	34.08	75.00	27.77	37.02
Canvas Shoes	12.00	2.96	24.67	12.00	2.76	23.00	12.00	6.75	56.25
EVA Footwear	9.87	12.51	126.74	9.87	12.54	127.05	9.87	7.34	74.37

The estimated capacity utilization of the company for the next three years is as under: -

(Pairs in Lacs)

Capacity Utilisation-Expansion	Percentage	EVA Footwear	PU Sole Footwear	Total
2007-08	70%	33.64	4.20	37.84
2008-09	75%	36.04	4.50	40.54
2009-10	80%	38.44	4.80	43.24

PROCESS & TECHNOLOGY



The manufacturing process of EVA injection Footwear is completed in four steps:

- Preparation of EVA Compound
- Injection for granules
- Injection of Straps and uppers
- Fitting & Packing

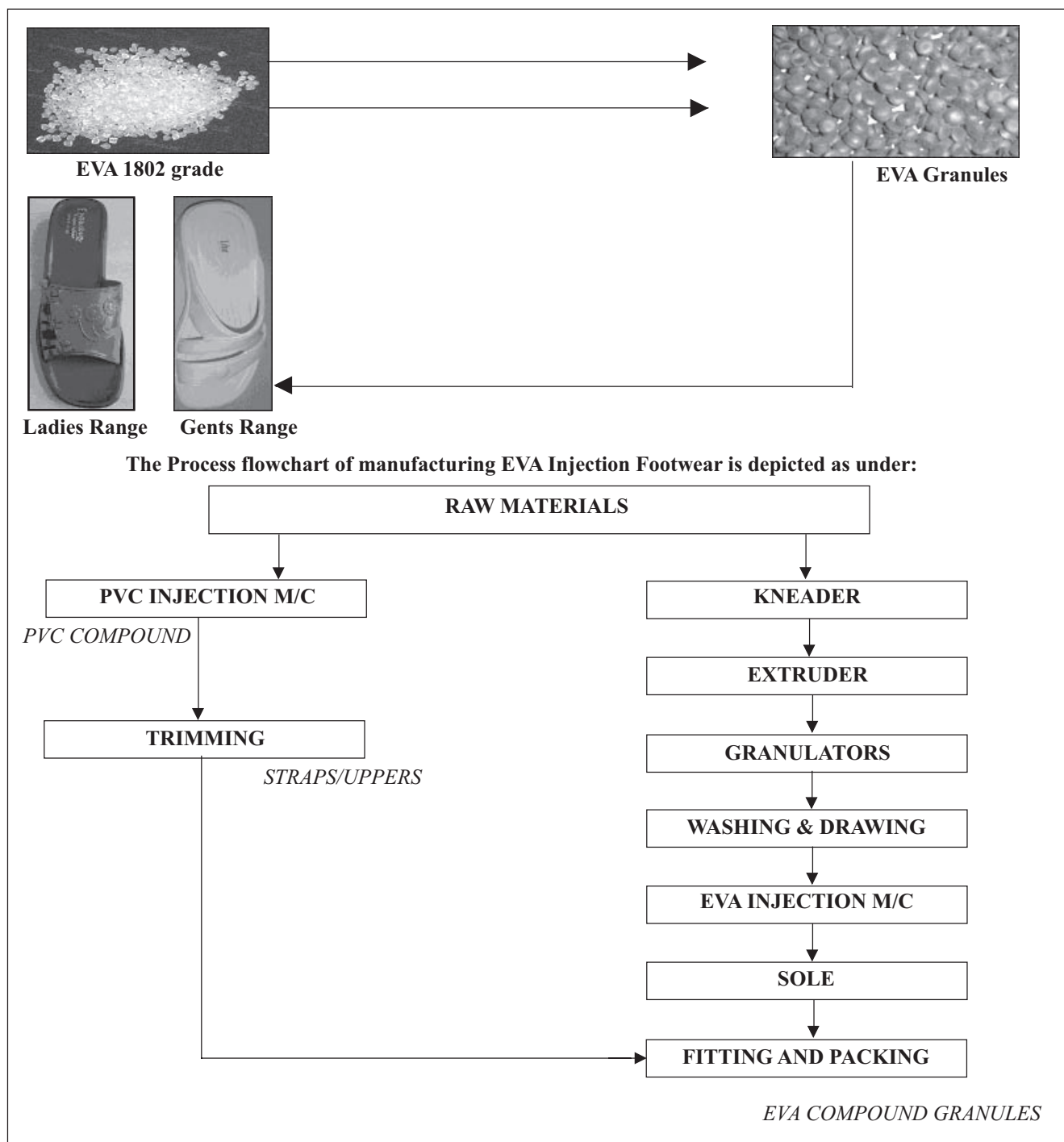
The manufacturing process of EVA injection footwear can be summarized as under:

Preparation of EVA Compound - EVA compound is prepared by mixing EVA 1802 grade with other ingredients like colours, curing agents, blowing agent in kneader. This compound from Kneader is then passed through extruder, and finally through granulator to get EVA compound in the form of granules. These granules are then passed through water chamber for cooling and removing dust and then passed through numbers of cyclones for drying.

Injection of granules - The granules are injected into sole mould placed on the presses of fully automatic computerized EVA injection machine. After curing of sole, presses open up automatically and an expanded sole comes out from Injection machine. The time, temperature and volume are to be maintained by computer, as per requirements.

Injection of straps and uppers - PVC compound granules are injected to the straps mould through horizontal PVC injection machine.

Fitting & Packing - Straps obtained from horizontal PVC injection machine are inserted in to EVA sole. After quality checking, slippers are packed in C. B. boxes and finally to cartoon.





PU SOLE FOOTWEAR

The PU Sole footwear manufacturing process consists of three steps:

- Manufacturing of Synthetic Leather uppers and straps.
- Pouring of PU Liquid into moulds of shoes by pouring machine.
- Finishing & packing.

Manufacture of Uppers

To manufacture uppers from synthetic leather sheet, the Upper sheet is pasted with PU liner cloth by the lamination machine. Required uppers are then cut from the pasted sheet by putting on platform of upper cutting hydraulic machine and then placing knife on the sheet. The cut uppers then send for stitching by industrial sewing machines. After stitching, eyelets are inserted into the uppers by eyeleting machine and insoles (sox) are stitched by string lasting machine.

Pouring of PU liquid into moulds

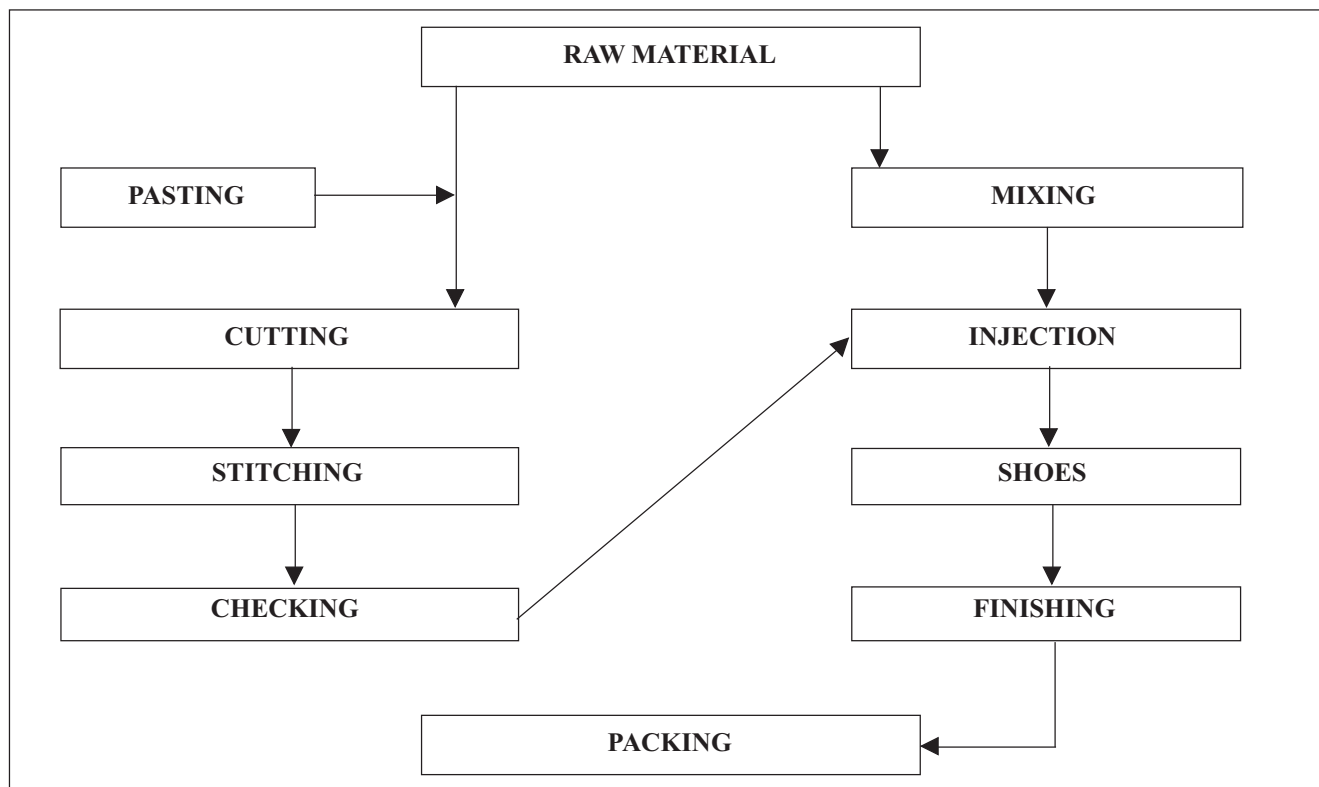
In this process, first of all ready uppers are lasted. On the last of Shoes mould manually and then moulds are closed. These closed moulds are then kept on the 62 stations conveyer, which moves in anticlock wise direction. In this way the moulds keep moving along with conveyer. The conveyer stops for a few minutes under the arms of pouring machines where the PU Liquid (mixture of Poly isocyanate and polyol) is poured into hot mould by the nozzle fitted into the tubes carrying PU Liquid which comes through pump from the containers of Poly isocyanate and polyol.

The whole arrangement is fixed on the stand of the machine (arms). Before pouring the liquid into mould, moulds are cleaned by MCL Liquid and then mould-realizing agent is applied inside the mould, the moulds are heated by passing though the hot chamber, which is fitted, on conveyers. The setting of PU liquid in hot moulds starts gradually and after setting of PU, moulds are opened manually. Shoes are then removed from the mould and another upper is lasted on the last of mould for PU casting. The computer of the machine controls the volume of PU liquid, pouring time, time period and mould temperature.

Finishing & packing

After casting PU sole, shoes are shifted for checking & trimming and then printed sponge insole is inserted into the shoes. The finished shoes are packed into Corrugated Boxes and finally into cartoon.

The process flowchart of manufacturing PU Footwear can be depicted as under.



DETAILS OF EXISTING PLANT AND MACHINERY**HAWAI AND CANVAS SHOES**

The existing installed plant and machineries used by the company to manufacture the lightweight hawai chappals and canvas footwear are as follows.

S. No.	Name of Machinery	Type of Footwear
1	Design Calendar Machine	Canvas Shoes
2	Dispersion Kneader	Canvas Shoes &Hawai
3	Fully Automatic Sheet Machine	Hawai
4	Hydraulic Press	Hawai
5	Lasting Conveyor	Canvas
6	Mixing Mills	Canvas Shoes & Hawai
7	Profile Calender Machine	Hawai
8	Rubber Grinder Machine	Hawai
9	Sawing Arm Clicker	Canvas Shoes
10	Sole Cutting Power Press	Hawai
11	Stitching Machines	Canvas Shoes
12	Tap Cutting Set	Canvas Shoes
13	Thermic Flued Heater	Canvas Shoes &Hawai
14	Valcaniser	Canvas Shoes

EVA FOOTWEAR

S. No.	Name of Machinery	Type of Footwear
1	EVA Injection Moulding Machine (Imported)	EVA Footwear
2	Imported Dies & Moulds	EVA Footwear

INFRASTRUCTURAL FACILITIES

RAW MATERIAL

The major raw materials required for the manufacture of footwear are Natural and Synthetic rubber, chemicals, colors, cloth, EVA Foaming Granules, EVA and PVC compound and master batch and other shoe accessories. Rubber is procured from rural market of Kerala State while the other materials are purchased from local markets. For manufacturing of EVA injected footwear, we are dependent on the importers of EVA granules. There are number of traders in the Indian market who are importing EVA granules and hence it is easily available. Secondly the company had imported the raw material in the past at competitive price.

The main raw materials required for the manufacture of PU sole footwear is Poly eurothane. The same is easily available in the domestic market and hence no problem is envisaged with regard to availability and procurement of the same.

COLOURS AND CHEMICALS

The company uses various colours and chemicals of various brands viz. Pidilite, Appar, Insilco, Mazda, Indo Chemicals, Apcotex, etc. which are easily available in market. The colors and chemicals are being purchased on cash/ credit and a stockholding level of 10 to 15 is being maintained consistently.

POWER

The total power requirement for the proposed project is 51.56 Lacs units. Power requirement would be met primarily from JVVNL. The company already has a 550 KVA HT connection for its existing factory and it has obtained a sanction for a new connection of 150 KVA for the proposed expansion project. The power supply from JVVNL is continuous and with negligible fluctuations. In case of any power disruptions on account of servicing, the same is intimated well in advance so that the production process can be managed accordingly. However, company also possess a furnace oil based DG Set of 125 KVA and has proposed to purchase 2 DG Sets of capacity 250 KVA each as stand by power arrangement.

WATER

The total requirement of water for production process has been estimated at 1400-1500 ltrs. per day The water requirement for the project will be for production process as well as for domestic consumption. Water required in production process is primarily used for running the Cooling Tower. The company has a deep bore well in its premises to meet the total requirements.

TRANSPORTATION FACILITY

The proposed site is situated in well-developed industrial area of Jaipur, which is well connected with rail and road transport system hence no problem is anticipated in this regard. Also since the proposed site is situated very near to the existing factory, there shall be no problem in respect of commutation between the two factory sites.

TELECOMMUNICATION FACILITY

Telecommunication and Internet facility is easily available in the area and hence no problem is anticipated in this regard too.

EFFLUENT TREATMENT PLANT

Production process for EVA Injected Footwear and PU Sole Footwear is completely mechanized. Also the company is proposing to install latest technology computerized machines, which are environmental friendly. The production of Hawaii and Canvas shoes produce no air pollution or water pollution. Though few gases are released during the vulcanization process of hawaii sheets, the quantity of gases generated is meager. The company ensures the level of gases that are being released into the air and monitors the same on regular basis.

The company has already taken NOC from Pollution Control Board for its existing unit, which is renewed on yearly basis. It has also applied for clearance of the proposed project from Pollution Control Board and the company is hopeful of obtaining the same.

PRODUCTS OF THE COMPANY

EVA Footwear

EVA is one of the most popular, long lasting and affordable footwear available in the market now days. The Market for Hawaii Chappals is being gradually replaced by Polymer based Footwear (Eva Injection Footwear). Due to increased demand of EVA Footwear, company's capacity utilization in the segment was 127 % during 2004-05, while capacity utilization of Hawaii Chappals is reducing. In view of this, company is undertaking capacity expansion for EVA Footwear.

PU Sole Footwear

The company is now diversifying into PU Sole Footwear, which has a consistent/ growing demand. PU is thermoplastic elastomer with properties of rubber & plastic, therefore it imparts flexibility, good abrasion resistance & also weather resistance to the sole of footwear, and where as the soles of other polymers is not having balance physical properties as PU. PU soles are more durable and lightweight than soles made from polymers / natural rubber/ leather. PU sole is being used mainly for high quality shoes/ ladies fancy chappals.

Canvas Footwear

LPL is manufacturing canvas shoes since Oct. 1996 and is currently having an installed capacity of 12.00 lacs pairs per annum. The company is currently manufacturing wide range of canvas shoes including tennis shoes, Mocasion Shoes, Kids PT shoes and PT shoes for defence & NCC. The Company utilises approx 50% of its installed capacity.

Hawai Chappals

The company initially started manufacturing traditional Hawai chappals in the year 1995 with installed capacity of 45.00 lacs pairs per annum. At present the company is manufacturing standard hawai chappals as well as high quality lightweight, hawai chappals at affordable rates.

MARKETING STRATEGY

The Company controls its marketing and selling activities centrally from its registered office at Rajasthan. The company is having its huge marketing network all over India with more than 400 urban, semi-urban and rural distributors' channel.

The 'LEHAR' brand is supported through mass media communication through various hoardings in and around the state of Rajasthan that are aimed at engaging our primary catchments segments and building brand awareness.

COMPETITORS

Our Company is facing competition from a number of companies like Relaxo, Lakhani, Paragon, etc.

PROPERTY AND PURCHASE OF PROPERTY

The following is the list of the recent properties acquired / proposed to be acquired by us:

1. We have entered into an agreement for purchase of property to open the Show room at G-36, G-37, G-38, & G-39 at ground floor in Alankar Plaza, Central Spine, Vidyadhar Nagar, Jaipur, on ownership basis, admeasuring 1195 sq. Ft. The agreement has been entered into with M/S. Alankar Buildcon Pvt. Ltd. for a total consideration of Rs. 19.01 lacs.
2. We have acquired a property to open the Show room at Plot No. 2, Subhash Nagar Shopping Center, Jaipur - 302 016 (shop nos. G-4, G-5, G-6 & G-7), on ownership basis, admeasuring 1467.2 sq feet. The property has been acquired on 11.11.2005 from M/S. Sankhla Investors, through Partner Mr. Hari Om Mangal for a consideration of Rs. 65.00 lacs.
3. We have acquired a property to establish the manufacturing facility at Plot No. G1 - 685, VKIA, Jaipur, on sub lease, admeasuring 1120 Sq.Mtrs. containing a building having a constructed area of 14000 sq. Ft. The property has been sub leased by M/s. Lawreshwar Footwear at a deposit of Rs.35.00 lacs monthly rent of Rs. 30,000/-.
4. The company has acquired a property at 607,707 K.K.Tower, Bani Park, Jaipur for eshtablishing a corporate office at a total consideration of Rs.46.27 lacs.

Business Strategy

The Company is manufacturing and producing the footwear product and it caters to the general masses. The Company is focused in providing quality products to meet the competition and engaged in product and design development on continous basis so as to provide better products to the customers. At the same time, the company regularly takes feedback from its customers, which enable it to serve them in an improved and better manner. The company would continue to adopt the existing methodology of marketing in future also. The Company's strategy is to leverage its reputation as an efficient, reliable, customer driven company providing a diversified range of footwear products. The key elements of our business strategy are as follows:

- Wide variety of products for diversified markets.
- Strategically located showrooms.
- To be cost-efficient and a low cost footwear manufacturer/supplier in India.
- Maintaining a high quality dedicated workforce through training, superior benefits and the fostering of a close-knit, supportive culture.
- Continuous optimization of the manufacturing facilities resulting into timely delivery of quality products.
- One-Stop Source for high quality and cost effective footwears.

INSURANCE COVER TAKEN BY THE COMPANY

The Company has availed the following insurance policies with:

A. BAJAJ ALLIANZ GENERAL INSURANCE COMPANY LTD.

From 04/03/2006 to Midnight on 3/03/2007

(Rs.in Lacs)

Type of Policy and Insurance Perils	Sum Insured	Annual Premium
Standard Fire & Special Perils		
Its includes building, Plant & Machinery Including all Kind of Connected Machineries & Accessories used in Mfg of Hawai Chappals	175.00	0.46
Endorsed on 10.03.06 Stock	90.00	0.23
Further endorsed on 21/07/2006 Building, Plant & Machinery. Stock	306.00	0.55

From 14/03/2006 to Midnight on 13/03/2007

(Rs.in Lacs)

Type of Policy and Insurance Perils	Sum Insured	Annual Premium
Electronic Equipment	1.93	0.02

From 14/03/2006 to Midnight on 13/03/2007

(Rs.in Lacs)

Type of Policy and Insurance Perils	Sum Insured	Annual Premium
Electronic Equipment	0.6	0.01

From 11/11/2006 to Midnight on 10/11/2007

(Rs.in lacs)

Type of Policy and Insurance Perils	Sum Insured	Annual Premium
Machinery Breakdown Insurance Policy	48.90	0.4791

From 21/07/2006 to Midnight on 22/07/2007

(Rs.in lacs)

Type of Policy and Insurance Perils	Sum Insured	Annual Premium
Stock of all kind of Raw Material, Semi finished, Finished good and stock in process	30.95	0.090

B. MARINE OPEN POLICY

From 19/10/2006 to Midnight on 18/10/2007

(Rs.in lacs)

Type of Policy and Insurance Perils	Sum Insured	Annual Premium
Marine Open Policy	300.00	0.15

HISTORY AND OTHER CORPORATE MATTERS

The Company went for expansion cum diversification project in the year 1996 for manufacturing canvas shoes and lightweight hawai chappals and commenced the commercial production of diversified range from 15th October 1996. In the year 2003, the Company further installed a fully automatic computerized EVA Injection footwear plant having capacity of about 9.87 Lac pairs per annum of EVA Injected moulded slippers. At present the Company is having an annual installed capacity of 75 Lac pairs of Hawai Chappals, 12 Lac pairs of Canvas shoes and 9.87 Lac pairs of EVA Injected footwear. The Company is presently manufacturing variety of footwear products like light weight fancy slippers, PVC and TPR footwear; EVA injected footwear, synthetic leather chappals in addition to Hawai Chappals and canvas shoes.

Major events in the history of the Company is given below:

Year	Events
1994	Incorporated as a Private Limited Company
1995	Started commercial production of footwear
1996	Converted into a Public Limited Company
1996	First expansion cum diversification project for manufacturing canvas shoes and light weight hawai chappals and commenced the commercial production of diversified range
2003	Installed a fully automatic computerized EVA Injection footwear plant having capacity of about 9.87 Lac pairs per annum of EVA Injected moulded slippers
2006	Company has obtained certificate of registration for “Lehar” brand name from Trade Mark authorities.

Changes in the Memorandum of Association

Year	Particulars
1995	Increase in the Authorized Capital from Rs. 1 Lacs to Rs. 50 Lacs
1996	The Registered office of the Company at E - 100, Ambabari, Jaipur since Incorporation was changed to A-243(A), Road No. 6, V.K.I. Area, Jaipur- 302013.
1996	Increase in the Authorised Capital from Rs. 50 Lacs to Rs. 100 Lacs.
1996	Change in the name of the Company From Lawreshwar Polymers Private Limited to Lawreshwar Polymers Limited.
2003	Increase in the Authorised Capital from Rs. 100 Lacs to Rs. 120 Lacs
2003	Increase in the Authorised Capital from Rs. 120 Lacs to Rs. 125 Lacs
2005	Increase in the Authorised Capital from Rs. 125 Lacs to Rs.150 Lacs
2005	Increase in the Authorised Capital from Rs.150 Lacs to Rs. 375 Lacs
2005	Increase in the Authorised Capital from Rs. 375 Lacs to 1500 Lacs

AWARDS & RECOGNITIONS

Awards and Recognition:

Year	Award/ Recognition
1997	Awarded the Rajasthan Udyog Shree Award for manufacturing high quality shoes and chappals by the Government of Rajasthan
2002	Received the National Award from Ministry of Small Scale Industry for Small Scale Entrepreneurs in SSI Sector for the Year 2000
2004	The Company was certified as ISO: 9001 and ISO: 14001
2005	Received the National Award from Ministry of Small Scale Industry for Quality products in SSI Sector for the Year 2003.
2005	Received the National Award from Ministry of Small Scale Industry for Small Scale Entrepreneurs for the Year 2003.
2006	The Company has received a Performance and Credit Rating of SE 2A from NSIC and Dun & Bradstreet Information Services India Private Ltd Mumbai. The Company has been graded as a company with High Performance Capability and High Financial Strength.

MAIN OBJECTS

The main objects of the company as set forth in the memorandum of association of the company are as follows:

To carry on the business of manufacturer, processors, designers, buyers, sellers, importers and or other wise, dealers in all kinds of shoes, shoe upper, canvas, leather and sports shoes, hawai chappals, blow moulded containers, bottles, hollow wares, packing materials, jerricanes and other similar articles made of leather, rubber, plastic, polythene, high and low density polythene, polypropylene, P.V.C., man made fibrous material or similar material, plastic and /or rubber packing items and to manufacture, process, buy, sell, import, export or otherwise deal in all or any such the stores packing materials, products and allied commodities.

Subsidiaries of LPL

LAWRESHWAR FOOTCARE PRIVATE LIMITED (LFPL)

LFPL was incorporated on 10th Day of June 1999 under the Companies Act 1956 as a private limited Company. The Company was incorporated with the main object of to carry on the business of manufacturer, processors, designers, buyers, sellers, importers and or other wise, dealers in all kind of shoes, shoe upper, canvas, leather and sports shoes, hawai chappals, blow moulded containers, bottles, hollow wares, packing materials, jerricanes and other similar articles made of leather, rubber, plastic, polythene, high and low density polythene, polypropylene, P.V.C., man-made fibrous material or similar material, plastic and /or rubber packing items and to manufacture, process, buy, sell, import, export or otherwise deal in all or any such products the stores packing materials, products and allied commodities. The stake of LPL in Lawreshwar Footcare Private Limited has increased to 51% and therefore LFPL has become subsidiary of the company w.e.f. 10.04.2006.

Shareholding Pattern

The Shareholding pattern of LFPL as on 30.11.2006 is as follows:

Sl.NO	Name of Shareholders	No of Shares	% of Share holding
1	Lawreshwar Polymers Ltd.	255000	51
2	Ramesh Chand Agarwal	130000	26
3	Pramod Agarwal C/o Jai Narayan Mohan Lal & Sons	105000	21
4	Raj Kumar Agarwal C/o Jai Narayan Mohan Lal	7000	1.4
5	Sanjay Agarwal	1000	0.2
6	Naveen Agarwal	1000	0.2
7	Mohan Lal Agarwal	1000	0.2
	Total	500000	100.00

Board of Directors

The Board of Directors of LFPL comprises of the following

Name	Designation
Ramesh Agarwal	Director
Pramod Agarwal	Director
Naveen Agarwal	Director

Financial Performance

(Rs. in Lacs)

Particulars	30.11.2006	For the Financial Year		
		2005-06	2004-05	2003-04
Total income	420.69	699.63	419.79	330.40
PAT	9.53	10.96	9.14	7.42
Equity capital (Face Value Rs.10 per share)	50.00	50.00	50.00	30.00
Reserves (excluding revaluation reserve)	41.79	32.26	21.30	12.16
EPS (Rs.)	2.86*	2.19	2.83	2.47

*Annualised

The unsecured loans as on 30.11.2006 are Rs. 130.19 Lacs.

Shareholder's Agreements

There is no Shareholders' Agreement existing as on date.

Strategic & Financial Partners

The Company does not have any strategic/ financial partner, other than the Joint Venture partners formed in the ordinary course of business.

Other Agreements

Except the contracts/agreements entered in the ordinary course of the business carried on or intended to be carried on by the Company, the Company has also entered into the following Agreements:

Non-Compete Agreement:

The company has entered into a Non-Compete Agreement with its subsidiary Lawreshwar Footcare Private Limited on April 10, 2006, whose salient features are as under:

- i. The Lawreshwar Footcare Private Limited (LFPL) shall not enter into any type of transactions whether in the name of manufacturing or trading of footwear including EVA injected footwear, hawai chapples and canvas shoes produced by the Lawreshwar Polymers Limited (LPL) in the present or in future.
- ii. LFPL shall take prior permission of LPL for use of trade mark "Lehar" in respect of the goods manufactured by or reproducing it on the letterhead, website and other publicity articles.
- iii. Incase LFPL commits breach of any terms and conditions of the agreement, LPL have the option to confiscate entire goods produced by the other company without paying any cost.

OUR MANAGEMENT

As per the Articles of Association, the Company must have a minimum of three (3) and a maximum of twelve (12) Directors. As on date the Company has eight (8) Directors.

Board of Directors

Sl.	Name, Address and Designation	Date of appointment	Age (years)	Other Directorship
1	Mr. Mohan Lal Agarwal Chairman S/o Late Jai Narayan Agarwal E-100 Ambabari, Jaipur- 302012, Rajasthan Occupation Industrialist	03/02/1995	81 years	NIL
2	Mr. Raj Kumar Agarwal Managing Director S/o Mohan Lal Agarwal E-100 Ambabari, Jaipur- 302012, Rajasthan Occupation Industrialist	31/03/1994	51 years	<ul style="list-style-type: none"> ● Jeetish Properties Pvt. Limited ● Rise Buildhome Pvt. Limited
3	Mr. Naresh Agarwal Executive Director S/o Ramesh Chand Agarwal E-100 Ambabari, Jaipur- 302012, Rajasthan Occupation Industrialist	31/03/1994	34 years	NIL
4	Mr. G.C. Singhvi Technical Director S/o Late Shri R.C. Singhvi 7/412 Malviya Nagar Jaipur- 302017, Rajasthan Occupation Service	20/11/2006	59 years	NIL
5	Mr. Krishan Kumar Gupta Independent Director S/o Late Ramsaran Dass Choudhary 509, Green Corner Building, Al, Rigga Road P.B. No. 60757 Dubai, UAE Occupation Service	23/07/2005	40 years	NIL
6	Mr. Rakesh Akar Independent Director S/o Sri Ram Chandra Akar 10/22, Vidhyadhar Nagar Jaipur-302023, Rajasthan Occupation Industrialist	23/07/2005	43 years	<ul style="list-style-type: none"> ● MRK Pipes Limited ● Agam Cement Product Pvt Limited ● Garima Overseas Limited ● Shanti Kripa Industry Limited

Sl.	Name, Address and Designation	Date of appointment	Age (years)	Other Directorship
7	Mr.Kaushlendra Pratap Singh Independent Director S/o Late K.B.Singh 6/300,Vidyadhar Nagar Jaipur-302023, Rajasthan Occupation Service	23/07/2005	56 years	NIL
8	Mr. Radhe Shyam Mangal S/o Late Tarachand Mangal Independent Director F-177, Subhash Marg, C-Scheme Jaipur-302005, Rajasthan Occupation Practising Chartered Accountant	23/07/2005	54 years	NIL

There are no outstanding litigations, disputes and defaults etc. pending against the directors of the company.

BRIEF PROFILE OF THE DIRECTORS

Mr. Mohan Lal Agarwal, Mr. Raj Kumar Agarwal, Mr. Naresh Agarwal being the Promoter Directors of the Company, their profiles are mentioned under the head 'Our Promoters'. Please refer to page 52 of this Prospectus for further details.

DIRECTORS OTHER THAN PROMOTERS

Mr. G.C. Singhvi holds a masters degree in Chemistry from University of Rajasthan, Jaipur and also holds a Diploma in Rubber Technology (The Plastic & Rubber Institute). He has also done an Advance Rubber Technology course from Rubber Technology Center, I I T Khargpur. He is having 34 years experience as a Rubber Technologist in the field of footwear manufacturing. He has worked with a number of organizations like Phoenix Shoe Pvt. Ltd., Shield Shoe Co Pvt. Ltd., Mahavir Polymers Pvt. Ltd. and Relax Rubber Products Pvt. Ltd. Mr Singhvi is also Hon. Technical Advisor of Shri Bhagwan Mahavir Viklang Sahayata Samiti, Jaipur which is manufacturing World Famous JAIPUR FOOT (Rubber). He is looking after the quality & composition of the rubber components of the foot and further development of the foot.

Mr. Krishan Kumar Gupta is a Chartered Accountant by profession and a Commerce Graduate having post qualification experience of 17 years. He started his carrier with Jayashree Insulators as Commercial Executive at Halol and is presently working with Swiss Singapore Overseas Enterprises Pte Ltd, Dubai since Dec 1992 as General Manager (Comm).

Mr.Rakesh Akar, a commerce graduate is an innovative and young entrepreneur, having an experience of almost 23 years has interest in diverse industries like automotive component manufacturing, asbestos cement pressure pipes etc., He is holding a position of Director in different companies like MRK Pipes Limited, Agam Cement Product Pvt Limited, Garima Overseas Limited, Shanti Kripa Industry Ltd.

Mr. Kaushlendra Pratap Singh holds a masters degree in chemistry. He possesses vast experience of around 22 years in the field of marketing, Publicity and sales. He has worked with various companies engaged in rubber and footwear manufacturing like Asiatics, Mahavir Polymers, and P.P. Rubber Products. His induction into the Board would enrich the company with his expertise.

Mr. Radhe Shyam Mangal is a practicing Chartered Accountant and a senior partner of R.S.Mangal & Co. He has a vast knowledge & experience in audit of banks, public & private limited companies, firms, trust & societies like State Bank of Bikaner and Jaipur, Bank of Rajasthan Limited, UCO Bank, etc. He has also conducted income tax assessment proceedings of limited companies, private limited companies, firms, trust, individuals and societies.

BORROWING POWERS

- The Board may, from time to time and at its discretion, subject to the provisions of Sections 58-A, 292, 293 370, 372A of Act and the Regulations made there under and directions issued by Reserve Bank of India raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company.
- The Board may raise or secure the repayment or payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and, in particular by the Issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

- Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special rights, as to redemption, surrender, drawing, allotment of shares, appointment of Director and otherwise, Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Provided that debentures with the right to allotment of or conversion into shares shall not be issued except in conformity with the provisions of Section 81(3) of the Act.
- Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferor has been delivered to the Company together with the certificate or certificates of the debentures

TERMS OF APPOINTMENT & COMPENSATION OF MANAGING DIRECTOR/WHOLETIME DIRECTOR/TECHNICAL DIRECTOR

MANAGING DIRECTOR

Mr. Raj Kumar Agarwal was originally appointed as Director of the Company on 31st March 1994 and was subsequently appointed as Managing Director of the Company in the Extraordinary General Meeting held on 30th December 1996 w.e.f, 01-12-1996. The Company through an ordinary resolution passed at the Extra-ordinary general meeting held on 28.02.2005 approved to pay the Managing Director during the continuance of the agreement in consideration of the performance of his duties:

(I) Basic Salary: Rs. 50,000/- Per Month.

(II) Perquisites:

In addition to Basic Salary the following Perquisites not exceeding the overall ceiling prescribed under Schedule XIII, annexed to the Companies Act, 1956 will be provided to the Managing Director:

- Provision of Company's Car with driver for use on Company's business and limited personal use, Mobile Phone and Telephone at residence as perquisites.
- Personal long distance calls on telephone and use of Car for private purpose shall be billed by the Company to the Managing Director.
- Reimbursement of entertainment, traveling and all other expenses, actually and properly incurred for the business of the Company.
- No sitting fees shall be payable to the Managing Director for attending the Meetings of the Board of Directors or Committee thereof,
- Personal Accident/ Medical Insurance: Appropriate covering the Managing Director against accident risks upto Rs.20,000/- per annum

WHOLETIME DIRECTOR

Mr. Naresh Agarwal was originally appointed as Director of the Company on 31st March 1994 and was subsequently appointed as Executive Director of the Company in the Extraordinary General Meeting held on 30th December 1996 w.e.f, 01-12-1996. The Company vide a ordinary resolution passed at the Extraordinary general meeting held on 28.02.2005 approved to pay the EXECUTIVE Director during the continuance of the agreement in consideration of the performance of his duties:

(I) Basic Salary: Rs. 50,000/- Per Month.

(II) Perquisites:

In addition to Basic Salary the following Perquisites not exceeding the overall ceiling prescribed under Schedule XIII, annexed to the Companies Act, 1956 will be provided to the Executive Director:

- Provision of Company's Car with driver for use on Company's business and limited personal use, Mobile Phone and Telephone at residence as perquisites.
- Personal long distance calls on telephone and use of Car for private purpose shall be billed by the Company to the Executive Director.
- Reimbursement of entertainment, traveling and all other expenses, actually and properly incurred for the business of the Company.

- * No sitting fees shall be payable to the Executive Director for attending the Meetings of the Board of Directors or Committee thereof.
- * Personal Accident/ Medical Insurance: Appropriate covering the Executive Director against accident risks upto Rs.20,000/- per annum.

The terms & conditions, as above, may be altered/ varied from time to time by the Board of Directors as it may, in its absolute discretion, deem fit within the maximum amount payable to the appointee in accordance with Schedule XIII annexed to the Companies Act, 1956 as may be amended from time to time or any other relevant Statutory enactment(s) thereof in this regard.

TECHNICAL DIRECTOR

Mr. G.C.Singhvi was originally appointed as CEO-Technical on 01.04.95. Later the company has appointed him as additional director and also designated, as Technical Director in the Board meeting held on 20.11.2006 for a period of 2 years w.e.f 20.11.2006 subject to the approval of the shareholders in the ensuring Annual General Meeting of the Company.

The terms & conditions of appointment are as under:

CATEGORY (A)

(I) Basic Salary: Rs. 25000/-p.m.

(II) Perquisites: NIL

CATEGORY (B)

- (i) Free use of Company's car with driver for use on Company's business and telephone at residence, if any will not be considered as perquisite.
- (ii) Personal long distance calls and use of car for private purpose shall be billed by the Company.
- (iii) Reimbursement of entertainment, travelling and all other expenses, actually and properly incurred for the business of the company.
- (iv) No sitting fees shall be payable to the Technical Director for attending the Meetings of the Board of Directors or Committee thereof.

The terms & conditions, as above, may be altered / varied from time to time by the Board of Directors as it may, in its absolute discretion, deem fit within the maximum amount payable to the appointee in accordance with schedule XIII annexed to the Companies Act, 1956, as may be amended from time to time, or any other relevant Statutory enactment(s) thereof in this regard.

Where in any year, the company has no profits or its profits are inadequate, the total monthly remuneration payable to Mr. G.C.Singhvi, Technical Director by way of salary, perquisites and allowance, as specified above, shall be limited to the amount laid down under Schedule XIII annexed to the Companies Ac, 1956.

(III) Other Terms & Conditions:

- (i) Mr. G.C.Singhvi will perform the duties and exercise the powers, which from time to time may be assigned to or vested in him by the Board of Directors of the Company.
- (ii) The agreement may be terminated by either party giving the other party one month's prior notice in writing to that effect.
- (iii) If at any time Mr.G.C.Singhvi ceases to be Director of the Company for any reason whatsoever, he shall cease to be the Technical Director.
- (iv) The said appointment of Mr. G.C.Singhvi on the terms & conditions as set out above including his remuneration, as referred above, is subject to approval of the General Body, Financial Institution(s)/ Bank(s) (wherever it may be required in terms of any agreement executed with them) and such other approvals as may be required.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE & SUB-COMMITTEES

The provisions of the listing agreements to be entered into with the Stock Exchanges with respect to corporate governance shall be applicable to us immediately upon listing our shares on the Stock Exchanges. The Issuer Company has already appointed four independent additional directors Mr.Radhey Shyam Mangal, Mr. Krishan Kumar Gupta, Mr.Kaushlendra Pratap Singh and Mr. Rakesh Akar in the Board of Directors of the company with effect from 23/07/05.

Audit Committee

The Audit Committee was constituted at a Board Meeting held on 23/07/2005. The Audit Committee provides directions to and review functions of the Audit Department. The Audit Committee oversees the Company's financial reporting process, disclosure of its financial information and recommending the appointment and removal of external auditors. It reviews the annual financial results, considers and discusses observations of the statutory and internal auditors, investigates any matter referred to it by the Board and reports to the Board on their recommendations on areas for attention and has the authority to investigate into any matter prescribed by section 292A of the Companies Act.

The composition of Audit committee is as follows:

Designation	Name
Chairman	Mr.Radhe Shyam Mangal (Non Executive / Independent Director having financial & accounting knowledge).
Members	Mr. Rakesh Akar (Non Executive / Independent Director) Mr. Kaushlendra Pratap Singh (Non Executive / Independent Director)

Ms. Aadya Chauhan, the Company Secretary shall act as Secretary to the Audit Committee.

Share Transfer-cum-Investors Grievance Committee

The committee will specifically look into redressing the shareholder and investor complaints like transfer of shares, non-receipt of the declared dividends etc.

The Share Transfer -cum-Investors Grievance Committee consists of:

Designation	Name
Chairman	Mr.Radhe Shyam Mangal (Non Executive / Independent Director)
Members	Mr. Rakesh Akar (Non Executive / Independent Director) Mr. Naresh Agarwal (Promoter Director)

The Company Secretary of the Company, Ms. Aadya Chauhan, shall attend its meetings and assist the meeting.

Remuneration Committee:

The Remuneration Committee was constituted at a Board Meeting 23/07/2005. The function of Remuneration Committee is to recommend the remuneration of all Executive Director(s) of the company after reviewing their performance. Quorum for the meetings of Remuneration Committee should be two independent directors or 1/3 of the total strength of the Committee, whichever is higher.

Composition of the Remuneration Committee:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. Radhe Shyam Mangal	Chairman	Independent & Non- Executive
2	Mr. Rakesh Akar	Member	Independent & Non-Executive
3	Mr. Kauslendra Pratap Singh	Member	Independent & Non- Executive

The shareholding of our directors on the date of the issue of the Prospectus is as follows.

Sr. No.	Name of Director	No. of Shares
1	Mr. Mohan Lal Agarwal	537500
2	Mr. Raj Kumar Agarwal	807500
3	Mr. Naresh Agarwal	580638
4	Mr. G.C.Singhvi	Nil
5	Mr. Krishan Kumar Gupta	Nil
6	Mr. Rakesh Akar	Nil
7	Mr.Kaushlendra Pratap Singh	Nil
8	Mr. Radhe Shyam Mangal	Nil

Interest of Promoters/Directors

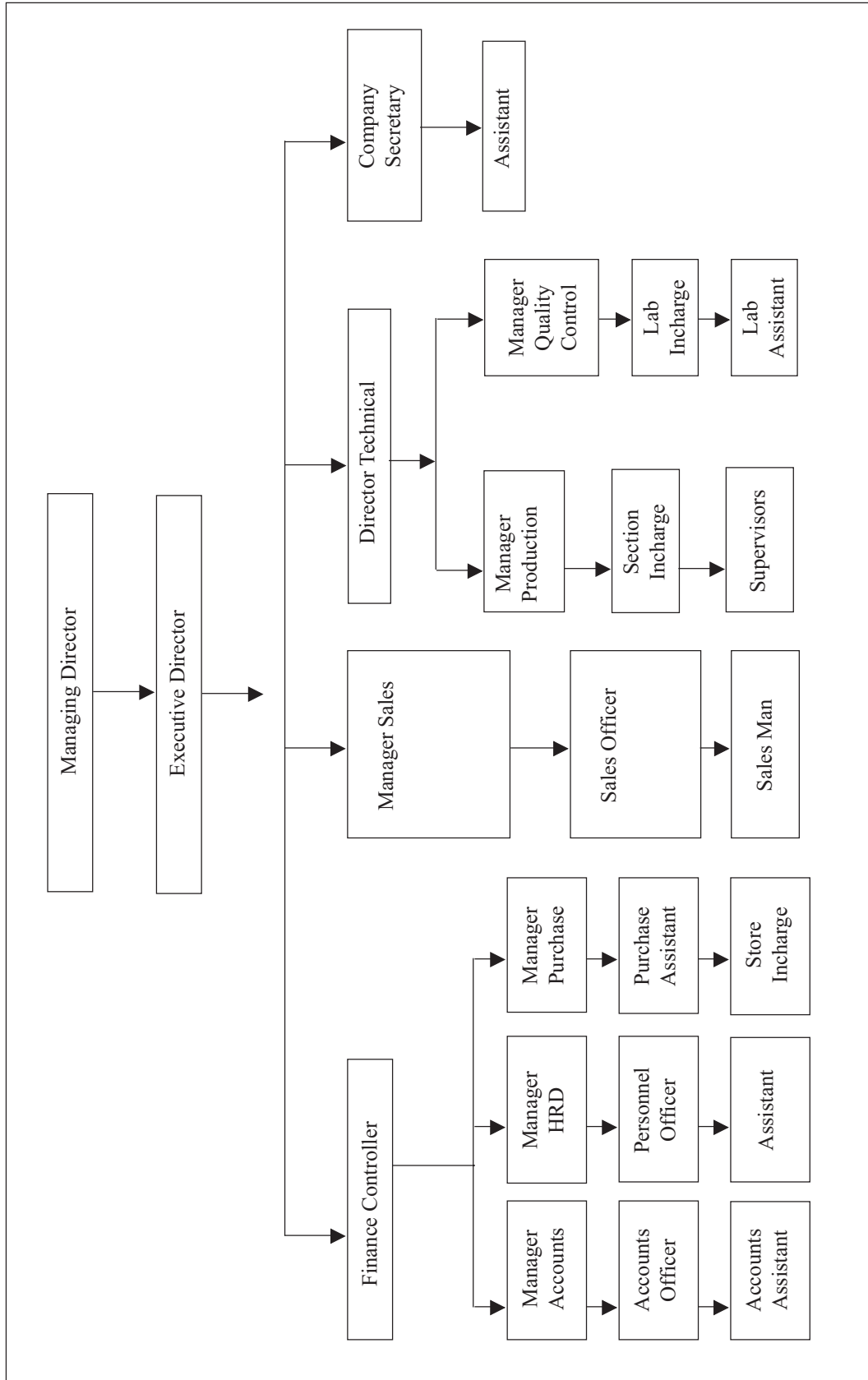
All the Directors may be deemed to be interested to the extent of reimbursement of expenses, if any, payable to them under the articles. The Directors may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/ Member respectively and the shares if any, out of the present Offer 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 Directors during last three years:

Name of Director	Date of Appointment	Date of Cessation	Reason
Mr. Krishan Kumar Gupta	23/07/2005	-	N.A
Mr. Rakesh Akar	23/07/2005	-	N.A
Mr.Kaushlendra Pratap Singh	23/07/2005	-	N.A
Mr. Radhe Shyam Mangal	23/07/2005	-	N.A.
Mr. G.C.Singhvi	20/11/2006	-	N.A.

ORGANISATION STRUCTURE

The organization chart of Lawreshwar Polymers Limited is as follows:



KEY MANAGEMENT PERSONNEL

The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of production/finance/ distribution/marketing and corporate laws. The following key personnel assist the Management:

Sl. No.	Name of Employee	Designation	Date of Joining	Age	Qualification	Total Experience In yrs	Previous Employment
1.	Shree Hari Lath	Finance Controller	04.01.06	28	ACA	3	S.Koolwal & Company
2.	Ms. Aadya Chauhan	Company Secretary	09.10.06	23	B.Com, ACS	NIL	-
3.	B.S. Rawat	Manager HR	13.07.98	46	M.A., PG Diploma in PM & IR, Diploma in Labour Law	27	Wires & Fabrics Ltd.
4.	Deendayal Sharma	Manager - Accounts	01.10.96	38	M.Com	18	V S Mantri & Co., Stock Brokers
5.	Satya Narayan Sharma	Executive - MIS	04.10.95	34	B.Com & 'O' Level Diploma	11	Tractors & Machinery, Jaipur

All the above employees, Key Managerial Personnel are our permanent employees.

Shareholding of our Key Managerial Personnel

None of the Key Managerial Personnel hold any shares of the company as on the date of this Prospectus.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Profit Sharing Plan for the Key Managerial Personnel. The Company makes bonus Payments to the employees based on their performances, which is as per their terms of appointment.

Change in the Key Managerial Personnel

There has been no change in the key managerial personnel of the company during the last one-year except those mentioned below.

Name	Designation	Date of Appintment/ Resignation	Date of Resignation
Ms. Aadya Chauhan	Company Secretary	09-10-2006	-
Mr. Shree Hari Lath	Finance Controller	04-01-2006	-
Mr. Amit Amar	Company Secretary	17.10.2005	12.09.2006
Mr. Mukesh Poddar	Sales Officer	01.12.2005	08.02.2006

Family relation with Key Managerial Personnel

There exists no family relation with the key managerial personnel.

Employees

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

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

Payment or Benefit to Officers of the Company

In the last two years the Company has not paid or given any amount or benefit to any of its officers except the normal remuneration for services rendered as Directors, officers or employees.

OUR PROMOTERS

BACKGROUND OF THE PROMOTERS

The promoters of the company are Mr. Mohan Lal Agarwal, Mr. Raj Kumar Agarwal and Mr. Naresh Agarwal, who are financially and technically sound to execute the proposed project. They also have the requisite experience in this industry and are successfully running the company's Business since 1994.



Mr. Mohan Lal Agarwal is about 81 years old, is Chairman of the Company. He is a businessman with foresightedness of future. He has played an important role in the formation and advancement of the company and is looking after administration and Human Resources department of the company.

Voter ID Number: RJ/04/028/246123
 Driving License Number: Not available
 Permanent Account Number: ABYPA7845E
 Passport Number: Not available
 Name of Bank: Punjab National Bank, V.K.I. Area, Jaipur.
 Bank Account Number: 3906000100000549



Mr. Raj Kumar Agarwal, son of Mr. Mohan Lal Agarwal is about 51 years old and a Graduate in Commerce. He looks after Finance & Accounts and marketing streams of the Company and has more than 25 years of experience in footwear business and is well aware of each and every aspect of business and handling them all well.

Voter ID Number: RJ/06/043/357751
 Driving License Number: Applied For
 Permanent Account Number: AGLPA0046M
 Passport Number: Z062090
 Name of Bank: Punjab National Bank, V.K.I. Area, Jaipur.
 Bank Account Number: 3906000100000449



Mr. Naresh Agarwal son of Mr. Ramesh Chandra Agarwal is about 34 years old and a Commerce Graduate. He looks after Manufacturing, Research & Development, Material procurement streams and other day-to-day affairs of the Company.

Voter ID Number: RJ/06/043/357753
 Driving License Number: RJ-14/DLC/04/381319
 Permanent Account Number: ADIPA5544Q
 Passport Number: A4057410
 Name of Bank: Punjab National Bank, V.K.I. Area, Jaipur.
 Bank Account Number: 3906000100002061

We undertake that the Permanent Account Number, Bank Account Number and Passport Number of the Promoters will be submitted to the BSE at the time of filing this Prospectus with the Stock Exchanges.

Common Pursuits

As on date there are no common pursuits, which may lead to conflict of interest amongst the group companies of the issuer company.

Interest of Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding directorship in the company.

The Promoters are not interested in any loan or advance given by the Company; neither are they beneficiaries of any such loans or advances.

The Promoters of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits, if any.

Payment or benefit to Promoters of the Company

There are no payments being made or benefits being offered to the promoters of the company.

Related Party Transactions

For details of related party disclosures please refer to page 61 of this Prospectus.

CURRENCY OF PRESENTATION

In this Prospectus all references to 'Rupees' and 'Rs.' are to legal currency of India. US Dollar and Euro amounts have been translated into Rupees for various periods and presented solely to comply with requirements of the Clause 6.8.4 of the SEBI Guidelines. Investors are requested not to rely on such translated amounts.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The company has not paid any dividends till date.

IV. FINANCIAL STATEMENTS

AUDITOR'S REPORT

Unconsolidated Summary Statement of Assets and Liabilities and Unconsolidated Summary Statement of Profits and Losses, as Restated and Unconsolidated Cash Flows, as Restated, under Indian Gaap as at and for the Year ended 31st March 2006, 2005, 2004, 2003 and 2002 and For the period ended on 30th November 2006.

To
The Board of Directors
Lawreshwar Polymers Limited
A-243 (A), Road No. 6, V.K.I. Area,
Jaipur

Reg: Initial Public offer of Lawreshwar Polymers Limited- Auditors Report as required by Part II of Schedule II of the Companies Act, 1956

Dear Sirs,

1. We have examined the unconsolidated financial information of Lawreshwar Polymers Limited (“the Company”) annexed to this report that has been prepared in accordance with requirements of:
 - a. Clause B (1) of Part II of Schedule II of the Companies Act, 1956 (“the Act”)
 - b. The Securities and Exchange Board of India (Disclosures and Investor Protection) Guidelines 2000 (“the SEBI Guidelines”) issued by Securities and Exchange Board of India (SEBI) in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments, and
 - c. The terms of reference received from the Company, requesting us to carry out the work proposed to be included in the Prospectus of the Company in connection with its public issue.
2. We have examined the attached restated summary statement of assets and liabilities as at 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005 and 31st March 2006 and for the eight months period ended on 30th November 2006 and the attached restated summary statement of Profit & loss for each of the years ended on those dates (“summary statements”) (See Annexure-I and II) as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate. These summary statements have been extracted from the financial statements for the year ended 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and for the eight months period ended on 30th November 2006 audited by us and approved by the Board of Directors for the respective years.
3. Significant accounting policies adopted by the Company and the notes pertaining to the audited financial statements and enclosed as Annexure -III.
4. We have examined the following other financial information of the Company proposed to be included in the Prospectus as approved by the Board of Directors and annexed to this report.
 - a) Cash flow statement for the five financial years ended on 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005 and 31st March 2006 and for the eight months period ended on 30th November 2006 in Annexure IV
 - b) Accounting ratios based on the restated profits relating to earning per share, Net Asset value and Return on net worth are enclosed in Annexure- V. “Capitalization Statement” and “Tax Shelter Statement “ for the eight months period ended on 30th November 2006 are enclosed in Annexure - VI & VII respectively;
 - c) Details of transactions with related parties as per AS-18, as issued by ICAI , for five financial years ended are enclosed in Annexure -VIII
 - d) Details of Sundry Debtors as at 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and for the eight months period ended on 30th November 2006 appearing in Annexure - IX.
 - e) Details of Loans & Advances as at 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and for the eight months period ended on 30th November 2006 appearing in Annexure -X;
 - f) Details of secured and unsecured loans for the year ended 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March, 2006 and for the eight months period ended on 30th November 2006 appearing in Annexure -XI;

5. Company has a subsidiary, Lawreshwar Footcare Private Limited within the meaning of Section 4 of the Companies Act, 1956.
6. We confirm that the Other Income does not exceed 20% of total income.
7. This report is intended solely for your information for inclusion in the prospectus for the proposed public issue of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For A. BAFNA & CO.
Chartered Accountants**

**(CA M. K. GUPTA)
Partner
M.No. 73515**

**Place: Jaipur
Dated: 27.12.2006**

STATEMENT OF ASSETS & LIABILITIES

The assets and liabilities of the Company as at the end of each five financial years ended on 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005 and as at 31st March 2006 and for the eighth months periods ended on 30th November 2006 are set out below. The assets and liabilities read with Significant accounting policies and notes to accounts annexed hereto have been arrived after making such regroupings as are, in our opinion, appropriate.

(Rs. in Lacs)

Particulars	As At 30.11.2006	As at 31st March				
		2006	2005	2004	2003	2002
Gross Block	1055.06	967.88	933.8	564.99	555.68	394.36
Less: Depreciation	338.06	307.97	266.56	231.36	187.14	162.84
Net Block	717.00	659.91	667.23	333.63	368.55	231.51
Less: Revaluation Reserve	321.37	323.17	325.87	-	-	-
Net Block after adjustment for Revaluation Reserve	395.63	336.73	341.36	333.63	368.55	231.51
Capital Work in Progress	164.51	160.68	-	-	-	-
TOTAL FIXED ASSETS (A)	560.15	497.42	341.36	333.63	368.54	231.51
INVESTMENTS (B)	33.18	31.23	0.03	0.03	0.03	0.03
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	422.99	331.03	302.1	293.56	269.8	261.27
Sundry Debtors	785.82	612.05	546.6	466.09	350	328.01
Cash and Bank Balance	26.66	31.19	20.43	5.17	6.55	4.88
Loans and Advances	237.88	229.30	72.67	29.24	14.27	16.49
Total (c)	1473.36	1203.58	941.8	794.06	640.62	610.65
LIABILITIES AND PROVISIONS						
Secured Loans	528.89	506.26	443.72	431.74	394.59	310.79
Unsecured Loans	32.78	0.00	171.66	198.64	158.87	128.5
Current Liabilities	452.29	234.47	225.96	149.34	143.55	140.37
Share Application Money	165.26	158.26	-	-	-	-
Provisions	39.90	30.86	11.2	6	3.5	5.5
Deferred Tax Liability	51.48	49.70	50.72	48.87	41.99	-
Total (d)	1270.60	979.55	903.26	834.59	742.5	585.16
Net Worth (A+B+C-D)	796.08	752.67	379.94	293.13	266.69	257.04
REPRESENTED BY:						
Share Capital	496.56	496.56	146	121	121	98.84
Total Reserves and Surplus	655.46	588.75	560	172.16	145.74	158.29
Less: Revaluation Reserves	321.37	323.17	325.87	-	-	-
Net Reserves and Surplus	334.09	265.58	234.13	172.16	145.74	158.29
Miscellaneous Expenditure (To the extent not written off or Adjusted)	34.56	9.47	0.18	0.03	0.05	0.08
Net Worth	796.08	752.67	379.94	293.13	266.69	257.04

Notes:

1. Term Loan from Bank is secured by way of equitable mortgage of Land & Building of the Company by deposition of title deeds & hypothecation of all plant & machinery, Misc. fixed assets & movable properties including computers, furniture both present & future & personal guarantee of the directors.
2. Cash Credit from Bank is secured by way of Hypothecation of raw materials, finished goods, Stock in process, stores & spares, packing material etc & mortgage over fixed assets & personal guarantee of directors.
3. During the year 2004-05 the company has revalued its Land and Building by Rs.32587334.08 on the basis of valuation report dated 31.03.2005 of M/s Krishti, a registered approved valuer.

(Rs. In Lacs)

Sr. No	Particulars	Old Value	New Value	Difference	Revaluation Date
1	Land	13.72	258.78	245.05	31.03.2005
2	Building	82.21	163.03	80.82	31.03.2005

4. During the period under review the company has issued 14, 60,000 shares as Bonus shares to the existing shareholders in the ratio of 1:1.

STATEMENT OF PROFIT & LOSS ACCOUNT

We report that the profits of the Company for the eighth months period ended on 30th November 2006, financial years ended on 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005 and as at 31st March 2006 are as set out below. The profit and loss account read with significant accounting policies and notes annexed hereto have been arrived at after charging all expenses of manufacture working, and management including depreciation and after making such adjustments and groupings as are, in our opinion, appropriate.

(Rs. In Lacs)

PARTICULARS	As at 30.11.06	Year ended 31st March				
		2006	2005	2004	2003	2002
INCOME						
Turnover						
- Own Manufactured	929.76	1722.21	1547.84	1538.02	1208.09	1,202.37
- Traded	423.81	0	0	0	0	0
- Jobwork	2.49	3.56	11.68	13.17	3.89	0
Increase/ (Decrease) in stocks	67.81	-6.66	9.68	27.68	-23.47	12.51
Other income	6.60	4.51	1.01	1.01	1.33	3.74
TOTAL	1430.47	1723.62	1570.2	1579.89	1189.85	1218.62
EXPENDITURE						
Material Cost	983.72	1071.31	981.88	1,016.28	685.85	758.6
Manufacturing & Other Expenses	268.26	453.76	407.77	401.63	379.88	326.93
Preliminary Expenses written off	0.18	0.27	0.03	0.03	0.03	0.03
TOTAL	1252.16	1525.34	1,389.68	1417.94	1065.75	1085.56
Profit before Interest, Depreciation and Tax	178.31	198.28	180.52	161.95	124.1	133.06
Depreciation	28.29	39.03	39.94	44.71	26.09	28.93
Profit before Interest and Tax	150.03	159.25	140.58	117.24	98.01	104.14
Financial Expenses	43.26	72.77	80.56	77.94	64.9	70.45
Net Profit Before Tax	106.77	86.48	60.02	39.3	33.11	33.68
Provision for Taxation						
Current Tax	36.19	30.86	11.2	6	3.5	5.5
Deferred Tax	1.78	-1.02	1.85	6.88	6.77	-
Tax for earlier years		-	-	-	-	-
FBT	0.73	1.75				
Net Profit after Tax	68.07	54.89	46.97	26.41	22.84	28.18
Brought Forward from Previous Year	56.92	202.20	155.23	128.82	106.15	113.18
Prior Period Expenses/ (Income)	0.43	0.18	-	-	0.17	-
Transferred to General Reserve	0.00	200.00	-	-	-	-
Balance Carried to Balance Sheet	125.43	56.92	202.2	155.23	128.82	141.36
Earning Per Share	1.38	2.06	3.88	2.18	2.23	2.85

*Annualised. 2.07

ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**(A) SIGNIFICANT ACCOUNTING POLICIES: -****1. Basis of Preparation of Financial Statement**

Accounting policies not specifically referred to otherwise, are consistent and in consonance with generally accepted accounting principles.

2. Recognition of Income & Expenditure

- (a) Revenue from sale is recognized on dispatch of goods to customers. Sales are net of sales return & Rate Difference
- (b) Other income like job work charges is recognized monthly on accrual basis.
- (c) All expenses are charged to the profit & loss account as and when they are incurred.

3. Fixed Assets and Capital Work in Progress

Fixed assets are stated at their historical cost less accumulated depreciation. Cost of the fixed assets is inclusive of taxes, freight and other incidental expenses related to acquisition and installation of the concerned assets.

Capital work in progress comprise of cost of Fixed Assets that are not ready for their intended use as at the Balance Sheet date and Advances against Fixed Assets.

4. Depreciation and Amortization

Depreciation on fixed assets has been provided on Straight Line Method (SLM) method at the rates prescribed as per schedule XIV of the companies Act, 1956. Further the depreciation on addition made during the year has been provided on a pro-rata basis.

5. Investments

- a) Current investments are valued at lower of cost and fair value determined on an individual investment basis.
- b) Long term investments are carried at cost. Provision is made for diminution, other than temporary in the value of such investments.

6. Inventory

Valuation of Inventories has been made on the following basis:

- | | |
|------------------------|---|
| (i) Raw Material | at cost |
| (ii) Packing Material | at cost |
| (iii) Work-in-progress | at cost |
| (iv) Finished Goods | at cost or net realizable value, whichever is lower |

Further, the consumption of raw material, packing material and the stores and spares is accounted for at the weighted average cost. In the Case of finished goods, cost comprises material, labour and applicable overheads expenses and duties including Cess paid or payable on rubber in case of Hawai Chappal and Canvas Shoes.

7. Retirement Benefits

The cost of all the retirement benefits is charged to Profit and Loss account.

- (a) Liability in respect of retirement benefits is provided on the basis of monthly payment to Pension & P.F. under the Employees Provident Fund (& Misc. Prov.) Act, 1952, which are charged against revenue.
- (b) Gratuity liability & leave encashment of employees is covered under the group gratuity policy and leave encashment policy taken from L.I.C. The annual premium is debited to profit & loss account.

8. Miscellaneous Expenditure:

Preliminary expenses have been amortized over a period of ten years.

9. Income Tax and Deferred Tax

- Provision is made for tax, based on the tax liability computed, after considering tax allowances and deductions in accordance with the provisions of the Income Tax Act, 1961.
- Deferred tax is recognized on timing difference, being the deferece resulting from the recognition of items in the financial statement and in estimating current Income Tax.
- Deferred tax assets are recognized on unabsorbed depreciation and on expenses incurred but to be allowed on payment basis as per the provisions of the Income Tax Act, 1961.
- Deferred tax assets and liabilities are measured using the tax rate and tax law that have been enacted on the balance sheet date.

10. Leased Assets

Operating Lease: Rentals are expensed with reference to lease terms and other consideration.

11. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liability are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

B. NOTES ON ACCOUNTS:

- Contingent Liabilities not provided for:
 - Income Tax demand of Rs. 1.68 Lacs for the assessment year 2002-03 against which the company has made an application for rectification of mistake with the department.
 - Service Tax Demand of Rs. 0.09Lacs.
 - Estimated amount of Contracts remaining to be executed on capital account not provided for Rs.486.98 lacs (Previous Year: 589.56 lacs)
- Book debts, advances, creditors, unsecured loans, deposits from customers etc. have been taken at their book value and are subject to confirmations and reconciliation.
- Figures of the current year are not comparable as they are for the period of eight months only.
- Loans and advances and debtors have been considered good and in respect of which the company holds no security other than the personal guarantee of the person concerned.
- During the year under review the Company has Acquired 15000 Equity shares of Lawreshwar Footcare Private Limited on 10.04.2006, due to this final holding of Lawreshwar Polymers Limited, increased upto 51% of total equity capital of above company and became Holding Company of Lawreshwar Footcare Private Limited

- Debtors includes (Rs. In Lacs)

Particulars	As on 31-03-2005	As on 31-03-2006	As on 30-11-2006
Due by directors of the company	(Nil)	(Nil)	(Nil)
Due from subsidiary companies-LFPL	20.27	16.74	20.34
Due from a company in which directors or their relatives are interest	(Nil)	17.60	35.35

- Remuneration to Directors:

(Rs.in lacs)

Particulars	1.4.2006 to 30.11.2006	2005-2006
A		
Remuneration		
Managing Director	4.00	6.00
Executive Directors	4.09	6.00
B		
Perks		
Managing Director	-	0.02
Executive Directors	-	0.02

8. Auditors remuneration**(Rs. In lacs)**

Particulars	01.04.2006 to 30.11.2006	2005-2006
Audit fees	0.25	0.25
Tax audit fees		0.05
Service tax	0.04	0.03
Other matter (Certification fees)	0.05	0.15
Reimbursement of expenses	-	0
Total	0.34	0.48

9. Earnings per Share

The Company report Basic and Diluted earning per share (EPS) in accordance with Accounting Standard - 20 issued by the Institute of Chartered Accountants of India. The Basic EPS has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the accounting year. The Diluted EPS have been computed using the weighted average number of equity shares and diluted potential equity shares outstanding at the end of the year.

Particulars	1.4.2006 to 30.11.2006	2005-2006
Net profit after tax (Rs.in lacs)	68.51	54.72
No. of paid up equity shares (Weighted average)	4965594	2653206
Amount per share (Rs.)	10	10
Earnings per share (Rs.) (Basic & Diluted)	1.38	2.06
Earnings per share (annualized in Rs.)	2.07	2.06

10. Consequent to Accounting Standard-22: Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, the company has recorded its Cumulative net deferred tax liability as at 30.11.2006. Details of deferred tax liability as at 30.11.2006 are as under:

Deferred Tax Liabilities**(Rs.in lacs)**

Particulars	As at 30.11.2006	As at 31.03.2006
Difference between Books & Tax (WDV) of Fixed Assets	152.93	147.65
Unabsorbed Depreciation Loss in Income Tax.	NIL	NIL
Net Amount	152.93	147.64
Deferred Tax Liability (Net)	51.48	49.70
Net effect liability / (Assets)	1.77	(1.02)

11. Segment Reporting - AS 17

The Board of Directors of the Company Considers and Maintains Footwear as the only Business Segment of the Company.

12. Related Party Transactions - AS 18

The Company has made the following transactions with related parties as defined under the provisions of Accounting Standard-18 issued by the Institute of Chartered Accountants of India.

S.No	Subsidiary Companies	Relation
1.	Lawreshwar Footcare Private Limited	Subsidiary Company of the Company
S.no.	Directors & Key managerial persons & their associate concerns	Relations with Directors
1.	Mohan Lal Agarwal	Chairman of the company
2.	Raj Kumar Agarwal	MD of the company
3.	Naresh Agarwal	Executive Director of the company
S.no	Relatives	Relations with Directors
1.	Lalita Devi Agarwal	Wife of MD
2.	Manisha Agarwal	Wife of son of chairman
3.	Megha Agarwal	Wife of executive director
4.	Sanjay Agarwal	Son of MD
5.	Santra Devi Agarwal	Wife of chairman
6.	Savita Agarwal	Daughter of MD
7.	Sushila Devi Agarwal	Mother of executive director
8.	Jayshree Agarwal	Wife of executive directors brother
9.	Lakshita Agarwal	Daughter of executive director
10.	Manju D Gupta	Sister of MD
11.	Naveen Agarwal	Brother of executive director
12.	Pankaj Agarwal	Son of MD
13.	Pooja Agarwal	Daughter of MDs brother
14.	Seema Agarwal	Daughter of MD
15.	Pramod Agarwal	Son of chairman of the company
16.	Ramesh Chand Agarwal	Son of chairman of the company
17.	Nandan Agarwal	Son of Executive Director
S.no.	Enterprises owned / controlled by the directors relatives	Relations with Directors
1.	Jai Narayan Mohan Lal Charitable Trust	Chairman is trustee of the trust
2.	Lawreshwar Footcare Pvt. Ltd.	Chairman's sons are the director in the company and it is a Subsidiary company.
3.	Lawreshwar Footwear	Proprietorship concern of executive director's brother
4.	Mohan Lal Agarwal HUF	Chairman is karta of the HUF
5.	Pramod Agarwal HUF	Son of chairman is karta of the HUF
6.	Raj Kumar Agarwal HUF	MD is karta of the HUF
7.	Ramesh Chand Agarwal HUF	Son of chairman is karta if the HUF
8.	Jai Narayan Mohan Lal	MD's proprietorship concerns
9.	Jai Narayan Mohan Lal & Sons	Son of chairman of the company
10.	Lawreshwar Impex	Son of chairman of the company
11.	Ramesh Chand Raj Kumar	Chairman's proprietorship concerns
12.	Jeetish Properties (P) Ltd.	MD of company is director in company
13.	Sankhala Investors	MD is partner in firm
14.	Krishan Kripa Creation	MD is partner in firm
15.	Krishan Kripa - 3	MD is partner in firm

Payment to Subsidiary Companies

Nature of transaction	Amount (Rs. in lacs)	
	30.11.2006	31.3.2006
Sales	98.84	335.18
Purchases	342.23	201.91
Job Work Charges Recd	0.15	0.00
Share Capital	0.00	43.00
Payment to key management persons		
Nature of transaction	Amount (Rs. in lacs)	
	30.11.2006	31.3.2006
Remuneration	8.09	12.00
Loan Received	0.00	253.05
Loan Repaid	0.00	253.13
Share capital	7.00	296.81
Investments	0.00	1.84

Payment to Relative's

Nature of transaction	Amount (Rs. in lacs)	
	30.11.2006	31.3.2006
Interest Paid	0.23	0.37
Salary	3.46	8.78
Loan Received	20.69	102.64
Loan Repaid	20.69	113.21
Share capital	0.00	145.74
Investments	1.95	23.89

Enterprises owned & controlled by the Directors and their relatives

Nature of transaction	Amount (Rs. in lacs)	
	30.11.2006	31.3.2006
Interest paid	0.00	0.02
Rent	2.40	3.6
Deposit	0.00	145.66
Donation	2.00	0.55
Sales	17.74	18.73
Loan Repaid	6.11	0.68
Loan Received	2.10	.04
Investments	0.00	5.47
Discount Allowed	0.00	1.12

13. Details of the amount due to Small Scale Undertakings are under preparation.

14. Some of the Vehicles are in the name of the directors, which are yet to be transferred.

15. Additional information pursuant to the paragraphs 3 and 4 of part II of the schedule VI of companies Act, 1956 is NIL or none except to the extent given below:

A. Details of Production

Particulars	1.4.06 to 30.11.06	1.4.05 to 31.03.06	1.4.06 to 30.11.06	1.4.05 to 31.03.06	1.4.06 to 30.11.06	1.4.05 to 31.03.06	1.4.06 to 30.11.06	1.4.05 to 31.03.06	1.4.06 to 30.11.06	1.4.05 to 31.03.06
	Hawai Chappals		EVA Injection Footwear		Canvas Shoes		Rubber Sheet		Traded Goods	
Licensed Capacity	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Installed Capacity	75.00 lac	75.00 lac	9.87 lac	9.87 lac	12 lac	12 lac	-	-	-	-
Actual Production/ Purchases	1416457	2053522	998934	1251076	226307	295568	51723	232038	654986	444847

B. Detail of Opening Stock/Closing Stock/Turnover

Particulars	1.4.06- 30.11.06	01.04.05- 31.03.06	1.4.06 - 30.11.06	01.04.05- 31.03.06	1.4.06- 30.11.06	01.04.05- 31.03.06	1.4.06- 30.11.06	01.04.05- 31.03.06	1.4.06- 30.11.06	01.04.05- 31.03.06
	Hawai Chappals		EVA Injection Footwear		Canvas Shoes		Sale of Rubber Sheet		Traded Goods	
Opening Stock	146071	119691	77252	61661	22735	41955	0	0	0	48000
Turnover	1387632	2027142	954900	1235485	227372	314788	51723	232038	650085	492847
Closing Stock	174896	146071	121286	77252	21670	22735	0	0	4901	0

C. Quantitative Value of Raw Material Consumed

	Unit	Quantity	Value (in Laacs)
Natural & Syn. Rubber	Kg.	423096	351.48
Previous Year (2005-2006)		614396	476.79
Colours & Chemicals	Kg.	597448	203.64
Previous Year (2005-2006)		787159	280.40
Cloth	Meters	56078	15.77
Previous Year (2005-2006)		976711	31.28
Other Raw Material	N.A	N.A.	14.33
Previous Year (2005-2006)		N.A.	10.18

D. Value of Imported and Indigenous Raw material and Packing Material Consumed

S.no.	Particulars	01.04.2006 - 30.11.2006	
		Percentage (%)	Value (Rs in Laacs)
1.	RAW MATERIAL		
	Imported	-	-
	(Previous Yr.- 2005-06)	-	-
	Indigenous	100%	585.20
2.	(Previous Yr.- 2005-06)	100%	798.64
	Packing Material & Stores & Spares		
	Imported	-	-
	(Previous Yr.- 2005-06)	-	-
	Indigenous		63.69
	(Previous Yr.- 2005-06)	100%	46.28

D.	CIF Value of Imports:	
a)	Raw Material purchased	Nil
	(Previous Year - 2005-06)	(Nil)
E.	Expenditures in foreign currency	
1)	Payment for capital goods	(Nil)
	(Previous year)	Rs.15.41 Lacs
2)	Payment for traveling expenses	(Nil)
	(Previous year 2005-06)	Rs. 0.22 Lacs
16.	Previous years figures have been regrouped and rearranged wherever considered necessary.	
17.	Figures are rounded off to the nearest rupee.	

CASH FLOW STATEMENT

Annexure-IV

(Rs. in Lacs)

PARTICULARS	Year ended 31st March					
	30.11.06	2006	2005	2004	2003	2002
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit before Tax	106.77	86.48	60.02	39.3	33.11	33.68
Depreciation Charge	28.29	39.03	39.94	44.71	26.09	28.93
Preliminary Expenses written off	0.18	0.27	0.03	0.03	0.03	0.03
Interest Charge	43.26	72.77	80.56	77.94	64.9	70.45
Interest Received	(5.66)					
Loss from Sale of Fixed Assets		0.22	0.85	0.62	1.85	1.62
Dividend Received		0	0	0	0	0
Operating Profit Before Working Capital Changes	172.83	198.77	181.4	162.6	125.98	134.71
Trade and Other Receivable	(173.77)	(65.45)	(80.51)	(116.09)	(21.99)	(20.74)
Inventories	(91.96)	(28.93)	(8.54)	(23.77)	(8.52)	(12.54)
Trade Payables	217.82	8.51	76.61	5.79	3.18	(14.89)
Loans & Advances and Other Current Assets	(8.34)	(10.15)	(4.11)	(14.97)	2.23	25.06
Cash Generated From Operations	116.57	102.76	164.85	13.56	100.88	111.6
Direct Taxes paid	(31.79)	(12.95)	(6)	(3.5)	(5.5)	(5.98)
Prior period and extraordinary items	0.43	(0.18)	0	0	(0.17)	0
Net Cash From Operating Activities	85.22	89.63	158.85	10.06	95.21	105.62
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchase / Acquisition of Fixed Assets	(87.19)	(197.02)	(57.83)	(13.71)	(167.97)	(23.97)
Security Deposit for use of Intellectual Property	(0.23)	(146.48)	(39.33)			
Sale of Fixed Assets		1.71	9.31	3.3	3	2.25
Purchase of Investment	(1.95)	(31.20)	0	0	0	0
Preliminary Expenses incurred	(25.27)	(9.56)	(0.18)	0	0	0
Interest Received	5.66	0	0	0	0	0
Dividend Received		0	0	0	0	0
Net Cash used in Investing Activities	(108.98)	(382.55)	(88.03)	(10.41)	(164.97)	(21.72)
C. CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issuance of shares		204.56	40	0	22.16	0
Share Application Money (Pending allotment)	7.00	158.26	0	0	0	0
Share Premium Received		122.74	0	0	0	0
Secured Loans	22.62	62.55	11.98	37.15	83.8	(15.77)
Unsecured Loans	32.78	(171.66)	(26.98)	39.76	30.37	(1.55)
Interest Paid	(43.26)	(72.77)	(80.56)	(77.94)	(64.9)	(70.45)
Net cash from Financing Activities	19.24	303.68	(55.56)	(1.03)	71.43	(87.77)
Net Increase / (Decrease) in Cash & Cash Equivalents	(4.53)	10.76	15.26	(1.38)	1.67	(3.87)
Opening Balance of Cash & Cash Equivalent	31.91	20.43	5.17	6.55	4.88	8.75
Closing Balance of Cash & Cash Equivalent	26.66	31.19	20.43	5.17	6.55	4.88

*(Figures in bracket represent outflow)

STATEMENT OF ACCOUNTING RATIOS

Accounting Ratios	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06	30.11.2006
Earnings per share (Rs)	2.85	2.23	2.18	3.88	2.06	1.37
EPS (Annualised)	2.85	2.23	2.18	3.88	2.06	2.07
Return on net worth %	10.96	8.5	9.01	12.36	7.27	8.55
Net asset value per share (Rs)	26.01	26.98	24.23	26.02	15.15	16.03
No. of equity shares of Rs. 10/-	988350	1210000	1210000	1460000	4965594	4965594

Annexure-VI

CAPITALISATION STATEMENT

(Rs. in Lacs)

Particulars	Pre issue as at 30.11.2006	Post Issue (at an offer Price of Rs. 16/-)
Short Term Debt	493.74	493.74
Long Term Debt	41.77	541.77
Total Debt	535.50	1035.50
Shareholders' Fund		
Share Capital	496.56	1367.81
Reserves & Surplus	333.67	856.42
Sub-Total	830.23	2224.23
Less: Preliminary Expenses not written off	34.56	155.76
Total Shareholders Fund	795.67	2068.47
Long Term Debt/Equity	0.05	0.26

Annexure-VII

TAX SHELTER STATEMENT

(Rs. in Lacs)

Particulars	2002	2003	2004	2005	2006	30.11.2006
Tax rate (including Surcharge)	35.70%	36.75%	35.88%	35.88%	33.66%	33.66%
Profits	33.68	33.11	39.29	60.02	86.48	107.21
Tax at Notional Rate	12.0237	12.1679	14.0952	21.5321	29.11	36.085
Diff. Between Tax Depreciation & Book Depreciation	-1.28	-23.07	-17.14	-17.97	2.80	-3.939
Loss on sale of fixed assets	1.62	1.85	0.61	0.85	0.22	0
Other Adjustments	-9.86	-2.6	-6.337	-11.88	1.19	4.25
Net Adjustments	-9.52	-23.82	-22.867	-29	3.55	0.311
Tax (saving) /expense thereon	3.4	8.75	8.2	10.4	1.2	0.1047
Taxation	8.63	3.41	5.89	11.13	19.45	36.19
Tax Adjustments*	2.96	0	0	0	0	0
Total Taxation	5.67	3.41	5.89	11.13	19.45	36.19

Information on Related Party Disclosures as per AS-18 is given below

S.No	Subsidiary Companies	Relation
1.	Lawreshwar Footcare Private Limited	Subsidiary Company of the Company
S.no.	Directors & Key managerial persons & their associate concerns	Relations with Directors
1.	Mohan Lal Agarwal	Chairman of the company
2.	Raj Kumar Agarwal	MD of the company
3.	Naresh Agarwal	Executive Director of the company
S.no	Relatives	Relations with Directors
1.	Lalita Devi Agarwal	Wife of MD
2.	Manisha Agarwal	Wife of son of chairman
3.	Megha Agarwal	Wife of executive director
4.	Sanjay Agarwal	Son of MD
5.	Santra Devi Agarwal	Wife of chairman
6.	Savita Agarwal	Daughter of MD
7.	Sushila Devi Agarwal	Mother of executive director
8.	Jayshree Agarwal	Wife of executive directors brother
9.	Lakshita Agarwal	Daughter of executive director
10.	Manju D Gupta	Sister of MD
11.	Naveen Agarwal	Brother of executive director
12.	Pankaj Agarwal	Son of MD
13.	Pooja Agarwal	Daughter of MDs brother
14.	Seema Agarwal	Daughter of MD
15.	Pramod Agarwal	Son of chairman of the company
16.	Ramesh Chand Agarwal	Son of chairman of the company
17.	Nandan Agarwal	Son of Executive Director
S.no.	Enterprises owned / controlled by the directors relatives	Relations with Directors
1.	Jai Narayan Mohan Lal Charitable Trust	Chairman is trustee of the trust
2.	Lawreshwar Footcare Pvt. Ltd.	Chairman's sons are the director in the company and it is a Subsidiary company.
3.	Lawreshwar Footwear	Proprietorship concern of executive director's brother
4.	Mohan Lal Agarwal HUF	Chairman is karta of the HUF
5.	Pramod Agarwal HUF	Son of chairman is karta of the HUF
6.	Raj Kumar Agarwal HUF	MD is karta of the HUF
7.	Ramesh Chand Agarwal HUF	Son of chairman is karta if the HUF
8.	Jai Narayan Mohan Lal	MD's proprietorship concerns
9.	Jai Narayan Mohan Lal & Sons	Son of chairman of the company
10.	Lawreshwar Impex	Son of chairman of the company
11.	Ramesh Chand Raj Kumar	Chairman's proprietorship concerns
12.	Jeetish Properties (P) Ltd.	MD of company is director in company
13.	Sankhala Investors	MD is partner in firm
14.	Krishan Kripa Creation	MD is partner in firm
15.	Krishan Kripa - 3	MD is partner in firm

Payment to Subsidiary Companies

Nature of transaction	Amount (Rs in lacs)		
	30.11.2006	31.3.2006	31.03.2005
Sales	98.84	335.18	36.73
Purchases	342.23	201.91	24.48
Job Work Charges Recd	0.15	0.00	7.38

Payment to key management persons

Nature of transaction	Amount (Rs in lacs)		
	30.11.2006	31.3.2006	31.03.2005
Interest Paid	0.00	0.00	0.98
Interest received	0.00	0.00	0.00
Remuneration	8.09	12.00	4.50
Loan Received	0.00	253.05	120.58
Loan Repaid	0.00	253.13	121.60
Share capital	7.00	296.81	0.00
Investments	0.00	1.84	0.00

Payment to relatives

Nature of transaction	Amount (Rs in lacs)		
	30.11.2006	31.3.2006	31.03.2005
Interest Paid	0.23	0.37	2.77
Salary	3.46	8.78	3.59
Loan Received	20.69	102.64	37.90
Loan Repaid	20.69	113.21	41.16
Share capital	0.00	145.74	25.00
Investments	1.95	23.89	0.00

Enterprises owned & controlled by the Directors and their relatives

Nature of transaction	Amount (Rs in lacs)		
	30.11.2006	31.3.2006	31.03.2005
Interest paid	0.00	0.02	0.26
Rent	2.40	3.60	3.60
Deposit	0.00	145.66	39.34
Donation	2.00	0.55	1.50
Sales	17.74	18.73	9.98
Loan Repaid	6.11	0.68	2.60
Loan Received	2.10	.04	1.16
Investments	0.00	5.47	0.00
Discount Allowed	0.00	1.12	0.60

DETAILS OF SUNDRY DEBTORS

Age Wise Break-Up of Sundry Debtors

(Rs. in Lacs)

Particulars	31.03.2002	31.03.2003	31.03.2004	31.03.2005	31.03.06	30.11.2006
Less than six months	307.12	337.78	437.60	486.66	532.83	691.87
More than six months	20.89	12.21	28.49	59.94	79.22	93.96
Total	328.01	349.99	466.09	546.60	612.05	785.82

Annexure - X

DETAILS OF LOANS & ADVANCES

(Rs. In Lacs)

(Unsecured, Considered good)	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06	30.11.06
Advances- recoverable in cash or in kind						
For Capital Goods	0.32	-	7.74	-	-	0
For Expenses	-	-	0.52	6.89	10.51	0
For Others	2.65	2.84	6.46	2.69	8.56	15.26
Others Receivable	-	-	-	-	-	0
Security & Other Deposits	9.23	9.23	9.57	48.90	195.39	195.60
Share Application	-					
Balances with Excise Department						
Cenvat Credit Receivable						
Advance to Suppliers	3.00	-	-	6.94	1.08	19.85
Advance Income Tax	-	-	2.50	4.50	13.84	1.22
Prepaid Expenses	1.22	2.09	2.13	2.43	0.18	0.18
T.D.S Receivable	0.07	0.12	0.31	0.31	0.07	5.75
Sub- Total	16.49	14.27	29.24	72.66	229.62	237.88

Annexure-XI

Statement of Secured & Unsecured Loans**Details of Secured Loans**

(Rs. in Lacs)

Particulars	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06	30.11.06
Secured Loans						
(A) Term Loans from Banks						
Punjab National Bank	0	101.68	92.86	74.99	0	0
SIDBI	10	0	0	0	0	0
UTI Bank Ltd.	0	0	0	0	55.66	41.77
Total (A)	10	101.68	92.86	74.99	55.66	41.77

(B) From Banks For Working Capital						
Particulars	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06	30.11.06
Punjab National Bank	294.32	290.78	332.27	356.03	0	0
UTI Bank Ltd.	0	0	0	0	442.07	484.10
Total (B)	294.32	290.78	332.27	356.03	442.07	484.10
(C) Loans for purchase of motor cars / equipments						
1. ICICI Bank Limited	6.47	2.13	2.27	10.4	6.74	3.02
2. Shubham Auto Finance	0	0	4.34	2.29	1.79	0.0
Total (C)	6.47	2.13	6.61	12.69	8.53	3.02
Total (A+B+C)	310.78	394.59	431.74	443.72	506.26	528.89

Details of Unsecured Loans

(Rs. in Lacs)

Particulars	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06	as at 30.11.06
From Directors	13.66	0.38	0.12	0.08	0	0
From Others	114.84	158.49	198.52	171.58	0	0
From Banks	0	0	0	0	0	32.78
Total	128.5	158.87	198.64	171.66	0	32.78

The company has availed Unsecured Loan of Rs. 28.00 Lakhs from HDFC Bank and ICICI Bank in the month of October, 2006 and October 2005 respectively and the outstanding balance as on 30.11.2006 was Rs. 32.78 Lakhs.

Repayment schedule, interest rate and other terms and conditions

HDFC Bank Limited	36 Equated Monthly Instalments (EMI) Amount of EMI Rs. 0.89 Lacs Loan Amount Rs. 25 Lacs Rate of Interest 7.39 % P.A. No security against the Loan except personal guarantee
ICICI Bank Limited	36 Equated Monthly Instalments (EMI) Amount of EMI Rs. 0.44 Lacs Loan Amount Rs. 13 Lacs Rate of Interest 7.11 % P.A. No security against the Loan except personal guarantee

PRINCIPAL TERMS OF LOANS SANCTIONED BY THE BANKS

The brief terms of sanctions from UTI Bank Ltd are mentioned hereunder:

Facility-I

Nature of facility	Cash Credit (Stocks & book debts)
Amount	Rs.600 Lacs Only
Margin	Inventory - 25 % Book debts - 50 % (Age of book debts not to exceed 90 days.)
Interest Rate	PLR - 2 % i.e. 10.00% p.a. payable monthly, subject to change from time to time as decided by the Bank
Basis of Valuation	(I) Raw Materials/Stores: At cost price, or market price or Government Controlled rates, invoice rates whichever is lower. (II) Finished Goods: Lower of cost of sales or Market Price. (III) Stock-in-process: Raw Material at cost plus conversion cost. (IV) Book debts: At realizable value with financing restricted to book-debts not older than 90 days.
Validity Period	One year from the date of sanction.
Repayment	On demand
Documents	Bank's standard documents to be executed
Other conditions	Book debts on sister concerns & those against LCs to be excluded while arriving at DP.

Facility-II

Facility	Term loan - I
Amount	Rs. 64.32 Lacs (O/s - Rs.59.73 Lacs)
Rate of Interest	PLR - 1.25 % i.e. 10.75 % p.a. payable monthly, subject to change from time to time as decided by the Bank
Repayment	Outstanding payable in 13 quarterly instalments of Rs.459500/- each. Interest to be paid as and when charged. Next instalment due in Jan.'06.
Pre-payment Penalty	In case of takeover by some other bank/ FI/ etc., penalty of 2 % will be charged on outstanding amount.
Documents	As per the standard documents prescribed by the Bank.

Facility-III

Facility	Term loan - II
Amount	Rs.500 Lacs (Rs.Five Hundred Lacs Only)
Purpose	For purchase of plant and machinery/equipment
Margin	50 %
Rate of Interest	PLR - 1.25 % i.e. 10.75 % p.a. payable monthly, subject to change from time to time as decided by the Bank.
Repayment	22 quarterly instalments of Rs.22.73 Lacs each after moratorium period of 2 quarters. Interest to be paid as and when charged. Ist instalment to be paid in Oct.'06.
Documents	As per the standard documents prescribed by the Bank.
Mode of disbursement	Branch would make the payment directly to the vendors of machinery & equipment and receipt to be kept on records.
Inspection	Project to be inspected/ monitored by branch officials on monthly basis during project implementation and quarterly thereafter.
Pre-payment Penalty	In case of takeover by some other bank/ FI/ etc., penalty of 2 % will be charged on outstanding amount.
PDC	PDCs of the installment amounts to be deposited with the Bank.

Facility-IV

Facility	Inland/Foreign LC limits
Amount	Rs.50 Lacs
Purpose	For purchase/ import of raw material
Type	DA/DP
Usance	Not to exceed 90 days
Margin	25 % in the form of TDR duly discharged and under lien of the bank
Validity	1 year from the date of sanction
Security	<ol style="list-style-type: none"> LC application cum indemnity will be obtained. Hypothecation of materials procured under LCs. Extension of hypothecation charge on the company's entire current assets.
Commission & charges	As per Bank's/ FEDAI guidelines
Other conditions	<ol style="list-style-type: none"> Bank shall not grant any additional accommodation for meeting Company's liabilities under LCs opened on their behalf & Company shall arrange to meet the liabilities out of their own funds. All exchange control regulations to be complied with in respect of import LCs. Company will submit Exchange Control copy of import License/approval of appropriate authority whenever warranted in respect of goods to be imported. Stocks under import LC to be insured against margin risks and stocks procured under usance LC to be deducted from the value of security for the purpose of calculation of drawing power in excess of the level accepted in the CMA data for creditors.

Facility-V

Facility	Bank Guarantee limit
Amount	Rs.5 Lacs
Purpose	In lieu of cash / security deposit to SEB's, excise/custom authorities & other Govt. authorities/ Semi Govt. authorities/ PSUs/ etc., required under normal course of business of the company.
Type	Financial / Performance BGs
BG period	Upto 1 Year including claim period. Bank's prescribed limitation clause will invariably be incorporated in each guarantee.
Margin	25 % in the form of TDR duly discharged and under lien of the bank. 100% margin to be obtained in respect of disputed liabilities.
Validity	1. year from the date of sanction
Security	1. Omnibus counter guarantee of the company. 2. Extension of hypothecation charge on company's entire current assets & collateral securities/guarantees as stipulated for CC limits to be obtained to cover this facility also.
Commission & charges	Bank's normal charges to be collected.
Other conditions	1. Guarantee to be extended shall be in the form acceptable to the Bank. 2. No clause detrimental to the interests of the Bank shall be incorporated in the Guarantee.

Security (Common for All the abovementioned Facilities)

	Term loan	Working Capital
Primary	Hypothecation of existing & future plant and machinery and misc. fixed assets of the Company.	Hypothecation of current assets.
Collateral	<u>Existing</u> <ul style="list-style-type: none"> EM of factory land and building measuring 3900 Square Meters, located at A-243 (A), Road No. 6, VKI Ind. Area, Jaipur, owned by company, Extension of charge on the Company's current assets <u>Additional</u> <ul style="list-style-type: none"> EM of factory land and building measuring 1120 Sq.Meters at G-1-685, Road No. 9-F-2, VKI Ind. Area, Jaipur, owned by M/s Lawreshwar Footwear (proprietorship concern of Mr. Naveen Agarwal). Mortgage 3 immovable properties (2 showrooms and 1 corporate office), being purchased at estimated cost of Rs.213.44 Lacs. Pledge of equity holding of company in Lawreshwar Footcare Pvt. Ltd., equivalent to 30% of paid up equity share capital. Assignment of LEHAR brand (owned by M/s Jai Narain Mohan Lal & Sons) in favour of Bank. 	Extension of charge on fixed assets and immovable properties.

Personal Guarantees

- Mr. Mohan Lal Agarwal.
- Mr. Raj Kumar Agarwal.
- Mr. Naresh Agarwal.
- Mr. Naveen Agarwal

FINANCIAL INFORMATION OF LAWRESHWAR FOOTCARE PRIVATE LIMITED

Unconsolidated Summary Statement of Assets and Liabilities and Unconsolidated Summary Statement of Profits and Losses, as Restated and Unconsolidated Cash Flows, as Restated, Under Indian Gaap as at and for the year ended 31st March 2006, 2005, 2004, 2003 and 2002 and for the Period ended on 30th November 2006.

AUDITOR'S REPORT

To
The Board of Directors
Lawreshwar Footcare Private Limited
F-263, Road No. 13, V.K.I. Area,
Jaipur

Reg: Initial Public offer of Lawreshwar Polymers Limited- Auditors Report as required by Part II of Schedule II of the Companies Act, 1956

Dear Sirs,

1. We have examined the unconsolidated financial information of M/s Lawreshwar Footcare Private Limited ("the Company") annexed to this report that has been prepared in accordance with requirements of:
 - a) Clause B (1) of Part II of Schedule II of the Companies Act, 1956 ('the Act')
 - b) The Securities and Exchange Board of India (Disclosures and Investor Protection) Guidelines 2000 ('the SEBI Guidelines') issued by Securities and Exchange Board of India (SEBI) in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments, and
 - c) The terms of reference received from M/s Lawreshwar Polymers Limited ("Holding Company"), requesting us to carry out the work, proposed to be included in the prospectus of the Company in connection with its proposed Initial Public Offer.

The Holding Company proposes to make an IPO for a fresh issue of 87,12,500 equity shares having a face value of Rs. 10 per equity share at an issue price of Rs. 16 per equity share (including premium of Rs. 6 per equity share).

2. We have examined the attached Unconsolidated Restated Summary Statement of assets and liabilities as at 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005 and 31st March 2006 and for the eight months period ended on 30th November 2006 and the attached unconsolidated restated summary statement of Profit & loss for each of the years ended on those dates ("Unconsolidated Restated Summary Statements") (See Annexure-I and II) as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate. These summary statements have been extracted from the financial statements for the year ended 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and for the eight months period ended on 30th November 2006 audited by us and approved by the Board of Directors for the respective years.
3. Significant accounting policies adopted by the Company and the notes pertaining to the audited financial statements and enclosed as Annexure -III.
4. We have examined the following other financial information of the Company proposed to be included in the Prospectus as approved by the Board of Directors and annexed to this report.
 - a) Cash flow statement for the five financial years ended on 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005 and 31st March 2006 and for the eight months period ended on 30th November 2006 in Annexure IV
 - b) Accounting ratios based on the restated profits relating to earning per share, Net Asset value and Return on net worth are enclosed in Annexure- V "Tax Shelter Statement" for the eight months period ended on 30th November 2006 are enclosed in Annexure - VI;
 - c) Details of transactions with related parties as per AS-18, as issued by ICAI is enclosed in Annexure - VII
 - d) Details of Sundry Debtors as at 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, and 31st March 2006 and for the eight months period ended on 30th November 2006 appearing in Annexure - VIII.
 - e) Details of Loans & Advances as at 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and for the eight months period ended on 30th November 2006 appearing in Annexure -IX;

- f) Details of secured and unsecured loans for the year ended 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March, 2006 and for the eight months period ended on 30th November 2006 appearing in Annexure -X;
5. We confirm that the Other Income does not exceed 20% of total income.
6. This report is intended solely for your information for inclusion in the prospectus for the proposed public issue of the Holding Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For A. BAFNA & CO.
Chartered Accountants**

**Place: Jaipur
Dated: 27.12.2006**

**(CA M. K. GUPTA)
Partner
M.No.73515**

STATEMENT OF ASSETS & LIABILITIES

(Rs. in Lacs.)

Particulars	UPTO 30.11.2006	As at 31st March				
		2006	2005	2004	2003	2002
Gross Block	100.98	100.69	90.77	79.68	76.95	71.70
Less: Depreciation	26.03	20.89	15.57	10.60	6.46	1.66
Net Block	74.95	79.80	75.21	69.08	70.49	70.04
Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Net Block after adjustment for Revaluation Reserve	74.95	79.80	75.21	69.08	70.49	70.04
Capital Work in Progress	0.00	0.00	0.00	4	0.00	1
TOTAL FIXED ASSETS (A)	74.95	79.80	75.21	72.77	70.49	70.77
INVESTMENTS (B)	43.03	43.03	0.03	0.03	0.03	0.03
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	115.96	171.66	75.09	66.03	74.49	34.77
Sundry Debtors	186.74	139.60	152.13	129.80	87.50	65.80
Cash and Bank Balance	66.02	14.78	11.71	5.90	2.93	3.16
Loans and Advances	19.55	85.54	1.88	0.95	3.17	0.61
Total (c)	388.27	411.58	240.82	202.67	168.10	104.33
LIABILITIES AND PROVISIONS						
Secured Loans	152.21	209.15	108.82	113.72	89.93	71.28
Unsecured Loans	130.19	136.59	40.33	66.34	60.40	28.11
Current Liabilities	122.41	96.24	87.43	46.72	50.28	43.70
Share Application Money	0.00	0.00	0.00	0.00	0.00	0.00
Provisions	3.09	4.14	2.15	0.99	0.55	0.21
Deferred Tax Liability	7.27	6.84	6.96	6.11	3.36	1.02
Total (d)	415.18	452.96	245.69	233.88	204.52	144.33
Net Worth (A+B+C-D)	91.07	81.45	70.36	41.59	34.09	30.80
REPRESENTED BY:						
Share Capital	50.00	50.00	50.00	30.00	30.00	30.00
Total Reserves and Surplus	41.80	32.26	21.30	12.16	4.74	1.53
Less: Revaluation Reserves	0.00	0.00	0.00	0.00	0.00	0.00
Net Reserves and Surplus	41.80	32.26	21.30	12.16	4.74	1.53
Miscellaneous Expenditure (To the extent not written off or Adjusted)	0.73	0.81	0.95	0.57	0.65	0.73
Net Worth	91.07	81.45	70.36	41.59	34.09	30.80

STATEMENT OF PROFIT & LOSS ACCOUNT

Annexure - II
(Rs. In Lacs)

PARTICULARS	Year ended 31st March					
	30.11.2006	2006	2005	2004	2003	2002
INCOME						
Turnover	472.97	615.51	438.41	329.14	317.62	85.96
Increase/ (Decrease) in stocks	(57.94)	81.74	(18.62)	1.26	25.01	14.53
Other income	5.67	2.37	0.00	0.00	0.00	0.00
TOTAL	420.69	699.63	419.79	330.40	342.63	100.49
EXPENDITURE						
Material Cost	278.32	470.09	272.17	198.93	209.14	62.42
Purchase of traded Goods	0.00	63.80	0.00	0.00	0.00	0.00
Manufacturing & Other Expenses	100.55	121.80	109.28	97.78	122.51	33.67
Preliminary Expenses written off	0.09	0.13	0.13	0.08	0.08	0.08
TOTAL	378.96	655.83	381.58	296.79	331.73	96.18
Profit before Interest, Depreciation and Tax	41.73	43.79	38.21	33.61	10.90	4.31
Depreciation	5.14	6.46	4.96	4.50	4.80	1.55
Profit before Interest and Tax	36.59	37.34	33.25	29.11	6.10	2.76
Financial Expenses	23.54	22.43	21.10	17.96	0.00	0.00
Net Profit Before Tax	13.06	14.91	12.15	11.15	6.10	2.76
Provision for Taxation						
Current Tax	2.89	4.14	2.15	0.99	0.55	0.21
Deferred Tax	0.43	(0.12)	0.85	2.74	2.34	1.02
Tax for earlier years	0.00	-	-	-	-	-
FBT	0.20					
Net Profit after Tax	9.53	10.89	9.14	7.42	3.21	1.53
Brought Forward from Previous Year	32.26	21.30	12.16	4.74	1.53	0.00
Prior Period Expenses/ (Income)	0.00	(0.07)	0.00	0.00	0.00	0.00
Transferred to General Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Balance Carried to Balance Sheet	41.80	32.26	21.30	12.16	4.74	1.53
Earning Per Share	1.91	2.19	2.83	2.47	1.07	1.77
EPS (annualised)	2.86	2.19	2.83	2.47	1.07	1.77

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES:-

1. General

Accounting policies not specifically referred to otherwise, are consistent and in consonance with generally accepted accounting principles.

2. Revenue Recognition

All Expenses and Revenue are accounted for on accrual basis except stated otherwise. Sales are shown net of sales returns and sales incentives.

3. Fixed Assets

Fixed assets are stated at their original cost of acquisition including taxes, freight and other incidental expenses related to acquisition and installation of the concerned assets and inclusive of preoperative expenditure capitalized and net of excise CENVAT. Preoperative expenses incurred upto the date of commercial production have been capitalized during the year by amortizing them over the Fixed Assets except land, in the ratio of their values.

4. Depreciation

Depreciation on fixed assets has been provided on straight line method at the rate prescribed as per Schedule XIII of the Companies Act 1956. Further the depreciation on addition made during the year has been provided on a prorata basis.

5. Investments

- a) Current Investments are valued at lower of cost and fair value determined on an individual investment basis.
- b) Long Term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.

6. Inventory

Valuation of Inventories has been made on the following basis:

- | | |
|------------------------|---|
| (i) Raw Material | at cost |
| (ii) Packing Material | at cost |
| (iii) Work in Progress | at cost |
| (iv) Finished Goods | at cost or net realizable value,
Whichever is lower. |

Further, the consumption of raw material, packing material and the stores and spares is accounted for at the weighted average cost. In the Case of finished goods, cost comprises material, labour and applicable overheads expenses and duties including Cess paid or payable on rubber in case of Hawai Chappal and Canvas Shoes.

7. Retirement Benefits

The cost of all the retirement benefits is charged to Profit and Loss account.

- (a) Liability in respect of retirement benefits is provided on the basis of monthly payment to Pension & P.F. under the Employees Provident Fund (& Misc. Prov.) Act, 1952, which are charged against revenue.
- (b) Liability for Gratuity & leave encashment of employees is provided in the books as per the actual calculated liability as on the date of balance sheet and debited to profit & loss account.

8. Miscellaneous Expenditure

Miscellaneous expenditure includes Preliminary Expenses. Such expenses will be amortized over a period of Ten years.

9. Taxation

- (a) Current tax is the provision made for income tax liability, if any on the profits in accordance with the provisions of the Income Tax Act, 1961.

- (b) Deferred tax is recognized on timing difference, being the difference resulting from the recognition of items in the financial statement and in estimating current Income Tax.
- (c) Deferred tax assets are recognized on unabsorbed depreciation and on expenses incurred but to be allowed on payment basis as per the provisions of the Income Tax Act, 1961.
- (d) Deferred tax assets and liabilities are measured using the tax rate and tax law that have been enacted on the balance sheet date

10. Impairment of Assets

Management periodically assesses using external & internal sources whether there is an indication that an asset may be impaired. an impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sale price or present value as determined above.

11. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liability are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

B. NOTES ON ACCOUNTS:

1. The company has provided for all the liabilities. There is no contingent liability to be provided for during the period under review.
2. Book debts, Loans and advances and Creditors etc. have been taken at their book value and are subject to confirmations and reconciliation.
3. Loans and advances and debtors have been considered good however they are secured only by personal guarantee of the person concerned.
4. Provision for tax has been made in accordance with provisions of Income Tax Act, 1961.
5. Remuneration to the Directors during the year. **(Rs. In Lacs)**

	01.04.2006 to 30.11.2006	2005-06
A. Remuneration	4.40	4.80
B. Perks	Nil	Nil

6. Auditors remuneration

(Rs. In Lacs)

	01.04.2006 to 30.11.2006	2005-06
A. Audit fees	0.10	0.10
B. Other Matters	0.05	-
C. Tax Audit Fees	-	0.05
D. Service Tax	0.02	0.02
TOTAL	0.17	0.17

7. Some of the vehicles are in the name of directors, which are yet to be transferred.
8. **Segment Reporting - AS 17**
The Board of Directors of the Company Consider and Maintains Footwear as the only Business Segment of the Company.
9. **Related Party Transactions - AS 18**

The Company has made the following transactions with related parties as defined under the provisions of Accounting Standard-18 issued by the Institute of Chartered Accountants of India.

S.no.	Holding Company	Relation
1.	Lawreshwar Polymers Limited.	Lawreshwar Polymers Limited Hold 51 % equity share capital of the Company
S.no.	Key managerial persons (Directors)	Relation
1.	Ramesh Chand Agarwal	Director of the company
2.	Promod Agarwal	Director of the company
3.	Naveen Agarwal	Director of the company
S.no	Relatives of Key managerial persons	Relation
1.	Mohan Lal Agarwal	Father of Director
2.	Raj Kumar Agarwal	Brother Of Director
3.	Naresh Agarwal	Son of Director
4.	Sanjay Agarwal	Son of Brother of Director
5.	Santra Devi Agarwal	Mother of the Director
6.	Savita Agarwal	Daughter of brother of the Director
7.	Sushila Devi Agarwal	Wife of the Director
8.	Jayshree Agarwal	Wife of the Director
9.	Lakshita Agarwal	Grand Daughter of director
10.	Manju D Gupta	Sister of Director
11.	Nandan Agarwal	Grand Son of Director
12.	Pankaj Agarwal	Son of Brother of Director
13.	Pooja Agarwal	Daughter of Director
14.	Seema Agarwal	Daughter of directors brother
15.	Manisha Devi agarwal	Directors wife
16.	Lalita Devi agarwal	Wife of directors brother
S.no.	Enterprises owned / controlled by Key managerial persons and their relatives	Relation
1.	Jai Narayan Mohan Lal Charitable Trust	Director is trustee of the trust
2.	Lawreshwar Footwear	Proprietorship concern of director
3.	Mohan Lal Agarwal HUF	Directors Father is karta of the HUF
4.	Pramod Agarwal HUF	Director is karta of the HUF
5.	Raj Kumar Agarwal HUF	Directors brother is karta of the HUF
6.	Ramesh Chand Agarwal HUF	Director is karta of the HUF
7.	Jai Narayan Mohan Lal	Directors brother is proprietor
8.	Jai Narayan Mohan Lal & Sons	Director is the proprietor
9.	Lawreshwar Impex	Director is the proprietor
10.	Ramesh Chand Raj Kumar	Directors Father is proprietor of concerns
11.	Jeetish Properties (P) Ltd.	Directors brother is proprietor of concerns
12.	Sankhala Investors	Director's brother is Partner.
13.	Krishan Kripa Creation	Director's brother is Partner.
14.	Krishan Kripa - 3	Director's brother is Partner.

Payment to Holding Company

Nature of transaction	Amount (Rs in lacs)	
	30.11.2006	31.3.2006
Sales	342.23	201.91
Purchases	98.84	335.20
Investments	0.00	43.00
Job Work Charges Paid	0.15	0.00

Payment to key management persons

Nature of transaction	Amount (Rs in lacs)	
	30.11.2006	31.3.2006
Interest Paid	0.28	0.00
Interest received	0.33	0.00
Remuneration	4.40	4.80
Loan Received	27.14	4.25
Loan Repaid	22.66	0.00

Payment to Relatives

Nature of transaction	Amount (Rs in lacs)	
	30.11.2006	31.3.2006
Interest Paid	0.10	0.81
Interest received	5.03	1.90
Salary	0.00	1.80
Advances received Back	60.01	0.00
Loan Received	80.12	37.81
Loan Repaid	80.12	103.03

Enterprises owned & controlled by the Directors and their Relatives

Nature of transaction	Amount (Rs in lacs)	
	30.11.2006	31.3.2006
Interest paid	0.33	0.28
Interest received	0.31	0.47
Donation	0.95	0.43
Loan Repaid	8.39	17.35
Loan Received	23.51	14.45

11. Additional information pursuant to Para 3, 4 of the Para II of schedule VI of the companies act, 1956 is NIL or none except to the extent given below:

(A) CAPACITY	(Quantity in Pairs)	
	01.04.2006 to 30.11.2006	2005-06
a) Licensed Capacity	N.A	N.A.
b) Installed Capacity	850000	850000
c) Actual Production	681033	1196905
d) Purchased Footwear	-	195185

(B)	Details of Opening Stock, Turnover and closing Stock	FOOTWEAR			(Quantity in Pairs)	
		01.04.2006 to 30.11.2006			2005-06	
a)	Opening Stock		120325		33278	
b)	Turnover of Mfg. Goods		705477		1109858	
c)	Turnover of Traded Goods		175145		100190	
d)	Closing Stock		95881		120325	
e)	Traded Stock		0.00		175145	
Quantitative Value of Raw Material Consumed						
(C)		01.04.2006 to 30.11.2006			2005-06	
Description	Unit	Quantity	Value (Rs. In lacs)	Quantity	Value (Rs. In lacs)	
b)	Raw Material	Kgs	102151	53.79	144893	59.97
c)	Raw Material (cloth)	Mtrs	51475	49.15	78267	73.55
d)	Raw Material	Nos	83077	150.59	231750	275.60
e)	Other Raw Material		N.A	16.64	N.A	14.17
f)	Packing Material		N.A	28.91	N.A	39.68
(D) Value of Imported and Indigenous Raw Material and Packing Material Consumed						
Material	01.04.2006 to 30.11.2006			2005-06		
	% of Total	Value(Rs.)	% of Total	Value (Rs.)		
1) Raw Material						
Imported	0	0	0	0		
Indigenous (Rs. In Lacs)	100	27.02	100	42.33		
2) Packing Material						
Imported	0		0	0		
Indigenous (Rs. In Lacs)	100	28.91	100	39.68		
(E) CIF Value of Imports						
Description	01.04.2006 to 30.11.2006			2005-06		
1) Raw Material			NIL		NIL	
2) Packing Material			NIL		NIL	

12. Earnings per Share

Particulars	As at 30.11.2006	2005-2006
Net profit after tax (Rs.in lacs)	9.53	10.96
Amount Per Share (Rs.)	10	10
Earning per Share (Rs.) (Basic & Diluted)	1.91	2.19
EPS (Annualised)	2.86	2.19

15. Consequent to Accounting Standard-22: Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, the company has recorded its Cumulative net deferred tax liability at the year end.

Details of deferred tax liability as on 30.11.2006 are as under:

Deferred Tax Liabilities	<u>30.11.06</u>	<u>31.03.06</u>
Difference between Books & Tax (WDV) of fixed assets	2160240	2031765
Deferred Tax Liability (Net)	727137	683892

16. Figures of the current year are not comparable as they are for the period of eight months only.
17. During the year Company has become the Subsidiary Company of Lawreshwar Polymers Limited from 10th of April 2006.
18. There is no amount of Loans & Advances due from directors, relatives & their related concerns. Maximum Balance during the year was Rs.129.99 Lacs).
(Previous Year highest balance was Rs. 89.86 Lacs and closing balance was Rs. Rs. 76.51 lacs)
19. Previous years' figures have been regrouped and rearranged wherever considered necessary.
20. Figures have been round off to the nearest rupee.

CASH FLOW STATEMENT

(Rs. in Lacs)

	Particulars	Year Ended 31st March					
		30.11.2006	2006	2005	2004	2003	2002
A.	CASH FLOW FROM OPERATING ACTIVITIES						
	Net Profit before Tax	13.06	14.91	12.15	11.15	6.10	2.76
	Depreciation Charge	5.14	6.46	4.96	4.50	4.80	1.55
	Preliminary Expenses written off	0.09	0.13	0.13	0.08	0.08	0.08
	Interest Charge	23.54	22.43	21.10	17.96	16.19	2.74
	Loss from Sale of Fixed Assets		0.24	-	1.19	-	-
	Dividend Received		-	-	-	-	-
	Operating Profit Before Working Capital Changes	41.82	44.16	38.34	34.88	27.17	7.14
	Trade and Other Receivable	(47.13)	12.53	(22.34)	(42.30)	(21.70)	(65.80)
	Inventories	5.70	(96.57)	(9.06)	8.46	(39.72)	(34.77)
	Trade Payables	26.17	8.81	40.71	(3.56)	6.58	38.78
	Loans & Advances and Other Current Assets	65.99	(83.66)	(0.93)	2.22	(2.56)	(0.24)
	Cash Generated From Operations	142.54	(114.72)	46.73	(0.30)	(30.24)	(54.90)
	Direct Taxes paid	(4.14)	(2.15)	(0.99)	(0.55)	(0.21)	(2,077.00)
	Prior period and extraordinary items	-	0.07	-	-	-	-
	Net Cash From Operating Activities	138.40	(116.80)	45.74	(0.85)	(30.45)	(2,131.90)
B.	CASH FLOW FROM INVESTING ACTIVITIES						
	Purchase / Acquisition of Fixed Assets	(0.29)	(16.25)	(7.40)	(10.02)	(4.52)	(29.86)
	Security Deposit for use of Intellectual Property	-	-	-	-	-	-
	Sale of Fixed Assets	-	4.96	-	2.05	-	-
	Purchase of Investment		(43.00)	-	-	-	-
	Preliminary Expenses incurred			(0.51)	-	-	(0.26)
	Interest Received		-	-	-	-	-
	Dividend Received		-	-	-	-	-
	Net Cash used in Investing Activities	(0.29)	(54.29)	(7.91)	(7.97)	(4.52)	(30.12)
C.	CASH FLOW FROM FINANCING ACTIVITIES						
	Proceeds from issuance of shares	-	-	20.00	-	-	29.20
	Share Application Money (Pending allotment)	-	-	-	-	-	(29.20)
	Share Premium Received	-	-	-	-	-	-
	Secured Loans	(56.95)	100.33	(4.90)	23.79	18.64	71.28
	Unsecured Loans	(6.39)	96.25	(26.01)	5.95	32.29	19.52
	Interest Paid	(23.54)	(22.43)	(21.10)	(17.96)	(16.19)	(2.74)
	Net cash from Financing Activities	(86.88)	174.16	(32.01)	11.78	34.75	88.06
	Net Increase / (Decrease) in Cash & Cash Equivalents	51.23	3.07	5.82	2.96	(0.22)	0.02
	Opening Balance of Cash & Cash Equivalent	14.78	11.71	5.90	0.00	3.16	0.09
	Closing Balance of Cash & Cash Equivalent	66.02	14.78	11.71	5.90	2.93	3.16

*(Figures in bracket represent outflow)

STATEMENT OF ACCOUNTING RATIOS

Annexure - V

Accounting Ratios	30.11.2006	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Earnings per share (Rs)	1.91	2.19	2.83	2.47	1.07	1.77
Earnings per share (annualised)	2.86	2.19	2.83	2.47	1.07	1.77
Return on net worth %	9.55	7.48	7.70	5.60	10.62	20.16
Net asset value per share (Rs)	0.00	0.00	0.00	0.00	0.00	0.00
No. of equity shares of Rs. 10/-	500000	500000	500000	300000	300000	300000

Annexure-VI

TAX SHELTER STATEMENT

(Rs. in Lacs)

Particulars	2002	2003	2004	2005	2006	30.11.06
Tax rate (including Surcharge)	35.70%	36.75%	35.88%	35.88%	33.66%	33.66%
Profits 33.68	33.11	39.29	60.02	86.48	107.21	
Tax at Notional Rate	12.0237	12.1679	14.0952	21.5321	29.11	36.085
Diff. Between Tax Depreciation & Book Depreciation	-1.28	-23.07	-17.14	-17.97	2.80	-3.939
Loss on sale of fixed assets	1.62	1.85	0.61	0.85	0.22	0
Other Adjustments	-9.86	-2.6	-6.337	-11.88	1.19	4.25
Net Adjustments	-9.52	-23.82	-22.867	-29	3.55	0.311
Tax (saving) /expense thereon	3.4	8.75	8.2	10.4	1.2	0.1047
Taxation	8.63	3.41	5.89	11.13	19.45	36.19
Tax Adjustments*	2.96	0	0	0	0	0
Total Taxation	5.67	3.41	5.89	11.13	19.45	36.19

Annexure-VII

Related Party Transactions - AS 18

The Company has made the following transactions with related parties as defined under the provisions of Accounting Standard-18 issued by the Institute of Chartered Accountants of India.

S.no.	Holding Company	Relation
1.	Lawreshwar Polymers Limited.	Lawreshwar Polymers Limited Hold 51 % equity share capital of the Company
S.no.	Key managerial persons (Directors)	Relation
1.	Ramesh Chand Agarwal	Director of the company
2.	Promod Agarwal	Director of the company
3.	Naveen Agarwal	Director of the company
S.no	Relatives of Key managerial persons	Relation
1.	Mohan Lal Agarwal	Father of Director
2.	Raj Kumar Agarwal	Brother Of Director
3.	Naresh Agarwal	Son of Director
4.	Sanjay Agarwal	Son of Brother of Director

S.no	Relatives of Key managerial persons	Relation
5.	Santra Devi Agarwal	Mother of the Director
6.	Savita Agarwal	Daughter of brother of the Director
7.	Sushila Devi Agarwal	Wife of the Director
8.	Jayshree Agarwal	Wife of the Director
9.	Lakshita Agarwal	Grand Daughter of director
10.	Manju D Gupta	Sister of Director
11.	Nandan Agarwal	Grand Son of Director
12.	Pankaj Agarwal	Son of Brother of Director
13.	Pooja Agarwal	Daughter of Director
14.	Seema Agarwal	Daughter of directors brother
15.	Manisha Devi agarwal	Directors wife
16.	Lalita Devi agarwal	Wife of directors brother
S.no.	Enterprises owned / controlled by Key managerial persons and their relatives	Relation
1.	Jai Narayan Mohan Lal Charitable Trust	Director is trustee of the trust
2.	Lawreshwar Footwear	proprietorship concern of director
3.	Mohan Lal Agarwal HUF	Directors Father is karta of the HUF
4.	Pramod Agarwal HUF	Director is karta of the HUF
5.	Raj Kumar Agarwal HUF	Directors brother is karta of the HUF
6.	Ramesh Chand Agarwal HUF	Director is karta of the HUF
7.	Jai Narayan Mohan Lal	Directors brother is proprietor
8.	Jai Narayan Mohan Lal & Sons	Director is the proprietor
9.	Lawreshwar Impex	Director is the proprietor
10.	Ramesh Chand Raj Kumar	Directors Father is proprietor of concerns
11.	Jeetish Properties (P) Ltd.	Directors brother is proprietor of concerns
12.	Sankhala Investors	Director's brother is Partner.
13.	Krishan Kripa Creation	Director's brother is Partner.
14.	Krishan Kripa - 3	Director's brother is Partner.

Payment to Holding Company

Nature of transaction	Amount (Rs in lacs)	
	30.11.2006	31.3.2006
Sales	342.23	201.91
Purchases	98.84	335.20
Investments	0.00	43.00
Job Work Charges Paid	0.15	0.00

Payment to key management persons

Nature of transaction	Amount (Rs in lacs)	
	30.11.2006	31.3.2006
Interest Paid	0.28	0.00
Interest received	0.33	0.00
Remuneration	4.40	4.80
Loan Received	27.14	4.25
Loan Repaid	22.66	0.00

Payment to relative's

Nature of transaction	Amount (Rs in lacs)	
	30.11.2006	31.3.2006
Interest Paid	0.10	0.81
Interest received	5.03	1.90
Salary	0.00	1.80
Advances received Back	60.01	0.00
Loan Received	80.12	37.81
Loan Repaid	80.12	103.03

Enterprises owned & controlled by the Directors and their relatives

Nature of transaction	Amount (Rs in lacs)	
	30.11.2006	31.3.2006
Interest paid	0.33	0.28
Interest received	0.31	0.47
Donation	0.95	0.43
Loan Repaid	8.39	17.35
Loan Received	23.51	14.45

DETAILS OF SUNDRY DEBTORS**Annexure-VIII****(Rs. In Lacs)**

Particulars	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06	30.11.06
More than six months	-	2.55	4.56	11.71	19.73	20.51
Less than six months	65.8	84.95	125.23	140.42	119.87	166.23
TOTAL	65.8	87.5	129.79	152.13	139.6	186.74

Annexure-IX**Details of Loans & Advances****(Rs. In Lacs)**

(Unsecured, Considered goods)	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06	30.11.06
Advances- recoverable in cash or in kind						
For Capital Goods	-	-	-	-	-	-
For Expenses	-	-	-	-	-	-
For Others	0.26	2.78	0.33	0.76	83.56	18.82
Others Receivable	-	-	-	-	-	-
Security & Other Deposits	0.35	0.39	0.37	0.37	0.37	0.41
Share Application	-	-	-	-	-	-
Balances with Excise Department	-	-	-	-	-	-
Cenvat Credit Receivable	-	-	-	-	-	-

(Unsecured, Considered goods)	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06	30.11.06
Advance to Suppliers	-	-	-	-	-	-
Advance Income Tax	-	-	0.25	0.75	1.61	0.32
Prepaid Expenses	-	-	-	-	-	-
T.D.S Receivable	-	-	-	-	-	-
Sub- Total	0.61	3.17	0.95	1.88	85.54	19.55

Annexure-X

Statement Of Secured & Unsecured Loans**Details of Secured Loans**

(Rs. in Lacs)

Particulars	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06	30.11.06
Secured Loans	-	-	-	-	-	-
(A) Term Loans from Banks	-	-	-	-	-	-
Punjab National Bank	36.92	26.70	17.40	-	-	-
SIDBI	-	-	-	100.00	-	-
Total (A)	36.92	26.70	17.40	100.00	-	-
(B) From Banks For Working Capital:						
Punjab National Bank	34.35	63.23	93.35	-	194.22	143.20
Total (B)	34.35	63.23	93.35	-	194.22	143.20
(C) Loans for purchase of motor cars / equipments						
1. ICICI Bank Limited	-	-	2.97	8.82	14.93	9.01
Total (C)	-	-	2.97	8.82	14.93	9.01
Total (A+B+C)	71.27	89.93	113.72	108.82	209.15	152.21

Details of Unsecured Loans

(Rs. in Lacs)

Particulars	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06	as at 30.11.06
From Directors	9.57	4.90	-	0.05	4.30	-
From Others	18.54	55.50	66.35	40.29	132.29	130.19
From Banks	-	-	-	-	-	-
Total	28.11	60.40	66.35	40.34	136.59	130.19

PRINCIPAL TERMS OF LOANS SANCTIONED BY THE BANKS

The brief terms of sanctions from **Punjab National Bank** are mentioned hereunder:

Facility-I

Nature of facility	Cash Credit (Stocks & book debts)
Amount	Rs.133.00 Lacs Only
Margin	Inventory - 25 % Book debts - 50 % (Age of book debts not to exceed 90 days.)
Interest Rate	PLR - 2 % i.e. 10.00% p.a. payable monthly, subject to change from time to time as decided by the Bank
Basis of Valuation	(i) Raw Materials/Stores: At cost price, or market price or Government Controlled rates, invoice rates whichever is lower. (ii) Finished Goods: Lower of cost of sales or Market Price. (iii) Stock-in-process: Raw Material at cost plus conversion cost. (iv) Book debts: At realizable value with financing restricted to book-debts not older than 90 days.
Validity Period	One year from the date of sanction.
Repayment	On demand
Documents	Bank's standard documents to be executed
Other conditions	Book debts on sister concerns & those against LCs to be excluded while arriving at DP.

CONSOLIDATED FINANCIAL INFORMATION OF LAWRESHWAR POLYMERS LIMITED

Consolidated Summary Statement of Assets and Liabilities and Consolidated Summary statement of Profit & Losses As per Restated and consolidated Cash Flow, As Restated, Under Indian GAAP as at and for the period ended 30th November 2006.

To,

The Board of Directors,
Lawreshwar Polymers Limited
A-243 (A) Road No. 6 VKI Area
Jaipur-302013

Dear Sirs,

We have examined the consolidated financial information of M/s Lawreshwar Polymers Limited ('The Company') and its subsidiary Lawreshwar Footcare Private Limited (Collectively Referred to as the 'Group') annexed to this report and initialed by us for identification purpose, which have been prepared in accordance with the requirement of:

- a) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act')
- b) The Securities and Exchange board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') as amended from time to time & related clarifications, and
- c) The term of reference received from the company, requesting us to carry out work, proposed to be included in the Prospectus ('the Offer Documents') of the company in connection with its proposed Initial Public Offer ('IPO')

The company proposes to make an IPO for a fresh issue of 8712500 equity shares having a face value of Rs.10 per equity shares at an issue price of Rs.16.

A. Financial information as per consolidated audited financial statements of Lawreshwar Polymers Limited

1. We have examined the attached 'Consolidated Restated Summary Statements of Assets and Liabilities of the company as at 30th November 2006, the 'Consolidated Restated Summary Statement of 'Profit and Loss' and the 'Consolidated Restated Statement of Cash Flow' for the period ended on that date ('Consolidated Restated Summary Statements') (see-Annexure I & II) as prepared by the company & approved by the Board Of Directors. The consolidated restated profits have been arrived at after making such adjustments and regrouping as in our opinion are appropriate and as more fully described in the notes to the consolidated restated financial statements appearing in Annexure III to this report. We have audited the consolidated financial statements of the Company for the period ended 30th November 2006. Based on our examination of the Consolidated Restated Summary Statement, we confirm that:

- a) The 'Consolidated Restated Summary Statement 'has to be read in conjunction with the notes given in Annexure III to this report.
- b) The 'Consolidated Restated Profit' have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate in the year to which they are related as described in Para 2 of the Notes Forming Part of the 'Consolidated Restated Summary Statement ' appearing in Annexure III.
- c) There are no extraordinary items which need to be disclosed separately in the 'Consolidated Restated Summary Statement ' ; and

B. Other Financial Information:

We have examined the following information in respect of the period ended 30th November 2006 of the company, proposed to be included in the offer documents, as approved by the Board of Directors and annexed to this report;

- (i) Statement of Cash Flow (Annexure- IV)
- (ii) Statements of Debtors. (Annexure V)
- (iii) Statements of Loans & Advances. (Annexure VI)
- (iv) Statement of Secured & Unsecured Loans. (Annexure VII)
- (v) Summary of Accounting Ratios based on adjusted profits related to earning per share, net asset value, return on net worth and Total debt-equity ratio. (Annexure VIII)

- (vi) Statement of Tax Shelters. (Annexure IX)
- (vii) Capitalisation Statement of Company as at 30th November 2006. (Annexure X)
- (viii) Statement of Related Party Disclosure. (Annexure XI)

In our opinion the 'Financial Information as per 'Audited Financial Statement' and other Financial Information mentioned above for the period ended 30th November 2006, have been prepared in accordance with Part II of Schedule II of the act and the Guidelines.

This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and inclusion in offer documents in connection with the proposed IPO of the Company and is not be used, referred to or distributed for any other purpose without our prior written consent.

For A. Bafna & Co.
Chartered Accountants

CA M. K Gupta

(Partner)

M. No.73515

Place: Jaipur

Date: 27.12.2006

Annexure - I

STATEMENT OF CONSOLIDATED ASSETS & LIABILITIES

Particulars	As At 30.11.2006 (Rs. In Lacs)
Gross Block	1156.04
Less: Depreciation	364.09
Net Block	791.95
Less: Revaluation Reserve	321.37
Net Block after adjustment for Revaluation Reserve	470.58
Capital Work in Progress	164.51
TOTAL FIXED ASSETS (A)	635.10
INVESTMENTS (B)	0.06
CURRENT ASSETS, LOANS AND ADVANCES	
Inventories	538.95
Sundry Debtors	910.36
Cash and Bank Balance	92.68
Loans and Advances	256.18
Total	1798.18
LIABILITIES AND PROVISIONS	
Secured Loans	681.09
Unsecured Loans	162.98
Current Liabilities	511.26
Share Application Money	165.26
Provisions	42.99
Minority interest	52.68
Deferred Tax Liability	58.75
Total (d)	1675.01
Net Worth (A+B+C-D)	758.33
REPRESENTED BY:	
Share Capital	469.68
Total Reserves and Surplus	628.48
Less: Revaluation Reserves	321.37
Net Reserves and Surplus	307.11
Capital Reserve	16.82
Miscellaneous Expenditure (To the extent not written off or Adjusted)	35.29
Net Worth	758.33

STATEMENT OF CONSOLIDATED PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

PARTICULARS	as at 30.11.06
INCOME	
Turnover	1,363.65
Increase/ (Decrease) in stocks	9.86
Other income	12.27
TOTAL	1,385.78
EXPENDITURE	
Material Cost	820.81
Manufacturing & Other Expenses	344.66
Preliminary Expenses written off	0.27
TOTAL	1,165.73
Profit before Interest, Depreciation and Tax	220.05
Depreciation	33.42
Profit before Interest and Tax	186.62
Financial Expenses	66.79
Net Profit Before Tax	119.83
Provision for Taxation	42.22
Net Profit after Tax	77.61
Brought Forward from Previous Year	89.18
Prior Period Expenses/ (Income)	0.43
Transferred to General Reserve	-
Balance Carried to Balance Sheet	167.22
Earning Per Share	1.66
Annualised EPS	2.49

Annexure -III

SIGNIFICANT ACCOUNTING POLICIES: -

1. Basis of Preparation of Financial Statement

Accounting policies not specifically referred to otherwise, are consistent and in consonance with generally accepted accounting principles.

2. Recognition of Income & Expenditure

- Revenue from sale is recognized on dispatch of goods to customers. Sales are net of sales return & Rate Difference
- Other income like job work charges is recognized monthly on accrual basis.
- All expenses are charged to the profit & loss account as and when they are incurred.

3. Fixed Assets and Capital Work in Progress

Fixed assets are stated at their historical cost less accumulated depreciation. Cost of the fixed assets is inclusive of taxes, freight and other incidental expenses related to acquisition and installation of the concerned assets.

Capital work in progress comprise of cost of Fixed Assets that are not ready for their intended use as at the Balance Sheet date and Advances against Fixed Assets.

4. Depreciation and Amortization

Depreciation on fixed assets has been provided on Straight Line Method (SLM) method at the rates prescribed as per schedule XIV of the companies Act, 1956. Further the depreciation on addition made during the year has been provided on a pro-rata basis.

5. Investments

- a) Current Investments are valued at lower of cost and fair value determined on an individual investment basis.
- b) Long Term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.

6. Inventory

Valuation of Inventories has been made on the following basis:

- | | |
|------------------------|---|
| (i) Raw Material | At Cost |
| (ii) Packing Material | At Cost |
| (iii) Work-in-progress | At Cost |
| (iv) Finished Goods | At Cost or net realizable value, whichever is lower |

Further, the consumption of raw material, packing material and the stores and spares is accounted for at the weighted average cost. In the Case of finished goods, cost comprises material, labour and applicable overheads expenses and duties including Cess paid or payable on rubber in case of Hawai Chappal and Canvas Shoes.

7. Retirement Benefits

The cost of all the retirement benefits is charged to Profit and Loss account.

- (a) Liability in respect of retirement benefits is provided on the basis of monthly payment to Pension & P.F. under the Employees Provident Fund (& Misc. Prov.) Act, 1952, which are charged against revenue.
- (b) Gratuity liability & leave encashment of employees is covered under the group gratuity policy and leave encashment policy taken from L.I.C. The annual premium is debited to profit & loss account.

8. Miscellaneous Expenditure:

Preliminary expenses have been amortized over a period of ten years.

9. Consolidation

Consolidation is done according to Pooling of interest method applying Line by Line approach as given in AS-21, issued by the Institute of Chartered Accountants of India.

10. Income Taxes and Deferred Tax

- (a) Provision is made for tax, based on the tax liability computed, after considering tax allowances and deductions in accordance with the provisions of the Income Tax Act, 1961.
- (b) Deferred tax is recognized on timing difference, being the deferece resulting from the recognition of items in the financial statement and in estimating current Income Tax.
- (c) Deferred tax assets are recognized on unabsorbed depreciation and on expenses incurred but to be allowed on payment basis as per the provisions of the Income Tax Act, 1961.
- (d) Deferred tax assets and liabilities are measured using the tax rate and tax law that have been enacted on the balance sheet date.

11. Leased Assets

Operating Lease: Rentals are expensed with reference to lease terms and other consideration.

12. Impairment of Assets

Management periodically assesses using external & internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sale price or present value as determined above.

13. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liability are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

D. NOTES ON ACCOUNTS:

1. Contingent Liabilities not provided for:
 - (b) Income Tax demand of Rs. 1.68 Lacs for the assessment year 2002-03 against which the company has made an application for rectification of mistake with the department.
 - (c) Service Tax Demand of Rs 0.09 Lacs
 - (d) Estimated amount of Contracts remaining to be executed on capital account not provided for Rs.486.98 lacs (Previous Year: 589.56 lacs)
2. Book debts, advances, creditors, unsecured loans, deposits from customers etc. have been taken at their book value and are subject to confirmations and reconciliation.
3. Previous Year's figure are not given as the Company did not have any subsidiary in the last year and no consolidated financial statements were prepared.
4. Loans and advances and debtors have been considered good and in respect of which the company holds no security other than the personal guarantee of the person concerned.
5. During the year under review the Company has Acquired 15000 Equity shares of Lawreshwar Footcare Private Limited on 10.04.2006, due to this final holding of Lawreshwar Polymers Limited, increased upto 51% of total equity capital of above company and became Holding Company of Lawreshwar Footcare Private Limited
6. Debtors includes
 - a) Due by directors of the company (Nil)
 - b) Due from a company in which directors or Their relatives are interest 35.35 lacs

8. Remuneration to Directors: (Rs. In Lacs)

Particulars		1.4.2006 to 30.11.2006
A	Remuneration	
	Managing Director	8.40
	Executive Director's	4.09
B	Perks	
	Managing Director	-
	Executive Director's	-

9. Auditors remuneration**(Rs. In Lacs)**

Particulars	01.04.2006 to 30.11.2006
Audit fees	0.35
Tax audit fees	-
Service tax	0.055
Other matter (Certification fees)	0.10
Reimbursement of expenses	-
Total	0.505

10. Earnings per Share

The Company report Basic and Diluted earning per share (EPS) in accordance with Accounting Standard - 20 issued by the Institute of Chartered Accountants of India. The Basic EPS has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the accounting year. The Diluted EPS have been computed using the weighted average number of equity shares and diluted potential equity shares outstanding at the end of the year.

Particulars	1.4.2006 to 30.11.2006
Net profit after tax (Rs in lacs.)	78.04
No. of paid up equity shares (Weighted average)	4696844
Amount per share (Rs.)	10
Earnings per share (Rs.) (Basic & Diluted)	1.66
EPS (Annualised)(Rs.)	2.49

11. Consequent to Accounting Standard-22: Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, the company has recorded its Cumulative net deferred tax liability as at 30.11.2006. Details of deferred tax liability as at 30.11.2006 are as under:

Deferred Tax Liabilities

Particulars	As at 30.11.2006 (Rs. In Lacs)
Difference between Books & Tax (WDV) of Fixed Assets	1,74,530
Deferred Tax Liability (Net)	58.75

12. Segment Reporting - AS 17**Business Segment**

The Board of directors of the Company considers and maintains Footwear as the only business segment of the Company.

13. Related Party Transactions - AS 18

The Company has made the following transactions with related parties as defined under the provisions of Accounting Standard-18 issued by the Institute of Chartered Accountants of India.

S.no.	Directors & Key managerial persons & their associate concerns	Relations with Directors
1.	Mohan Lal Agarwal	Chairman of the company
2.	Raj Kumar Agarwal	MD of the company
3.	Naresh Agarwal	Executive Director of the company

S.no	Relatives	Relations with Directors
1.	Lalita Devi Agarwal	Wife of MD
2.	Manisha Agarwal	Wife of son of chairman
3.	Megha Agarwal	Wife of executive director
4.	Sanjay Agarwal	Son of MD
5.	Santra Devi Agarwal	Wife of chairman
6.	Savita Agarwal	Daughter of MD
7.	Sushila Devi Agarwal	Mother of executive director
8.	Jayshree Agarwal	Wife of executive directors brother
9.	Lakshita Agarwal	Daughter of executive director
10.	Manju D Gupta	Sister of MD
11.	Naveen Agarwal	Brother of executive director
12.	Pankaj Agarwal	Son of MD
13.	Pooja Agarwal	Daughter of MDs brother
14.	Seema Agarwal	Daughter of MD
15.	Pramod Agarwal	Son of chairman of the company
16.	Ramesh Chand Agarwal	Son of chairman of the company
17.	Nandan Agarwal	Son of Executive Director
S.no.	Enterprises owned / controlled by the directors relatives	Relations with Directors
1.	Jai Narayan Mohan Lal Charitable Trust	Chairman is trustee of the trust
2.	Lawreshwar Footcare Pvt. Ltd.	Chairman's sons are the director in the company and it is a Subsidiary company.
3.	Lawreshwar Footwear	Proprietorship concern of executive director's brother
4.	Mohan Lal Agarwal HUF	Chairman is karta of the HUF
5.	Pramod Agarwal HUF	Son of chairman is karta of the HUF
6.	Raj Kumar Agarwal HUF	MD is karta of the HUF
7.	Ramesh Chand Agarwal HUF	Son of chairman is karta if the HUF
8.	Jai Narayan Mohan Lal	MD's proprietorship concerns
9.	Jai Narayan Mohan Lal & Sons	Son of chairman of the company
10.	Lawreshwar Impex	Son of chairman of the company
11.	Ramesh Chand Raj Kumar	Chairman's proprietorship concerns
12.	Jeetish Properties (P) Ltd.	MD of company is director in company
13.	Sankhala Investors	MD's brother is partner in firm
14.	Krishan Kripa Creation	MD's brother is partner in firm
15.	Krishan Kripa - 3	MD's brother is partner in firm

Payment to key management persons

Nature of transaction	Amount (Rs in lacs)
	30.11.2006
Interest Paid	0.28
Interest received	0.33
Remuneration	12.49
Loan Received	27.14
Loan Repaid	22.66
Share capital	7.00

Payment to relatives

Nature of transaction	Amount (Rs in lacs)
	30.11.2006
Interest Paid	0.33
Interest received	5.03
Salary	3.46
Loan Received	160.82
Loan Repaid	101.45
Share capital	0.00
Investments	1.95

Enterprises owned & controlled by the Directors and their relatives

Nature of transaction	Amount (Rs in lacs)
	30.11.2006
Interest paid	0.33
Interest received	0.31
Rent	2.40
Donation	2.95
Sales	17.74
Loan Repaid	14.50
Loan Received	25.61

14. Details of the amount due to Small Scale Undertakings are under preparation.
15. Some of the Vehicles are in the name of the directors, which are yet to be transferred.
16. Additional information pursuant to the paragraphs 3 and 4 of part II of the schedule VI of companies Act, 1956 is NIL or none except to the extent given below:

(Quantity in Pairs)	Chappals	Canvas	Rubber sheet	Traded Goods
	1.04.06-30.11.06	1.04.06-30.11.06	1.04.06-30.11.06	1.04.06-30.11.06
Licensed Capacity	N.A.	N.A.	N.A.	N.A.
Installed Capacity	93.37 lacs	12 lacs	N.A.	N.A.
Actual Production	3096424	226307	66238	
Purchases				654986

A. DETAIL OF OPENING STOCK/CLOSING STOCK/TURNOVER

(In Quantities)	Chappals 30.11.2006	Canvas 30.11.2006	Rubber Sheet 30.11.2006	Traded Goods 30.11.2006
Opening stock	343648	22735	0	0
Turnover 3048009	227372	66238	825230	
Closing stock	392063	21670	0	4901

B. QUANTITATIVE VALUE OF RAW MATERIAL CONSUMED

	Unit	Quantity	Value (Rs. In Lacs)
Natural & Syn. rubber	Kg	525247	405.27
Colours & Chemicals	Kg	597448	203.64
Cloth	Meters	107553	64.13
Other Raw Material	N.A.	N.A.	30.97
Raw Material	Nos	83077	150.59
Packing Material		N.A.	92.60

C. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL AND PACKING MATERIAL CONSUMED

S.no.	Particulars	30.11.2006	
		Percentage (%)	Value (Rs.in Lacs)
1.	RAW MATERIAL		
	Imported	0	0
	Indigenous	100	855.37
2.	Packing Material & Stores & Spares		
	Imported	-	
	Indigenous	100	92.60

D. CIF Value of Imports:

a) Raw Material purchased Nil

E. Expenditures in foreign currency

1) Payment for capital goods (Nil)

2) Payment for traveling expenses (Nil)

17. Figures are rounded off to the nearest rupee.

Annexure-IV

CASH FLOW STATEMENT

A.	CASH FLOW FROM OPERATING ACTIVITIES	Value (Rs. In Lacs)
	Net Profit before Tax	119.83
	Depreciation Charge	33.42
	Preliminary Expenses written off	0.27
	Interest Charge	66.79
	Interest received	(5.66)

A.	CASH FLOW FROM OPERATING ACTIVITIES	Value (Rs. In Lacs)
	Loss from Sale of Fixed Assets	0.00
	Dividend Received	0.00
	Operating Profit Before Working Capital Changes	214.65
	Trade and Other Receivable	(220.91)
	Inventories	(36.26)
	Trade Payables	243.99
	Loans & Advances and Other Current Assets	57.64
	Cash Generated From Operations	259.11
	Direct Taxes paid	(35.93)
	Prior period and extraordinary items	0.43
	Net Cash From Operating Activities	223.62
B.	CASH FLOW FROM INVESTING ACTIVITIES	0.00
	Purchase / Acquisition of Fixed Assets	(87.48)
	Security Deposit for use of Intellectual Property	(0.23)
	Sale of Fixed Assets	0.00
	Purchase of Investment	(1.95)
	Preliminary Expenses incurred	(25.27)
	Interest Received	5.66
	Dividend Received	0.00
	Net Cash used in Investing Activities	(109.28)
C.	CASH FLOW FROM FINANCING ACTIVITIES	0.00
	Proceeds from issuance of shares	0.00
	Share Application Money (Pending allotment)	7.00
	Share Premium Received	0.00
	Secured Loans	(34.33)
	Unsecured Loans	26.39
	Interest Paid	(66.79)
	Net cash from Financing Activities	(67.64)
	Net Increase / (Decrease) in Cash & Cash Equivalents	46.70
	Opening Balance of Cash & Cash Equivalent	45.97
	Closing Balance of Cash & Cash Equivalent	92.68

Annexure -V

CONSOLIDATED DETAILS OF SUNDRY DEBTORS

(Rs. In Lacs)

Particulars	30.11.06
More than six months	52.26
Less than six months	858.10
TOTAL	910.36

CONSOLIDATED DETAILS OF LOANS & ADVANCES

(Rs. In Lacs)

(Unsecured, Considered goods)	30.11.06
Advances- recoverable in cash or in kind	
For Others	32.58
Security & Other Deposits	196.03
Advance to Suppliers	20.28
T.D.S Receivable/Advance Tax	7.29
Sub- Total	256.18

Annexure-VII

CONSOLIDATED STATEMENT OF SECURED & UNSECURED LOANS
Details of Secured Loans

(Rs. In Lacs)

Particulars	30.11.06
Secured Loans	
(A) Term Loans from Banks	
Punjab National Bank	-
SIDBI	-
UTI Bank Ltd.	41.77
Total (A)	41.77
(B) From Banks For Working Capital:	
Punjab National Bank	143.20
UTI Bank Ltd.	484.10
Total (B)	627.29
(C) Loans for purchase of motor cars / equipments	
1. ICICI Bank Limited	12.03
2. Shubham Auto Finance	
Total (C)	12.03
Total (A+B+C)	681.09

Details of Unsecured Loans

(Rs. In Lacs)

Particulars	30.11.06
From Directors	
From Others	130.19
From Banks	32.78
Total	162.98

CONSOLIDATED STATEMENT OF ACCOUNTING RATIOS

Accounting Ratios	30.11.2006
Earnings per share (Rs)	1.66
EPS (annualized)	2.49
Return on net worth %	10.29
Net asset value per share (Rs)	16.15
No. of equity shares of Rs. 10/-	46.97

Annexure-IX

CONSOLIDATED TAX SHELTER STATEMENT

Particulars	30.11.2006
Tax rate (including Surcharge)	33.66%
Profits	120.27
Tax at Notional Rate	40.48
Diff. Between Tax Depreciation & Book Depreciation	(5.22)
Loss on sale of fixed assets	0.00
Other Adjustments	1.00
Net Adjustments	(4.22)
Tax (saving) /expense thereon	(1.42)
Taxation	39.06

Annexure - X

CAPITALISATION STATEMENT

(Rs. in Lacs)

Particulars	Pre issue as at 30.11.2006	Post Issue (at an offer Price of Rs. 16/-)
Short Term Debt	493.74	493.74
Long Term Debt	41.77	541.77
Total Debt	535.50	1035.50
Shareholders' Fund		
Share Capital	496.56	1367.81
Reserves & Surplus	333.67	856.42
Sub-Total	830.23	2224.23
Less: Preliminary Expenses not written off	34.56	155.76
Total Shareholders Fund	795.67	2068.47
Long Term Debt/Equity	0.05	0.26

STATEMENT OF RELATED PARTY DISCLOSURE

The Company has made the following transactions with related parties as defined under the provisions of Accounting Standard-18 issued by the Institute of Chartered Accountants of India.

S.no.	Directors & Key managerial persons & their associate concerns	Relations with Directors
1.	Mohan Lal Agarwal	Chairman of the company
2.	Raj Kumar Agarwal	MD of the company
3.	Naresh Agarwal	Executive Director of the company
S.no	Relatives	Relations with Directors
1.	Lalita Devi Agarwal	Wife of MD
2.	Manisha Agarwal	Wife of son of chairman
3.	Megha Agarwal	Wife of executive director
4.	Sanjay Agarwal	Son of MD
5.	Santra Devi Agarwal	Wife of chairman
6.	Savita Agarwal	Daughter of MD
7.	Sushila Devi Agarwal	Mother of executive director
8.	Jayshree Agarwal	Wife of executive directors brother
9.	Lakshita Agarwal	Daughter of executive director
10.	Manju D Gupta	Sister of MD
11.	Naveen Agarwal	Brother of executive director
12.	Pankaj Agarwal	Son of MD
13.	Pooja Agarwal	Daughter of MDs brother
14.	Seema Agarwal	Daughter of MD
15.	Pramod Agarwal	Son of chairman of the company
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3.	Lawreshwar Footwear	Proprietorship concern of executive director's brother
4.	Mohan Lal Agarwal HUF	Chairman is karta of the HUF
5.	Pramod Agarwal HUF	Son of chairman is karta of the HUF
6.	Raj Kumar Agarwal HUF	MD is karta of the HUF
7.	Ramesh Chand Agarwal HUF	Son of chairman is karta if the HUF
8.	Jai Narayan Mohan Lal	MD's proprietorship concerns

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9.	Jai Narayan Mohan Lal & Sons	Son of chairman of the company
10.	Lawreshwar Impex	Son of chairman of the company
11.	Ramesh Chand Raj Kumar	Chairman's proprietorship concerns
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Payment to key management persons

Nature of transaction	Amount (Rs in lacs) 30.11.2006
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Interest received	0.33
Remuneration	12.49
Loan Received	27.14
Loan Repaid	22.66
Share capital	7.00

Payment to relative's

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Interest received	5.03
Salary	3.46
Loan Received	160.82
Loan Repaid	101.45
Share capital	0.00
Investments	1.95

Enterprises owned & controlled by the Directors and their relatives

Nature of transaction	Amount (Rs in lacs) 30.11.2006
Interest paid	0.33
Interest received	0.31
Rent	2.40
Donation	2.95
Sales	17.74
Loan Repaid	14.50
Loan Received	25.61

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE RESTATED FINANCIAL STATEMENTS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Prospectus. You should also read the section titled "Risk Factors" beginning on page vi of this Prospectus, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to Lawreshwar Polymers Limited on a stand alone basis, and, unless otherwise stated, is based on our restated unconsolidated financial statements, which have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act, 1956, and the SEBI guidelines. Our fiscal year ends on March 31 of each year so all references to a particular fiscal year are to the twelve months ended March 31 of that year.

Overview

Our Company was incorporated as a Private Limited Company in the name of Lawreshwar Polymers Private Limited on 31st March 1994 under the Companies Act, 1956 in the state of Rajasthan. Subsequently, our Company was converted into a Public Limited Company on 27th May 1996. The key promoters of our company are Mr. Mohan Lal Agarwal, Mr. Raj Kumar Agarwal, and Mr. Naresh Agarwal.

The Company commenced its production from 11th May 1995 with an installed capacity of 45 Lac pairs per annum and within a short duration of one year it has been successful in achieving envisaged results and able to establish an effective sales network in Rajasthan as well as other states. During the very first year of operation, the Company had achieved Turnover of Rs. 5 Crores and gained a Net Profit of Rs.11.85 Lac.

The Company went for first expansion cum diversification project in the year 1996 for manufacturing canvas shoes and lightweight hawaii chappals and commenced the commercial production of diversified range from 15th October 1996. In the year 2003, the Company further installed a fully automated computerized EVA Injection footwear plant having capacity of about 9.87 Lac pairs per annum of EVA Injected Moulded slippers. At present the Company is having an annual installed capacity of 75 Lac pairs of Hawaii Chappals, 12 Lac pairs of Canvas shoes and 9.87 Lac pairs of EVA Injected footwear. The Company manufactures a variety of footwear like light weight fancy slippers, PVC and TPR footwear, synthetic leather chappals in addition to Hawaii Chappals and canvas shoes.

Since inception, the focus of the Company has been on quality and range. The promoters of the Company are technology savvy. They are having an established background with more than 30 years of experience of business and industry. They are always acceptable and adaptable towards the changing technology and introduction of computerized machines and mechanism for production process. The Company has installed the latest technology machines and other devices to enable most efficient use of available resources as well as to maintain standards of quality. This has been the key factor in achieving the following awards:

- The Company is the first ISO 9002 certified manufacturer in footwear industry in the state of Rajasthan.
- Mr. M. L. Agarwal, Chairman of the Company was honoured with "Udyog Shree Award" in 1997 by Rajasthan Government.
- The Company also received "National Award 2000" by Government of India for Special Recognition Award in Small Scale Industry in the year 2000. Lawreshwar Polymers Limited is the first footwear company in Rajasthan to be awarded with National Award.
- The Company is ISO: 9001 and ISO: 14001 certified Company
- Mr. Naresh Agarwal, Executive Director of the Company was honoured with the National Awards for quality products in Small Scale Sector 2003 and National Awards for Small Scale Entrepreneurs 2003 by the Honourable President of India on 28.10.2005.

Keeping in view increasing market demand and need for diversification, the company proposes to start production of PU sole footwear and enhance the existing capacity for manufacturing EVA injected Moulded slippers. The company is having proven track record of timely repayment to FIs and banks as the account has never been overdue till date.

Factors Affecting Our Results of Operations

Our financial condition and results of operations are affected by numerous factors including the following:

General economic and business conditions: The demand for our products is dependent on taste and fashion trend of consumers and general economic conditions in the country. Our manufacturing operations would be affected by any adverse change in the Government Policies, Rules & Regulations. Moreover we are in the commodity market, which suffers from vagaries of trade cycle.

Demand: The demand for our products is from the general public. We have expanded our customer base in national market. The prospects and earnings growth of the customers and industries, we serve, will have an impact on our ability to generate sales.

The demand for our product is mainly from general mass resulting in demand from distributors. The prospects of change in the fashion, technology will have an impact on our ability to generate sales.

Competition: Selling prices of our products may be affected if competition intensifies. Further, as a result of increased capacity of production, adoption of aggressive pricing strategies by our competitors in order to gain market share or new competitors entering the markets, may adversely affect our operations and financial results.

Capacity: We are currently expanding our capacity for production of footwear. Our ability to fulfill larger orders will depend upon our ability to complete our expansion plans as scheduled.

At present, the Company is having an existing annual installed capacity to manufacture 75 Lac pairs Hawaii Chappals, 12 Lac pairs of Canvas Shoes and 9.87 Lac pairs of EVA Injected Footwear. After the proposed expansion cum diversification project, a further capacity of 48.05 Lacs Pairs per annum of EVA injection Moulded footwear and 6.00 Lac pairs of PU Sole Footwear will be added. Hence total installed capacity of the company for manufacturing will be 150.92 Lacs pairs of footwear per annum after the proposed expansion.

Raw Materials Prices: Raw materials constitute a major portion of our total expenses. The major raw materials required for the manufacture of footwear are Natural and Synthetic rubber, chemicals, Colours, cloth, EVA Foaming Granules, EVA and PVC compound and master batch and other shoe accessories. Rubber is procured from rural market of Kerala State while the other materials are purchased from local markets. The EVA Granules, which is a major raw material for producing EVA Injected Moulded Footwear, is supplied by Reliance Industries, which is the sole supplier of the said material in the national market. Also the same can be procured from international market. The company has been earlier also importing the same from U.S.A. and other countries. In future the company has an option of importing the same from international market in case of any cost factor as well as short supply in domestic market.

Our Significant Accounting Policies

Preparation of financial statements in accordance with Indian Generally Accepted Accounting Principles, the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are described in "Financial Statements - Significant Accounting Policies" Section of the Auditor's Report appearing on page 54 of this Prospectus. Certain of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our management. While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following significant accounting policies warrant additional attention:

SIGNIFICANT ACCOUNTING POLICIES :-

1. Basis of Preparation of Financial Statement

Accounting policies not specifically referred to otherwise, are consistent and in consonance with generally accepted accounting principles.

2. Recognition of Income & Expenditure

- (a) Revenue from sale is recognized on dispatch of goods to customers. Sales are net of sales return & Rate Difference
- (b) Other income like job work charges is recognized monthly on accrual basis.
- (c) All expenses are charged to the profit & loss account as and when they are incurred.

3. Fixed Assets and Capital Work in Progress

Fixed assets are stated at their historical cost less accumulated depreciation. Cost of the fixed assets is inclusive of taxes, freight and other incidental expenses related to acquisition and installation of the concerned assets.

Capital work in progress comprise of cost of Fixed Assets that are not ready for their intended use as at the Balance Sheet date and Advances against Fixed Assets.

4. Depreciation and Amortization

Depreciation on fixed assets has been provided on Straight Line Method (SLM) method at the rates prescribed as per schedule XIV of the Companies Act, 1956. Further the depreciation on addition made during the year has been provided on a pro-rata basis.

5. Investments

- a) Current Investments are valued at lower of cost and fair value determined on an individual investment basis.
- b) Long Term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.

6. Inventory

Valuation of Inventories has been made on the following basis:

- | | |
|------------------------|---|
| (i) Raw Material | At Cost |
| (ii) Packing Material | At Cost |
| (iii) Work-in-progress | At Cost |
| (iv) Finished Goods | At Cost or net realizable value, whichever is lower |

Further, the consumption of raw material, packing material and the stores and spares is accounted for at the weighted average cost. In the Case of finished goods, cost comprises material, labour and applicable overheads expenses and duties including Cess paid or payable on rubber in case of Hawai Chappal and Canvas Shoes.

7. Retirement Benefits

The cost of all the retirement benefits is charged to Profit and Loss account.

- (a) Liability in respect of retirement benefits is provided on the basis of monthly payment to Pension & P.F. under the Employees Provident Fund (& Misc. Prov.) Act, 1952, which are charged against revenue.
- (b) Gratuity liability & leave encashment of employees is covered under the group gratuity policy and leave encashment policy taken from L.I.C. The annual premium is debited to profit & loss account.

8. Miscellaneous Expenditure:

Miscellaneous expenditure consists of Preliminary expenses and Public issue expenses. Preliminary expenses have been amortized over a period of ten years.

9. Income Tax and Deferred Tax

- (a) Provision is made for tax, based on the tax liability computed, after considering tax allowances and deductions in accordance with the provisions of the Income Tax Act, 1961.
- (b) Deferred tax is recognized on timing difference, being the deferece resulting from the recognition of items in the financial statement and in estimating current Income Tax.
- (c) Deferred tax assets are recognized on unabsorbed depreciation and on expenses incurred but to be allowed on payment basis as per the provisions of the Income Tax Act, 1961.
- (d) Deferred tax assets and liabilities are measured using the tax rate and tax law that have been enacted on the balance sheet date.

10. Leased Assets

Operating Lease: Rentals are expensed with reference to lease terms and other consideration.

11. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liability are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

12. Impairment of Assets

Management periodically assesses using external & internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sale price or present value as determined above.

BUSINESS PERFORMANCE

Our Results of Operations

Income:

CHAPPAL

The increasing demand for Footwear in the Indian and international markets and increase in capacity are the key reason for our increased sales in recent years. Our Chappal division has achieved a turnover of Rs. 708.24 lacs in the eight months period ended on 30th November 2006 and Rs. 1036.36 Lacs during the year 2005-06.

The increase in sales is attributable to higher sales realization and gradual capacity expansion in EVA injection moulding machine. The other factor for increase in the sales is the marketing of footwear under the brand name "Lehar".

SHOES

Our company has set up this division during FY: 1996. Our Shoes division has achieved turnover of Rs122.76 Lacs in the eight months period ended on 30th November 2006 and Rs. 397.70 Lacs during the year 2005-06 showing an increase of Rs. 269.55 Lacs as compared to the FY ended 2005.

There is increasing demand for shoes and other related products in the national and international market.

The following tables set forth our revenues and other income constituting towards total income during each of financial years 2002, 2003, 2004, 2005, 2006 and as on 30th November 2006 are as under:

(Rs. in Lacs)

Income	31.03.2002		31.03.2003		31.03.2004		31.03.2005		31.03.2006		30.11.2006	
	Amt.	In %	Amt.	In %	Amt.	In %	Amt.	In %	Amt.	In %	Amt.	In %
a) Income from												
Sales of Chappals, Shoes and sheets	1202.37	98.67	1208.09	101.53	1538.02	97.35	1547.84	98.58	1722.21	99.92	1353.58	94.63
Job Work Charges	3.35	0.27	3.90	0.33	13.17	0.83	11.68	0.74	3.56	0.21	2.48	0.17
Other Income	0.39	0.04	1.33	0.11	1.01	0.06	1.00	0.06	4.51	0.27	6.60	0.46
Increase / Decrease in Stock	12.51	1.02	-23.47	-1.97	27.69	1.76	9.68	0.62	-6.66	-0.39	67.81	4.74
Total	1218.62	100.00	1189.85	100.00	1579.89	100.00	1570.20	100.00	1723.62	100.00	1430.47	100.00

Break-up of Sales Product wise:

(Rs in Lacs)

Particulars	31.03.2002		31.03.2003		31.03.2004		31.03.2005		31.03.2006		30.11.2006	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Chappals	1046.37	87.03	924.73	76.54	1196.19	77.77	1419.69	91.72	1036.36	60.17	708.24	52.32
Canvas	156.00	12.97	283.36	23.46	341.83	22.23	128.15	8.28	397.70	23.09	122.76	9.07
Rubber sheets									288.14	16.73	98.76	7.30
Traded Goods											423.81	31.31
Total	1202.37	100.00	1208.09	100.00	1538.02	100.00	1547.84	100.00	1722.21	100.00	1353.57	100

We sold footwears under our brand name in year 2005 with a turnover of Rs. 1547.84 Lacs. During the year 2005-06 the Chappal division has achieved a turnover of Rs. 1036.36 Lacs. In the period of eight months ended on 30th November 2006, the turnover was Rs.708.24 Lacs. We have set up our Canvas Division during the year 1996-97, the same has contributed sales of Rs. 128.15 during the previous year ended 2004-05 and turnover of Rs 397.70 Lacs for the year ended 31st March 2006 and Rs.9.07 Lacs for the eight months period ended on 30th November 2006.

Expenditure

Our expenses mainly consist of the cost of raw material consumed, manufacturing expenses, depreciation, administrative, selling and distribution expenses, interest and financial charges and personnel expenses.

The following table shows our various expenses for financial years 2002 to 2006 and for the eight months period ended on 30th November 2006 -:

Expenses as % of Total Expenses

(Rs. in Lacs)

Particulars	31.03.2002		31.03.2003		31.02.2004		31.03.2005		31.03.2006		30.11.2006	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%
Raw-material Consumption**	758.60	64.70	685.85	58.11	1016.28	67.17	981.88	65.44	1071.31	65.17	983.72	78.33
Manufacturing Exp. (including Excise Duty)	184.34	15.72	184.77	15.66	195.02	12.89	191.55	12.77	184.89	11.25	135.67	10.80
Personnel Exp.	30.29	2.58	29.45	2.50	30.36	2.01	23.66	1.58	30.57	1.86	21.50	1.71
Administrative & Other Exp. ***	32.18	2.74	55.58	4.71	57.68	3.81	40.57	4.42	54.51	3.32	34.94	2.78
Selling & Distribution Exp.	80.15	6.84	110.10	9.33	118.61	7.84	126.19	8.41	184.05	11.20	76.33	6.08
Interest & Financial Ch.	70.45	6.01	64.90	5.50	77.94	5.15	80.56	5.37	72.77	4.43	43.26	3.44
Depreciation	28.93	2.48	26.09	2.20	44.71	2.96	39.94	2.66	39.03	2.37	28.29	2.25
Total	1184.94	101.07	1156.74	98.01	1540.59	101.83	1510.14	100.65	1637.14	99.59	1323.71	105.39
Less: Increase/Decrease in Stock	12.51	1.07	-23.47	-1.99	27.68	1.83	9.68	0.65	-6.66	-0.41	67.81	5.39
Total	1172.43	100.00	1180.21	100.00	1512.91	100.00	1500.46	100.00	1643.80	100.00	1255.9	100

** Raw material consumption includes cost of finished goods for sale.

*** Administrative Expenses include Miscellaneous Expenses written off during the year.

Expenses as % of Total Income:

(Rs. in Lacs)

Particulars	31.03.2002		31.03.2003		31.03.2004		31.03.2005		31.03.2006		30.11.2006	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%
Raw-material Consumption**	758.60	62.90	685.85	56.53	1016.28	65.47	981.88	62.92	1071.31	62.40	983.72	65.66
Manufacturing Expenses (including Excise Duty)	184.34	15.28	184.77	15.23	195.02	12.56	191.55	12.27	184.89	10.77	135.67	9.06
Personnel Expenses	30.29	2.51	29.45	2.43	30.36	1.96	23.66	1.52	30.57	1.79	21.50	1.44
Administrative & Other Expenses***	32.18	2.67	55.58	4.58	57.68	3.72	40.57	2.59	54.51	3.17	34.94	2.33
Selling & Distribution Expenses	80.15	6.65	110.10	9.07	118.61	7.64	152.01	8.09	184.05	10.72	76.33	5.08
Interest & Financial Charges	70.45	5.84	64.90	5.35	77.94	5.02	80.56	5.16	72.77	4.24	43.26	2.89
Depreciation	28.93	2.40	26.09	2.15	44.71	2.88	39.94	2.56	39.03	2.27	28.29	1.89
Total Expenses	1184.94	98.25	1156.74	95.34	1540.59	99.25	1510.17	96.77	1637.14	95.35	1323.71	88.35
Less: Increase/Decrease in Stock	12.51	1.04	-23.46	-1.93	27.68	1.78	9.68	0.62	-6.66	-0.39	67.81	4.53
Add: Profit Before Tax	33.68	2.79	33.11	2.73	39.30	2.53	60.02	3.85	86.48	5.04	106.77	7.13
Total	1206.11	100.00	1213.31	100.00	1552.21	100.00	1560.48	100.00	1716.96	100.00	1498.29	100

** Raw material consumption includes cost of finished goods for sale.

***Administrative Expenses include Miscellaneous Expenses Written Off during the year.

The Profit before tax was Rs. 33.68 Lacs in FY: 2002, however our company posted a profit before tax of Rs. 86.48 Lacs in the FY: 2006 and Rs 106.7 lacs for the eight months period ended on 30th November 2006. This has been as a result of manufacturing and marketing of footwear by us under our own brand named as “Lehar”.

Raw Material

The percentage of Raw Material consumption to total expenses has decreased from 67.17% in FY: 2004 to 65.44% in FY: 2005. At the same time Raw Material consumption to total income decreased from 65.47% in FY: 2004 to 62.40% in FY: 2006.

There is a significant decrease in raw material consumption ratio to total expenses in the year 2003 as compared to FY 2002 because of decrease in raw material prices and effective use of plant capacity.

Manufacturing Expenses

Our manufacturing expenses form the second largest component of total expenses. The costs are mainly Power & Fuel, Job charges, Stores & Spares consumed, and repairs & maintenance of the plant and machineries.

(Rs in Lacs)

Particulars	31.03.2002		31.03.2003		31.02.2004		31.03.2005		31.03.2006		30.11.2006	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%
Power, Fuel & Water Charges**	86.84	47.11	93.07	50.37	96.54	49.50	100.77	52.49	99.52	53.83	72.47	53.42
Stores & Spares Consumed	6.31	3.42	6.34	3.43	9.92	5.09	8.49	4.43	8.02	4.34	5.94	4.38
Other mfg. Exp.	0.88	0.48	1.37	0.74	1.00	0.51	0.55	0.30	0.45	0.25	0.32	0.25
Repairs & Maintenance	13.60	7.38	14.86	8.04	14.62	7.50	6.95	3.63	11.95	6.46	9.17	6.76
Job work Charges	76.71	41.61	69.14	37.42	72.95	37.40	74.79	39.05	64.95	35.13	47.76	35.20
Total	184.34	100.00	184.78	100.00	195.02	100.00	191.55	100.00	111.30	100.00	135.66	100.00

**Power, Fuel & Water Charges includes expenditure for Power & Fuel, Coal & Gas. Water Consumption and Fire Wood expense.

The decrease in manufacturing expenses to sales is mainly due to proportionately higher increase in sales. The sales have increased from Rs. 1202.37 Lacs in FY: 2002 to Rs.1722.21 Lacs in FY: 2006 and sales for the eight months period ended on 30th November 2006 was Rs. 1353.58 Lacs.

There has been decrease in other components like job charges of manufacturing expenses. The Job Charges have decreased from 41.61% in FY: 2002 to 35.13% in FY: 2006 and 35.20% in the eight months period ended on 30th November 2006. The power, fuel and water charges have increased from 47.11% in FY: 2002 to 53.83% in FY: 2006. 53.42% in the eight months period ended on 30th November 2006. The power cost has increased due to the fluctuating prices of the crude oil in the global markets and establishment of EVA Injection moulding machine by our company wherein the consumption of power is higher.

The stores & spares cost has increased from 3.42% of total manufacturing expenses in FY: 2002 to 4.34% of total manufacturing expenses in FY: 2006. 4.38% in the eight months period ended on 30th November 2006.

Manufacturing expenses as a percentage of total expenses have decreased from 15.72% in FY: 2002 to 11.25% in FY: 2006 10.25% in the eight months period ended on 30th November 2006. due to the reasons stated above. With increase in our capacities and high capacity utilization, we expect manufacturing expenses to decrease further with course of time. This is due to the fact that, once production reaches a certain minimum level, the power and labour requirements necessary to produce additional output do not increase proportionately with increases in output. Therefore, the cost per pair of output declines as capacity increases.

The use of wider and faster high capacity production lines has enabled us to decrease the per rupee cost of output. Removing bottlenecks in the production process and installing balancing equipment have led to further production efficiencies.

Personnel Expenses

Our personnel expenses consist of salaries, wages and bonus, contribution to employee benefit schemes, employee welfare charges and staff recruitment and training. The expenses decreased from 2.58% of total expenses in FY: 2002 to 1.86% of total expenses in FY: 2006. 1.62% in the eight months period ended on 30th November 2006. Also, it decreased from 2.51% of total income in FY: 2002 to 1.78% of total income in FY: 2006. 1.50% in the eight months period ended on 30th November 2006. The company has been growing in size by increase in production capacity through installation of new machines. However at the same time it has been continuously upgrading itself with the modern day most sophisticated machines, which are more mechanized and less labour intensive. This has resulted in a decrease in the no. of employees and in turn in the personnel expenses of the company. Also due to regular training of permanent employees their efficiency has increased and therefore the cost as a part of total expenditure has decreased.

With growth in the sales, volume and capacity, the top management of the company has employed more professionally experienced and qualified managers to look after day to day operational activities, marketing, plant operations and sales & distribution, however at the same time there has been a decrease in the lower level management and supervisory staff and therefore the increase in the managerial staff is not reflected in the % composition of total expenses. The management's prudent policy in this aspect will help our company to manage the increase in sales and volume more efficiently.

Administration and Others Expenses

Our administration expenses include all the expenses related to the office, printing & stationary, rent, rates & taxes and other expenses. The % of costs increased from 2.74% of total expenses in FY: 2002 to 3.32% of total expenses in FY: 2006. 2.63% in the eight months period ended on 30th November 2006. Also, it increased from 2.67% of total income in FY: 2002 to 3.17% of total income in FY: 2006. 2.43% in the eight months period ended on 30th November 2006.

Selling and Distribution Expenses

Our selling expenses include the advertisement, discount, exhibition expenses & sales promotion expenses and Sales commission. The expenses increased from 6.84% of total expenses in FY: 2002 to 11.20% of total expenses in FY: 2006 5.77% in the eight months period ended on 30th November 2006. It has increased from 6.65% of total income in FY: 2002 to 10.72% of total income in FY: 2006. 5.34% in the eight months period ended on 30th November 2006. There has been an increase in Sales commission, Sales Tax Composition fees due to increase in sales.

Interest & Financial Charges

Our interest and finance charges represent expenses incurred in respect of our short-term and long-term loans and other finance charges in respect of letters of credit and other banking transactions. There was decrease in the interest & financial charges to total income from 5.84% in FY: 2002 to 5.16% in FY: 2005 which further decreased to 4.24% for the year ended 31st March 2006. 3.03% in the eight months period ended on 30th November 2006. It is due to the reduction in interest rates on term loans and working capital limits from banks and financial institutions.

Depreciation

We depreciate our tangible assets on Straight Line Method & pro-rata basis at the rates specified in Schedule-XIV of the companies Act, 1956. Also the assets acquired for less than Rs. 5000/- are completely written off in the year of purchase. Our depreciation expense when expressed as a percentage of total expenses for FY: 2002 and FY: 2005 were 2.48% and 2.66% respectively and it is 2.37% for the year ended 31st March 2006. 2.14% in the eight months period ended on 30th November 2006. Also the depreciation to total income is 2.40% in FY: 2002 decreased to 2.27% in FY: 2006. Our recent and continuing capital expenditure on new production facilities being created have been proportionately depreciated during FY: 2006 on pro-rata basis for the period of usage.

Earning before Interest, Depreciation and Tax (EBIDTA)

The EBIDTA of our company increased from Rs. 133.06. Lacs in FY: 2002 to Rs. 180.52 Lacs in FY: 2005. The increase is due to better realization from sales, higher sales volumes due to capacity increase and control over operational costs. However the Profit before Tax (PBT) has increased by 26.34 Lacs from PBT of Rs. 33.68 Lacs in FY: 2002 to Rs. 60.02 Lacs in FY: 2005 and PBT for the Year ended 31st March 2006 is Rs. 86.48 Lacs and Rs. 106.77 Lacs in the eight months period ended on 30th November 2006, due to increase in the production capacity of the company and marketing of footwear under its brand name.

COMPARISON OF PERFORMANCE FOR FINANCIAL YEAR 2006 WITH FINANCIAL YEAR 2005

Total Turnover

During the year ended 31st March 2006, total turnover of our company was Rs 1725.77. Lacs, as compared to Rs. 1559.52 Lacs in the previous year ended on 31st March 2005, thus posting the growth of 166.25 and in terms of percentage growth of 10.66%.

Expenditure

During the Year ended 31st March 2006 our company has incurred expenditure of Rs.1525.07 Lacs. And the same for the year 2005 was Rs. 1389.68 with an increase of 135.39 lacs.

Profit before Tax

During the year 31st March 2006, our company has earned a profit before tax of Rs. 86.48. Lacs as compared to Rs. 60.02 Lacs for the FY 2004-05 thus posting an annual growth of Rs 26.46 Lacs. In terms of percentage, more than 44.09 %, achieving a great height.

COMPARISON OF PERFORMANCE OF FINANCIAL YEAR 2005 WITH FINANCIAL YEAR 2004

Total Turnover

Total turnover of our Company has registered an increase of 0.54% i.e. Rs. 8.33 Lacs from Rs. 1551.19 Lacs in FY 2004 to Rs. 1559.52 Lacs in FY: 2005. Sales of chappals grew by 18.68% i.e. Rs. 223.50 Lacs from Rs. 1196.19 Lacs to Rs. 1419.69 Lacs during the same period.

Raw Material Cost

Our raw material cost decreased from Rs. 1016.28 Lacs in FY 2004 to Rs. 981.88 Lacs in FY 2005 recording decrease of 3.38% i.e. Rs. 34.40 Lacs. The decrease in raw material cost is due to effective use, storage of raw materials and change in production mix.

Manufacturing Cost

The manufacturing cost decreased from Rs. 195.02 Lacs in FY 2004 to Rs. 191.55 Lacs in FY 2005 recording a decrease of 1.78% i.e. Rs. 3.47 Lacs. The decrease was mainly due to reduction in stores consumed cost and effective maintenance of plant.

Employee Cost

Employee cost decreased marginally from Rs. 30.36 Lacs in FY: 2004 to Rs.23.66 Lacs in FY 2005 recording a decrease of 22.07% i.e. Rs.6.70 Lacs due to installation of most modern highly mechanized machines and corresponding decrease in manpower.

Administrative and Selling expenses

These expenses increased from Rs.176.29 Lacs in FY 2004 to Rs.192.55 Lacs in FY 2005 registering an increase of 9.24% i.e. Rs. 16.29 Lacs, due to expansion of capacities and increase in sales.

Interest & Financial Charges

These expenses have increased by 3.36% i.e. 2.62 Lacs from Rs. 77.94 Lacs in FY: 2004 to Rs. 80.56 Lacs to FY: 2005. Increase is due to increase in working capital limits.

Depreciation

Depreciation cost decreased from Rs. 44.71 Lacs in FY: 2004 to Rs. 39.94 Lacs in FY: 2005 registering decrease of 10.67% i.e. 4.77 Lacs mainly due to deletion in the fixed assets. However increase is not corresponding to increase in block of assets as assets of the company were revalued during the year on which no depreciation was claimed during the year 2004-05.

Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA)

Our EBIDTA increased in FY: 2005 to Rs. 180.52 Lacs, which was a growth of 11.47%, i.e. Rs. 18.57 Lacs when compared to the operating profit of Rs. 161.95 Lacs in FY: 2004. This was primarily due to increase in revenues and various cost control measures.

Income Tax

During the FY: 05, the provision for Current & Deferred tax has been made Rs. 13.05 Lacs as compared to the FY: 04 of Rs. 12.88.

Profit/ (Loss) after tax

Profit after tax increased by 77.85% i.e. Rs. 20.56 Lacs from Rs. 26.41 Lacs in FY: 2004 to Rs. 46.97 Lacs in FY: 2005, mainly on account of effective use of raw materials, storage and cost control.

COMPARISON OF PERFORMANCE OF FINANCIAL YEAR 2004 WITH FINANCIAL YEAR 2003

Total Turnover

Total Turnover of our company registered a growth of 27.99% i.e. Rs. 339.21 Lacs from Rs. 1211.98 Lacs in FY: 2003 to Rs. 1551.19 Lacs in FY: 2004. During the year 2004, we have also started selling EVA Footwear under brand name "Lehar". It has resulted in substantial rise in income.

Raw-material Cost

Our raw material cost increased from Rs. 685.85 Lacs in FY 2003 to Rs. 1016.28 Lacs in FY 2004 recording increase of 48.18% i.e. Rs. 330.43 Lacs. The increase in raw material cost is due to increase in total turnover of the Company.

Manufacturing Cost

Our manufacturing cost has increased from Rs. 184.77 Lacs in FY: 2003 to Rs. 195.02 Lacs in FY: 2004 recording an increase of 5.55% i.e. Rs. 10.25 Lacs. There was higher increase in cost mainly due to increase total turnover of the Company.

Employee cost

Our employee cost marginally increased from Rs. 29.45 in FY: 2003 to Rs. 30.36 Lacs in FY 2004 recording an increase of 3.09% i.e. Rs. 0.91 Lacs, which is quiet normal.

Administrative and Selling expenses

These expenses increased from Rs. 165.68 Lacs in FY: 2003 to Rs. 176.29 Lacs in FY: 2004 registering an increase of 6.40% i.e. Rs. 10.61 Lacs which is on account of increase in sales.

Interest & Financial charges

Our interest and financial charges increased from Rs. 64.90 Lacs in FY: 2003 to Rs. 77.94 Lacs in FY: 2004 recording an increase of 20.09% i.e. Rs. 13.04 Lacs. This was mainly on account of increase in working capital limits and availment of term loans for EVA machine.

Depreciation

Our depreciation cost had increased significantly from Rs. 26.09 Lacs in FY: 2003 to Rs. 44.71 Lacs in FY 2004 recording a increase of 71.37% i.e. Rs. 18.62 Lacs. This was on account of fresh depreciation on imported EVA injection moulding machine.

Earnings before Interest, Depreciation, Tax (EBIDTA)

Our EBIDTA for the FY: 2004 was Rs. 161.95 Lacs, which was increased to 30.50%, i.e. Rs. 37.85 Lacs as compared to Rs. 124.10 Lacs in FY: 2003. The increase is mainly on account of increase in sales of EVA footwear.

Profit/(Loss) after Tax

Our profit after tax increased by 15.63% i.e. Rs. 3.57 Lacs from Rs. 22.84 Lacs in FY: 2003 to Rs. 26.41 Lacs in FY: 2004. The increase in profit after tax was low as compared to EBIDTA increase due to increased taxation.

COMPARISON OF PERFORMANCE OF FY 2003 WITH FINANCIAL YEAR 2002

Total Turnover

The Total Turnover of our company registered an increase of 0.80% i.e. Rs. 9.61 Lacs from Rs. 1202.37 Lacs in FY: 2002 to Rs. 1211.98 Lacs in FY: 2003.

Raw-material Cost

Our raw material cost decreased from Rs. 758.60 Lacs in FY 2002 to Rs. 685.85 Lacs in FY 2003 recording decrease of 9.59% i.e. Rs. 72.75 Lacs. The decrease in raw material cost is due to effective use storage of raw material and price fluctuation.

Manufacturing Cost

Our manufacturing cost increased marginally from Rs. 184.34 Lacs in FY: 2002 to Rs. 184.77 Lacs in FY: 2003 recording an increase of 0.23% i.e. Rs. 0.43 Lacs.

Employee cost

Our employee cost decreased marginally from Rs. 30.29 Lacs in FY: 2002 to Rs. 29.45 Lacs in FY: 2003 recording decrease of 2.77% i.e. Rs. 0.84 Lacs.

Administrative and Selling expenses

Our administration and selling expenses increased from Rs. 112.33 Lacs in FY: 2002 to Rs. 165.68 Lacs in FY: 2003 representing an increase of 47.49% i.e. Rs. 53.35 Lacs. This significant increase was mainly due to increased discounts to customers and other administrative expenses.

Interest & Financial expenses

Our interest & financial expenses decreased by 5.55% i.e. Rs. 7.88 Lacs from Rs.70.45 Lacs in FY: 2002 to Rs. 64.90 in FY: 2003 mainly on account of reduction in interest rates.

Depreciation

Our depreciation cost decreased from Rs. 28.93 Lacs in FY: 2002 to Rs. 26.09 Lacs in FY: 2003, decrease of 9.82% i.e. Rs. 2.84 Lacs.

EBIDTA

Our EBIDTA for the FY 2003 was Rs. 124.10 Lacs, which was decreased by 6.73% i.e. Rs. 8.96 Lacs as compared to Rs. 133.06 Lacs in FY 2002. The increase is mainly on account of cost saving and control measures.

Profit/ (Loss) after Tax

Profit after tax decreased by 18.95% i.e. Rs. 5.34 Lacs from Rs. 28.18 Lacs in FY: 2002 to Rs. 22.84 Lacs in FY: 2003, mainly on account of introduction of deferred tax liability.

REVIEW OF FINANCIAL POSITION

Fixed Assets

Fixed assets comprises mainly of land and buildings, plant and machinery, furniture and fixtures, office equipment, computers, vehicles and capital work in progress (in respect of the factory premises of our new production lines)

Particulars	31.03.2002	31.03.2003	31.03.2004	31.03.2005	31.03.2006	30.11.2006
Fixed Assets						
Gross Block	394.36	555.68	564.99	933.80	967.88	1055.07
Less: Depreciation	162.85	187.14	231.36	266.56	307.97	338.07
Net Block	231.51	368.54	333.63	667.23	659.91	717.00
Capital Work in Progress	0.00	0.00	0.00	0.00	160.68	164.51
Total	231.51	368.54	333.63	667.23	820.59	881.51

Our company is making regular investment in fixed assets for modernization of plant. During the year 2006 Company made investment of Rs 36.34 Lacs in dyes and moulds, vehicles and plant & machinery, furniture and Fixture and office Equipment. Our Gross asset base increased from Rs. 394.36 Lacs in FY: 2002 to Rs.967.88 Lacs in FY: 2006 and to Rs. 1055.07 Lacs as at the eight months period ended on 30th November 2006 and Capital work in progress is Rs. 164.51 Lacs.

Investments

The company is having negligible investments. However during the year ended on 31st March 2006 the Company has acquired 240000 Shares of its associate Company namely M/s. Lawreshwar Footcare Pvt. Ltd. for Rs. 31.20 Lacs. The Investment of the company increased by Rs. 1.95 Lacs for the eight months period ended on 30th November 2006 as the Company has acquired 15000 Equity shares in Lawreshwar Footcare Pvt. Ltd.

Current Assets

Current assets consist of inventories, trade and other debtors, cash and bank balances, loans and advances and other receivables. Current assets have generally increased in line with the growth of our business activities.

Over all current assets for the eight months period ended on 30th November 2006 are 1473.36 Lacs comprising of inventory Rs. 422.99 Lacs, sundry debtors Rs. 785.82 Lacs, Cash and bank balance of Rs. 26.66 Lacs and Loans & advances of Rs. 237.87 Lacs.

Overall current assets for the year ended 31st March 2006 are Rs. 1203.58 Lacs comprising of inventory of Rs. 331.03 Lacs, Sundry Debtors of Rs. 612.05 Lacs, Cash and Bank balance of Rs. 31.19 Lacs and Loans and Advances of Rs. 229.30 Lacs.

Current assets increased by Rs. 153.45 Lacs, or 23.95%, from Rs. 640.61 Lacs as at March 31, 2003 to Rs. 794.06 Lacs as at March 31, 2004 due to increases in inventories of Rs. 23.76 Lacs, Sundry Debtors of Rs. 116.09 Lacs and Loans and advances of Rs. 14.98 Lacs. However the Cash and Bank balances decreased to Rs. 1.38 Lacs.

Inventories are 36.97% of total current assets as at March 31, 2004. The increase in inventories from Rs. 269.80 Lacs as at March 31, 2003 to Rs. 293.56 Lacs as at March 31, 2004 was on account of production of EVA footwear a new product and baby sales.

Debtors accounted for 58.70% of total current assets as at March 31, 2004. Debtors increased from Rs. 350.00 Lacs as at March 31, 2003 to Rs. 466.09 Lacs as at March 31, 2004. The increase is due to corresponding increase in turnover of the Company.

Cash and bank balances accounted for 0.65% of total current assets as at March 31, 2004. Cash and bank balances decreased from Rs. 6.55 Lacs as at March 31, 2003 to Rs. 5.17 Lacs as at March 31, 2004.

Loans and advances accounted for 3.68% of total current assets as at March 31, 2004. Loans and advances increased from Rs. 14.27 Lacs as at March 31, 2003 to Rs. 29.24 Lacs as at March 31, 2004 due to increase in advances to suppliers and other prepayments associated with increased sales.

Current assets increased by Rs. 147.74 Lacs, or 18.61%, from Rs. 794.06 Lacs as at March 31, 2004 to Rs. 941.80 Lacs as at March 31, 2005 due to increases in inventories of Rs. 8.54 Lacs, sundry debtors of Rs. 80.51 Lacs, loans and advances of Rs. 43.43 Lacs and cash and bank balances of Rs. 15.26 Lacs.

Inventories made up 32.08% of total current assets as at March 31, 2005. The increase in inventories from Rs. 293.56 Lacs as at March 31, 2004 to Rs. 302.10 Lacs as at March 31, 2005 was a nominal increase.

Debtors accounted for 58.04% of total current assets as at March 31, 2005. Debtors increased from Rs. 466.09 Lacs as at March 31, 2004 to Rs. 546.60 Lacs as at March 31, 2005 due to increase in sales.

Cash and bank balances accounted for 2.17% of total current assets as at March 31, 2005. Cash and bank balances increased from Rs. 5.17 Lacs as at March 31, 2004 to Rs. 20.43 Lacs as at March 31, 2005.

Loans and advances accounted for 7.72% of total current assets as at March 31, 2005. Loans and advances increased substantially from Rs. 29.24 Lacs as at March 31, 2004 to Rs. 72.67 Lacs as at March 31, 2005 due to an increase in deposits and advances to suppliers and other prepayments associated with increased sales.

Current assets increased by Rs. 262.27 Lacs, or 28.00%, from Rs. 941.80 Lacs as at March 31, 2005 to Rs. 1203.58 Lacs as at March 31, 2006 due to increases in inventories of Rs. 28.93 Lacs, sundry debtors of Rs. 65.45 Lacs, loans and advances of Rs. 156.63 Lacs and cash and bank balances of Rs. 105.14 Lacs.

Inventories made up 27.50% of total current assets as at March 31, 2006. The increase in inventories from Rs. 302.10 Lacs as at March 31, 2005 to Rs. 331.03 Lacs as at March 31, 2006 was a nominal increase.

Debtors accounted for 50.85% of total current assets as at March 31, 2006. Debtors increased from Rs. 546.60 Lacs as at March 31, 2005 to Rs. 612.05 Lacs as at March 31, 2006 due to increase in sales.

Cash and bank balances accounted for 2.59% of total current assets as at March 31, 2006. Cash and bank balances increased from Rs. 20.43 Lacs as at March 31, 2005 to Rs.31.19 Lacs as at March 31, 2006.

Loans and advances accounted for 19.05% of total current assets as at March 31, 2006. Loans and advances increased substantially from Rs. 72.67 Lacs as at March 31, 2005 to Rs. 229.30 Lacs as at March 31, 2006 due to an increase in deposits and advances to suppliers and other prepayments associated with increased sales.

Current Liabilities and Provisions

Current liabilities comprise accounts payable, advance from customers, statutory liabilities and tax payable.

Current Liabilities and Provisions as at the end of the eight months period ended on 30th November 2006 are Rs. 492.19 Lacs and Rs. 39.90 Lacs respectively. Current Liabilities and Provisions increased by Rs. 28.16 Lacs, or 11.88%, from Rs. 237.16 Lacs as at March 31, 2005 to Rs.265.32 Lacs as at March 31, 2006 due to increase in sundry creditors and other liabilities and provision for tax.

Current Liabilities for the year ended 31st March 2006 are Rs. 265.327 Lacs. Current Liabilities and Provisions increased by Rs. 28.16 Lacs, or 11.88%, from Rs. 237.16 Lacs as at March 31, 2005 to Rs.265.32 Lacs as at March 31, 2006 due to increase in sundry creditors and other liabilities and provision for tax.

Current liabilities and provisions increased by Rs. 15.17 Lacs, or 8.02%, from Rs. 147.05 Lacs as at March 31, 2003 to Rs. 155.34 Lacs as at March 31, 2004 due to increase in sundry creditors and other liabilities and provision for tax.

Non-Current Liabilities

Non-current liabilities consist of long-term secured loans, long-term unsecured loans and deferred tax liabilities. Non-current liabilities comprising of term loans decreased by Rs. 13.89 Lacs, where as deferred tax increased by Rs. 1.78 Lacs in the eight months period ended on 30.11.2006.

Non-current liabilities comprising of term loans decreased by Rs. 23.49 Lacs for the year ended 31st March, 2006 in comparison to FY 2005, the same decreased by Rs. 110.14 Lacs from Rs. 666.10 Lacs as at March 31, 2005 to Rs. 555.96 Lacs as at March 31, 2006, deferred tax liabilities decrease by Rs. 1.02 Lacs and unsecured loans during the same period decreased by Rs. 171.66 Lacs. There was an overall decrease of Rs. 110.14 Lacs in the non-current liabilities during the FY ended March 31, 2006.

Non-current liabilities increased by Rs. 83.80 Lacs, or 14.07%, from Rs. 595.45 Lacs as at March 31, 2003 to Rs. 679.25 Lacs as at March 31, 2004.

Net Worth

Net worth as on 30th November 2006 is Rs. 796.08 Lacs. Net Worth as on 31st March 2006 is Rs. 752.67 Lacs. Net worth increased by Rs. 372.73 Lacs, or 98.10%, from Rs. 379.94 Lacs as at March 31, 2005 to Rs. 752.67 Lacs as at March 31, 2006. The increase is mainly due to increase in Share Capital and the net profit earned during the year ended on 31st March 2006.

Net worth increased by Rs. 86.81 Lacs, or 29.61%, from Rs. 293.13 Lacs as at March 31, 2004 to Rs. 379.94 lacs as at March 31, 2005.

Net worth increased by Rs. 26.44 Lacs, or 9.91%, from Rs. 266.69 Lacs as at March 31, 2003 to Rs. 293.13 lacs as at March 31, 2004 mainly due to increase the net profit earned during the year ended on 31st March 2004.

Capital Expenditure and Capital Commitments

Our capital expenditures for the fiscal years ended March 31, 2002, 2003, 2004 and 2005 and for the eight months period ended on 30th November 2006 are as follows:

(Rs. In Lacs)

For the financial year ended 31st March

	2002	2003	2004	2005	2006	30.11.2006
Land	0.00	0.00	0.00	0.00	0.00	83.60
Buildings	0.00	0.00	0.00	1.85	0.00	0.00
Plant & Machinery	11.71	162.40	8.82	0.50	29.89	2.76
Misc Fixed Assets (*)	3.31	1.16	1.00	36.67	0.00	0.00
Others	4.27	-2.23	-0.51	3.91	4.18	0.83
Total	19.29	161.33	9.31	368.80	34.07	87.19

* Includes electrical and water installation

Note: Net Increase after giving effect of deduction

Liquidity & Capital Resources

(Rs. In Lacs)

Particulars	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06	30.11.2006
Cash at Open	8.75	4.88	6.55	5.17	20.43	31.19
Net Cash From Operating Activities	105.62	95.21	10.06	158.85	89.63	85.22
Net Cash used in Investing Activities	-21.72	-164.97	-10.41	-88.03	(382.55)	(108.98)
Net Cash from Financing Activities	-87.77	71.43	-1.03	-55.56	303.68	19.24
Cash at the year end	4.88	6.55	5.17	20.43	31.19	26.66

Net Cash from Operating Activities:

For eight months period ended on 30.11.2006 the net cash generated from operating activities is Rs.85.22 Lacs. For the year ended 31st March, 2006 the net cash from operating activities is Rs. 89.63 Lacs it is mainly on account of increase in the level of inventory by Rs. 28.93 Lacs, an increase in the level of debtors by Rs. 65.45 Lacs and increase in the level of Loans and advances Rs. 10.15 Lacs and increase of Rs. 8.51 Lacs in the level of trade payables.

For the FY 2005 the net cash from operating activities is Rs. 158.85 compared to Rs. 10.06 Lacs in the FY 2004. There has been an increase in the level of inventory of Rs. 8.54 Lacs, an increase of Rs. 80.51 Lacs in the level of debtors, an increase of Rs. 43.44 Lacs in the level of Loans and Advances and increase of Rs. 76.61 Lacs in the level of trade payables.

For the FY 2004 the cash from operating activities was Rs. 10.06 Lacs compared to Rs. 95.21 Lacs in the FY 2003. There has been an increase in the level of inventory of Rs. 23.77 Lacs, increase in the loan and advances of Rs. 14.97 Lacs increase in the level of sundry debtors of Rs. 116.09 Lacs and increase in the trade payables of Rs. 5.79 Lacs.

Net Cash used in Investing Activities:

For eight months period ended on 30.11.2006, the net cash deployed in Investing Activities is Rs. 108.98 Lacs. Net Cash deployed in the investing activities during the financial year ended 31st March, 2006 is Rs. 236.07 Lacs which is on account of the acquisition of fixed assets and acquisition of shares of associate Company. Net Cash deployed from the investing activities has increased by Rs. 38.29 Lacs for the FY 2005 in comparison to the FY 2004. We have invested net cash of Rs. 48.70 Lacs for the FY 2005 and Rs. 10.41 Lacs for the FY 2004. Our capital expenditures for the last five years from FY 2002 to FY 2006 was mainly on account of the expansion and diversification programme undertaken by the company for its existing EVA injected moulding machine for EVA Footwears.

Net Cash from Financing Activities:

For eight months period ended on 30.11.2006 the net cash generated from Financing Activities is Rs.19.24 Lacs. Net Cash generated from the financial activities during the financial year ended 31st March, 2006 is Rs. 303.68 Lacs which is on account of fresh Issue of Equity shares at a premium and increased in secured loan. Net Cash generated from the financial activities increases by Rs. 320.89 Lacs during the FY 2006 in comparison to FY 2005. Net Cash generated from the financial activities decreased by Rs. 54.53 Lacs during the FY 2005 in comparison to FY 2004. The net cash from financial activities was Rs. -55.56 Lacs in the FY 2005 and Rs. -1.03 Lacs for the FY 2004.

During the financial year 2005-06 the Company has also made repayment of unsecured loans of Rs. 171.66 Lacs. In order to meet its working capital requirements the company has gone for the enhancement of its working capital limits and availed credit facilities to the tune of Rs. Lacs 442.07 for the FY 2006 in comparison to Rs. 356.03 Lacs for the FY 2005.

The company has also raised funds during the FY 2006 by way of allotment of equity shares amounting to Rs. 204.56 Lacs at a share premium of Rs. 122.74 Lacs.

For the FY 2004 the net cash generated from the financial activities decreased by Rs. 72.46 Lacs. The net cash from financial activities was Rs. -1.03 Lacs for the FY 2004 in comparison to Rs. 71.43 Lacs for the FY 2003. We availed a term loan of Rs. 101.68 Lacs during the FY 2003 and also made repayment of term loan of Rs. 8.82 Lacs. In order to meet our working capital requirement we have also availed credit facilities from the banks to the tune of Rs. 332.27 for the FY 2004 in comparison to Rs. 290.78 Lacs for the FY 2003.

Indebtedness

Our Company as on 30th Noember 2006 is having the following borrowings:

(Rs. in Lacs)

Bank / FI	Nature of Loan	Sanctioned	O/S
UTI Bank Limited	Term Loan	64.32	41.77
UTI Bank Limited	Working Capital	475.00	484.10
Others	Vehicle Loan	19.25	3.02

For details of loans sanctioned, repayments and other key terms of our outstanding indebtedness etc., please refer to the section entitled “Auditors Report” on page No. 54 of this Prospectus.

Related Party Transactions

For details of related party transactions, please refer to the section entitled “Related Party Disclosures” on page No.61 of this Prospectus.

FINANCIAL MARKET RISKS

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to financial market risks from changes in interest rates, inflation & exchange fluctuation

Interest Rate Risk

Our interest rate risk results from changes in interest rates, which may affect our financial expenses. We bear interest rate risk with respect to the loans as on 30th November 2006 as the interest rate could vary in the near future. Though loans are currently linked to respective institutions PLR any rise in interest rates could have our lenders push higher rates of interest on the loans (as applicable to our company).

Effect of Inflation

We are affected by inflation as it may have an impact on the increment in cost of raw material, employee costs, fuel and power costs.

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

a. Unusual or infrequent events or transactions:

There have been no unusual or infrequent transactions that have taken place during the last three years, except trading of goods during the period ended 30.11.2006 amounting to Rs. 423.81 lacs which is non-recurring in nature.

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

Government’s focus on Footwear Industry will have major bearing on the companies involved in Footwear sector. Any major changes in policies of the Government would have the significant impact on the profitability of our Company.

Except the above, there are no significant economic changes that may materially affect or likely to affect income from continuing operations.

c. Known trends or uncertainties those have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations:

Apart from the risks as disclosed on page no. vi under heading “Risk Factors” in this Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

d. Future changes in relationship between costs and revenues, in case of events such as future increase in Labour or material costs or prices that will cause a material change are known:

We sold footwears in year 2004 with a turnover of Rs. 1538.02 Lacs, which has increased to Rs. 1547.84 Lacs in FY: 2005 entailing an increase of 0.64%. Our Raw Material consumption to total expenses has decreased from 66.53% in FY: 2001 to 65.442% in FY: 2005. Further, the cost of materials and operating expenses would decline due to substantial expansion of capacity under the proposed project. We also believe that manufacturing of EVA granule and consuming it in the production of EVA footwears would increase our profitability as proportionate raw material and labour cost to total income would decline.

e. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices:

The increase in turnover is mainly on account of expansion projects and corresponding increase in Production Capacity beside better realization per unit.

f. Total turnover of each major industry segment in which our Company operates:

Our Company is operating only in the two diversified segments namely Chappals and Shoes. The Shoes division has started operation from the FY 1996.

g. Status of any publicly announced new products or business segment:

Our Company has not announced any new segment.

h. The extent to which business is seasonal:

The business of our Company is not seasonal in nature.

i. Any significant dependence on a single or few suppliers or customers:

Our Company sources raw materials from a number of suppliers and is not under threat from excessive dependence on any single or few suppliers. Similarly, our Company has customers base spread all over the country hence there is no dependence on any single customer.

j. Competitive conditions

Our company faces competition from large and integrated players. However, after completing the proposed expansion, our company will be able to achieve economies of scale of operations.

V. LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

There are no out standing litigations, defaults etc pertaining to matter likely to effect operations and finances of the Company including Prosecution under any enactment in respect of schedule 13 (in roman) of the Companies Act, 1956 (1 of 1956)

No disciplinary action/investigation has been taken by SEBI/ Stock Exchanges against the Company, its directors, promoters and their own business ventures (irrespective of the fact whether or not they fall under the purview of Section 370 (1B) of the Companies Act, 1956.

Except as provided below there are no other outstanding litigations including statutory dues, commercial disputes, patent disputes, etc. No Criminal Proceedings have been launched against the Company or any of the Directors for any of the offences under the enactment specified in paragraph 1 of schedule 13 (XIII) of the Companies Act, 1956 (1 of 1956).

The Company has not defaulted in any economic dues, Bank dues, institutional dues and any dues to instrument holders of Debentures, fixed deposit holders.

Aggregate amount of Outstanding to small scale undertakings to whom the issuer company owes a sum exceeding Rs.1 lakh and outstanding for more than 30 days is Rs. 17.75 lacs.

CONTINGENT LIABILITIES NOT PROVIDED FOR BY THE COMPANY

Contingent Liability as on 30.11.2006

(Rs. in Lacs)

Particulars	Amount
Estimated amount of capital commitments	486.98
Claims against company not acknowledge as debts.	1.77

LITIGATIONS AGAINST THE COMPANY

Pertaining to Criminal Laws: Nil

Pertaining to Securities Laws: Nil

Pertaining to Statutory Laws: Nil

Tax Disputes

Sl.	Court/ Department	Under Section & relevant Act	Background	Current Status	Amount Involved (Rs. In Lacs)	Provision made in the Accounts
1.	Asstt. Commissioner of Income Tax	154 of the Income Tax Act, 1961	The company had received an intimation u/s 143(1) of the Income Tax Act, 1961 for the assessment year 2002-03 raising a demand of Rs.3,66,164/- due to non-consideration of MAT Credit of Rs. 296510/-. In response to the above maintained demand notice the Company filed an application for rectification of mistake on 04.02.05 and the same was disposed off by Asstt. Commissioner of Income Tax allowing the MAT credit of Rs.296510/- and reduced the demand.	The Company has made an application before the Asstt. Commissioner of Income Tax on 16.12.05 to waive off the remaining demand which was created due to error in calculation of interest under section 234B & 234C of the Income Tax Act, 1961	1.68	No

The Company has deposited the disputes tax Liability on 31st July 2006 under protest.

Pertaining to Civil laws: Nil

CASES FILED BY THE COMPANY

Sl.	Date of Filing of case	Court Name (Case filed)	Party Name & Address (Against case filed by Company)	Case No.	Under Section & Act	Amount to be released from Party	Present Situation
1	08.10.2004	ACJM (SD) (LD) No. 9, Jaipur City Bani Park, Jaipur	M/s Ashok Shoe Co & others. Near Ganesh theatre, Main Road, Gandhi Nagar Kohlapur (Maharashtra)	1 5 4 3 / 2004	Under Sec. 138 of Negotiable Instruments Act 1881	501733/- (Ch. No. 101164 dt. 13.07.04 has dishonored)	The next date for the hearing is fixed on 20.03.07 for our evidence on the next date for fixed for cross examination of our witness.
2	08.10.05	ACJM (LD) No. 12, Jaipur City	Bansal Enterprises & others, 16/9 Bansal Bldg. Ghatia Azam Khan, Agra (UP)	889/2004	Under Sec. 138 of Negotiable Instruments Act 1881	110311/- (Ch. No. 871103 dt. 12.07.04 has dishonored)	The next date fixed on 11.01.07 for Service the B/W to Mr. Vishal Bansal Prop. Of M/s Bansal Enterprises

Pending litigations / cases if any filed against the Directors/Promoters of the company in the past: NIL

MATERIAL DEVELOPMENT

The Board of Directors declare that in their opinion, there has not arisen any circumstances since the date of last financial statement, as disclosed in the Prospectus that materially and adversely affects or is likely to affect the trading or profitability of the company, or value of its assets, or its ability to pay its liabilities within the next 12 months.

ADVERSE EVENTS

There are no adverse events affecting the operations of the Company occurring within one year prior to the date of filing of the Prospectus with the Registrar of Companies.

GOVERNMENT APPROVALS/LICENSING AGREEMENT

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. 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.

The Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by the company, except those approvals that may be required to be taken from any government or any other authority in the normal course of business from time to time to continue the activities, and those mentioned under the heading Risks Envisaged.

It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the company can undertake this Issue and its current and proposed business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

Sl. No.	Issuing Authority	License/ Registration No.	Nature of License/ Registration	Valid Upto
1	Registrar of Companies, Jaipur	17-08196 dated 31/03/94	Certificate of Incorporation	No limit on validation period
2	Registrar of Companies, Jaipur	17-08196 dated 27/05/96	Fresh Certificate of Incorporation consequent to change of name.	No limit on validation period
3	Chief Inspector of Factory	21505 dated 02/08/05	Registration & License to work a Factory	No limit on validation period
4	Rajasthan Pollution control Board	RPCB/RO(JP-N)/JP-VKIA -030/799 dated 16/06/06	Consent to operate under the provisions of Air act, 1981 & Water Act, 1974.	31.03.2007
5	National Securities Depository Limited	JPRL01422B dated 19/05/04	Tax Deduction Account Number	No limit on validation period
6	Commissioner of Income Tax, Jaipur	AAACL2987J dated 31/03/94	Permanent Account Number	No limit on validation period
7	Office of Joint Director General of Foreign Trade	1396009655 dated 19/02/97	Certificate of Import- Export Code	No limit on validation period
8	Ministry of Commerce & Industry	5303/SIA/IMO/2005	SIA Approval for Manufacturing of P.U. Sole Footwear	-
9	Ministry of Commerce & Industry	5307/SIA/IMO/2005	SIA Approval for Manufacturing of EVA Injected Footwear.	-
10	Assistant Commissioner of Central Excise Division-I	AAACL2987JST001	Service Tax Registration Number	No limit on validation period
11	International Certifications Limited	I8080.04	Registration complying with ISO 14001:1996	-
12	International Certifications Limited	I8093.04	Registration complying with ISO 9001:2000	-
13	Regional Provident Fund Commissioner	Enf.III/Cov. /RJ/8404/223 dated 6th April 1998.	Extension of EPF & M.F Act 1952.	No limit on validation period
14	Employees State Insurance Corporation	Code No. 13546/24 dated 05/06/1995	Registration under ESI Act.	No limit on validation period

15	Central Sales Tax, Jaipur (Rajasthan)	CST/1424/00302 dated 08.08.1996 RST No. 1424/00302 dated 08.08.1996	Certificate of Registration RST Registration Certificate	No limit on validation period
16	Registrar of Trade Mark	NO. 1348814	Certificate of Registration	No limit on validation period
17	Rajasthan State Pollution Control Board	RPCB/ROJP (N)/JP-VKIA -030/1696	Consent to establish under the provisions of Air act, 1981 & Water Act, 1974.	19.09.2007

The Following Approvals which are still pending are as follows:

Sl.	Authority	Status	Nature of License/Registration	Date Of Application
1	Dy. Chief Inspector of Factories and Boilers	Applied For	Licence of Unit No.2 for two years 2005-06 & 2006-07	19.11.2005
2	Regional officer, Rajasthan State Pollution Control Board	Applied For	Consent to establish PU Footwear	18.11.2005

VI. OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE PRESENT ISSUE

Present Issue of Equity Shares has been authorized by shareholders vide a Special Resolution passed at the Extraordinary general meeting of the Company held on 15/10/ 2005. The Board of Directors of the Company had approved the present Issue of Equity Shares vide a resolution passed at their meeting held on 19/09/05.

PROHIBITION BY SEBI

The company, its directors/promoters and persons in control, its subsidiaries, its associates, its directors, its promoters, other companies/entities promoted by the promoters of Lawreshwar Polymers Limited, and companies/entities with which the Company's directors are associated as directors have not been prohibited from assessing/operating in the capital markets or restrained from buying /selling/dealing in securities under any order or discretion passed by SEBI.

ELIGIBILITY FOR THE ISSUE

According to Clause 2.2.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof, an unlisted company shall make a public issue of any equity share or any security convertible into equity shares at a later date subject to the following: -

The company has net tangible assets worth of above Rs 3 crore in each of the preceding 3 full years (each of 12 months), of which not more than 50% is held in monetary assets;

It has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least (3) out of immediately preceding five (5) years;

It has a pre- issue net worth of not less than Rs. 1 crore in each of the preceding three (3) full years (of 12 months 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+ promoter's contribution through the offer document) does not exceed five (5) times its pre-issue net worth as per the last available audited accounts.

(Rs. in lacs)

Particulars	Year ended				
	30th November 2006	31st March 2006	31st March 2005	31st March 2004	31st March 2003
Distributable Profits	68.50	54.71	46.97	26.41	22.84
Net Tangible Assets	1574.48	1466.90	1,046.03	972.38	862.14
Net Worth	796.08	752.66	379.94	293.13	266.69
Monetary Assets	26.66	31.19	20.43	5.17	6.55
Monetary Assets as a % of Net Tangible Assets	1.69%	2.13%	1.95%	0.53%	0.76%

* Net tangible assets is defined as the sum of fixed assets (including capital work in progress and capital advances, pre operative expenses pending allocation and excluding revaluation reserve), Investments, current assets (excluding deferred tax assets) less current Liabilities)

* Monetary Assets include Cash on Hand and Bank

Based on the above data, the Lead Manager has certified that the Company is fulfilling the criteria of eligibility norms for public issue by unlisted company as specified in the Guideline 2.2.1 of SEBI (DIP) Guidelines, 2000.

DISCLAIMER

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. LEAD MANAGER, ASHIKA CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES 2000, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER ASHIKA CAPITAL LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 27 2006 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992, WHICH READS AS FOLLOWS:

“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;

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 OFFER DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;

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 THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED AT THE TIME OF FILING OF THE PROSPECTUS WITH THE RoC IN TERMS OF SECTION 60 OF THE COMPANIES ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLETED AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE RoC IN TERMS OF SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF OFFER DOCUMENT 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 MANAGER (S) ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.”

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorised under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. This Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform him or her self 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 Jaipur 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 observations and SEBI has given its observations and the Prospectus has been filed with RoC as per the provisions of the Companies 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 our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGE:

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED (BSE) (DESIGNATED STOCK EXCHANGE)

Bombay Stock Exchange Ltd. (“the Exchange”) has given vide its letter dated 06.06.2006 permission to the Company to use the Exchange’s name in its offer document as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this company.

The Exchange does not in any manner:

- a. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document or
- b. Warrant that this company’s securities will be listed or will continue to be listed on the Exchange; or
- c. Take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company; and it should not, for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to an independent inquiry, or any investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

CAUTION

The company and the Lead Manager accepts no responsibility for statements made otherwise than in the Prospectus or in the advertisement or any other material issued by or at the instance of the company and that anyone placing reliance on any other source of information would be doing so at his own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager and Lawreshwar Polymers Limited.

All information shall be made available by Lawreshwar Polymers Limited, the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at collection centers or elsewhere.

FILING OF PROSPECTUS WITH THE BOARD AND THE REGISTRAR OF COMPANIES

A copy of the Prospectus, along with the documents required has been filed with SEBI (Office) Northern Regional Office, 5th Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi-110 001.

A copy of the Prospectus, along with the material contracts and documents required to be filed under Section 60 of the Companies Act would be delivered for registration to the Registrar of Companies, 132, Vijay Nagar, Kartarpura, Near Railway Crossing, Jaipur-302 006.

LISTING

Initial listing applications have been made by the company to Bombay Stock Exchange Limited, Mumbai (Designated Stock Exchange) for permission to list the equity shares and for an official quotation of the equity shares of the Company.

In case the permission to deal in and for official quotation of the equity shares is not granted by above mentioned Stock Exchanges, the company shall forthwith repay without interest, all monies received from applicants in pursuance of the Prospectus and if such money is not paid within eight days from which the company is liable to repay it, the company shall repay as prescribed under section 73(2) of the Companies act 1956.

The company with the assistance of the lead manager shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the stock exchange mentioned above are taken within seven working days of finalization of the basis of allotment for the Issue.

IMPERSONATION

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

“Any person who-

Makes in a fictitious name an application to a company for acquiring, or subscribing of any Equity Shares therein, or Otherwise induces a company to allot, or register any transfer of Equity 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.”

CONSENTS

The written consents of Directors, Company Secretary, Lead Manager to the Issue, Legal Advisor to the Issue, Registrar to the Issue, Auditors, Tax Auditors, Bankers to the Company and Bankers to the Issue to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the Registrar of Companies, Rajasthan, Jaipur as required under Section 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

EXPERT OPINION

The Company has not obtained any expert opinions related to the present Issue, except the opinion of the Tax Auditors, A.Bafna & Company, Chartered Accountants on the tax benefits available to the investors.

EXPENSES OF THE ISSUE

Public Issue expenses are estimated as follows:

(Rs. in laacs)

Sl. No.	Particulars	Amount
1	Fees of Lead Manager, Registrar, Legal Advisor, Auditors, Tax Auditors, etc.	25.00
2	Printing & Stationery, Distribution, Postage, etc.	15.00
3	Advertisement & Marketing Expenses	30.00
4	Brokerage	15.00
5	Preoperative Expenses	6.50
6	Miscellaneous Expenses	29.70
	Total	121.20

Fees Payable to Lead Manager to the Issue

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager, copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Registrar, copy of which is available for inspection at the Registered Office of the Company. The Registrar will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) / letter(s) of allotment / share certificate(s) by registered post.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

Since the company does not propose to underwrite the issue there is no underwriting commission being payable. Brokerage will be paid @ 1.5% on the value of the equity shares on the basis of allotment made against application bearing the stamp of a member of any recognized exchange in India in the brokers' columns. Brokerage at the same rate shall also be payable to the bankers to the issue in respect of allotment made against applications bearing their respective stamps in the brokers columns.

In case of tampering or over stamping of broker/agents codes on the application form, Issuers decision to pay brokerage in respect will be final and no further correspondence will be entertained in the matter.

PREVIOUS PUBLIC OR RIGHTS ISSUES (DURING THE LAST FIVE YEARS)

Lawreshwar Polymers Ltd has not made any Public or Rights Issue since its Incorporation.

Commission and brokerage on previous issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the equity shares since its inception.

Promise v/s Performance

The company has not made any issue of equity shares to the public prior to the present Public Issue.

PREVIOUS ISSUES OF SHARES OTHERWISE THAN FOR CASH

Except as stated in the Prospectus under “Capital Structure”, the company has not issued any Equity Shares for consideration otherwise than for cash.

Outstanding Debenture or Bond Issues

The Company does not have any outstanding debentures or bonds.

Outstanding Preference Shares

The Company does not have any outstanding preference shares.

Stock Market Data for Shares of the Company

The equity shares of the company are not listed on any stock exchange.

Investors Grievances Mechanism:

Lawreshwar Polymers Ltd.

The Company will settle investor grievances expeditiously and satisfactorily. The agreement between the company and the Registrar to the Issue will provide for retention of records with the Registrar to the Issue, (name), for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances. All grievances relating to this Issue may be addressed to the Registrar to the 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 centre where the application was submitted.

Disposal of Investor Grievances

The company estimates that the average time required by it or the Registrar to the Issue for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the company or the Registrars will seek to redress these complaints as expeditiously as possible.

The company has appointed, Ms. Aadya Chauhan, Company Secretary, LAWRESHWAR POLYMERS LIMITED as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue related problems such as non-receipt of allotment advice, refund orders and Demat credit, etc. He can be contacted at:

LAWRESHWAR POLYMERS LIMITED

Ms Aadya Chauhan

Company Secretary & Compliance Officer

A-243 (A), Road No. 6 V K I Area, Jaipur - 302013

Tel: (0141) 5104901-02

Fax: (0141) 5104977

E-mail: info@leharfootwear.com

23. Change if any to the auditor during last 3 years and reasons thereof

There has been no change in the auditor during the last 3 years.

24. Capitalisation of Reserves or Profits

Except as stated in the Prospectus under “Capital Structure”, the Company has not issued any Equity Shares on capitalisation of profits or reserves.

25. Revaluation of assets

The Land & Building of Lawreshwar Polymers Limited has been revalued by Mr. Purshotam Khandelwal B.E. (Civil), who is an architect, Planner, Designer, Decorator, & a registered valuer.

The Company has revalued its Land and Building situated at A-243 (A), Road No.6, V.K.I. Area, Jaipur-302 013 so as to reflect the present value of the same in the Books of accounts. The Land was revalued on 31.03.2005 and has resulted in increase in book value of Land by Rs. 24,50,5423.00 (Net). The Building was also revalued on 31.03.2005 and have resulted in increase in book value of Building by Rs. 80,81,911.08 (Net) which were credited to Revaluation Reserve Account.

(Rs. in lacs)

Sr. No	Particulars	Old Value	New Value	Difference	Revaluation Date
1	Land	13.72	258.78	245.05	31.03.2005
2	Building	82.21	163.03	80.82	31.03.2005

VII. ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The equity shares being issued are subject to terms of this Prospectus, the terms and conditions contained in the application form, the Memorandum and Articles of Association of the Company, provisions of the Act and letters of allotment/ Equity Share Certificates or other documents and the guidelines issued from time to time by the Government of India and Securities & Exchange Board of India.

Ranking of Equity Shares

The Equity Shares to be issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares of the Company including rights in respect of dividends. The persons in receipt of Allotment will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of Allotment.

Mode of payment of Dividend

The declaration and payment of dividend will be recommended by the Board of Directors of the Company and its shareholders, in their discretion, and will depend on a number of factors, including but not limited to the Company's earnings, capital requirements and overall financial condition.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being issued at the Price of Rs. 16/- per Equity Share. The Issue Price is 1.6 times of the face value.

Rights of the Equity Shareholder

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 right shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability;
- Such other rights, as may be available to a shareholder of a listed Public Company under the Companies Act and the Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association of the Company dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section on "Main Provisions of Articles of Association of the Company" on page 141 of this Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. As per existing SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form for all investors.

Since trading of our Equity Shares is compulsorily in dematerialized mode, the tradable lot is One Equity Share. Allotment through this Issue will be done only in electronic form in multiples of one (1) Equity Shares subject to a minimum allotment of 400 Equity Shares.

Nomination Facility to the Investor

In accordance with Section 109A of the Act, the sole or first applicant, along with other joint applicants may nominate any one person with whom, in the event of the death of the sole applicant or in case of joint applicants, death of all applicants as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, becoming 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 advantage to which he/she would be entitled if he/she were the registered holder of the Equity Shares. 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 Shares in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity shares by the person

nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made on a prescribed form available on request at the Registered Office of the Company or the Registrar. In accordance with Section 109B of the Act, any person who becomes a nominee by virtue of the provisions of the Section 109A of the Act, shall upon production of such evidence as may be required by the Board, 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 elect either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied within a period of 90 days, 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.

Minimum Subscription

If the 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 the issue on account of cheques having been returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight (8) days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act, 1956.

ARRANGEMENT FOR DISPOSAL OF ODD LOTS

The Company's share will be traded in dematerialized form only and therefore marketable lot is one (1) share. Therefore, there is no possibility of odd lots.

Restrictions, if any, on Transfer and Transmission of Shares and on their Consolidation/Splitting

For the description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer section titled "Main Provisions of the Articles of Association of the Company" on page 141 of this Prospectus.

ISSUE PROCEDURE

OPTION TO SUBSCRIBE

As on the date of this document, there are no pending options to subscribe to the Equity shares or convertible instruments pending conversion into Equity shares of any kind.

The investors can seek allotment only in dematerialized 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 DP for rematerialisation of shares if they wish to hold the shares in physical shares.

The shares of the company will be traded on the stock exchange only in demat mode.

HOW TO APPLY

AVAILABILITY OF APPLICATION FORMS AND PROSPECTUS.

Application forms with Memorandum containing salient features of the Prospectus and copies of the Prospectus under Section 56(3) of the Act may be obtained from the Registered Office of the Company, the Lead Managers to the Public Issue, Brokers to the Public Issue and the Bankers to the Public Issue named herein or from their branches as stated on the reverse of the application form.

TERMS OF PAYMENT

a) For Indian Resident Public

The application (WHITE in colour) must be for a minimum of 400 equity shares and thereafter in multiples of 400 shares. The entire amount of Rs. 16/- per share is payable on application.

NOTE ON CASH PAYMENT (SECTION 269 SS)

Having regard to the provisions of Section 269 (SS) of the Income Tax Act, 1961, subscriptions against applications for securities should not be effected in cash and must be effected only by 'Account Payee' cheques or 'Account Payee' bank drafts, if the amount payable is Rs. 20,000/- or more. In case payment is effected in contravention of this provision, the application is liable to be rejected.

WHO CAN APPLY

Applications to be made by

Indian Nationals resident of India who are majors in single or joint names (not more than three);

- a. Hindu Undivided Families through the Karta of the Hindu Undivided Family;
- b. Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in Equity Shares;
- c. Indian Mutual Funds registered with SEBI;
- d. Indian Financial Institutions & Banks;
- e. Regional Rural Banks and Commercial Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India;
- f. Venture Capital Funds registered with SEBI;
- g. Foreign Venture Capital investors registered with SEBI;
- h. State Industrial Development Corporations;
- i. Insurance Companies registered with Insurance Regulatory and Development Authority;
- j. Provident Funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;
- k. Pension Funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;
- l. Trusts/Societies who are registered under the Societies Registration Act, 1860, as amended, or any other Trust law and are authorized under its constitution to hold and invest in shares;

- m. Permanent and Regular employees of the Company;
- n. Non-Resident Indians (NRIs) on a non-repatriable basis;
- o. Foreign Institutional Investors (FIIs) registered with SEBI;

Applications not to be made by

- a. Minors
- b. Overseas Corporate Bodies (OCBs)
- c. Foreign Nationals (except NRIs on non-repatriation basis)
- d. Partnership firms or their nominees

PROCEDURE FOR APPLICATION

APPLICATION BY RESIDENT INDIAN PUBLIC

1. Application must be made only:
 - a. On the prescribed Application Form (WHITE in colour) accompanying this Prospectus and completed in full in BLOCK LETTERS in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made.
 - b. For a minimum of 400 Equity Shares and in multiples of 400 thereafter.
 - c. In single name or joint names (not more than three);
 - d. By Indian Nationals resident in India, and
 - e. In the names of individuals, limited companies or statutory corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non-Residents, trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorised under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF.
2. An applicant in the net public category cannot make an application for that number of securities exceeding the number of securities offered to the public. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank), which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
3. A separate cheque or Bank draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Public Issue with whom the application is lodged and marked "Name of the Bank A/c- Lawreshwar Polymers Ltd - Public Issue" and crossed "Account Payee Only" (e.g. UTI Bank - A/c Lawreshwar Polymers Ltd - Public Issue).
5. All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to the Company or to the Lead Managers to the Public Issue or to the Registrars to the Public Issue.
6. No receipt will be issued for the application money. However, Bankers to the Public Issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.
7. When an application for Equity Shares is for a total value of Rs.50, 000/- or more, the applicant or in the case of application in joint names each applicant should mention his/her Permanent Account Number (PAN) allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle, Ward, District. In case neither PAN, GIR Number has been allotted mention of "Not Allotted" must be made in the place provided. Application Form without this information will be considered incomplete and is liable to be rejected.

8. All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
9. The bank account details of the applicant would be taken from the data provided by them to the depository therefore the applicants are required to provide the details of the same to their depositories.
10. Having regard to the provisions of Section 269 (SS) of the Income Tax Act, 1961, subscriptions against applications for securities should not be effected in cash and must be effected only by 'Account Payee' cheques or 'Account Payee' bank drafts, if the amount payable is Rs. 20,000/- or more. In case payment is effected in contravention of this provision, the application is liable to be rejected.
11. Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at a their sole risk alongwith Demand Draft payable at New Delhi only payable to "**LAWRESHWAR POLYMERS LIMITED - PUBLIC ISSUE**"

For further instructions please read Application Form carefully.

GENERAL INFORMATION

- The applicant seeking allocation of shares in the electronic form must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's ID Number) appearing under the heading "Request for shares in electronic form".
- An applicant who wishes to apply for shares in the electronic form must have atleast one Beneficiary Account with any of the Depository Participant (DP) of NSDL/CDSL registered with SEBI, prior to the application.
- Shares allotted to an applicant in the electronic form will be credited directly to the respective Beneficiary Account (with a DP).
- For subscription in electronic form, 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 name should necessarily be in the same sequence as they appear in the account details in the Depository.
- Non-transferable allotment letters/ refund orders will be directly sent to the applicant by the Registrar to the present Public Issue,
- The applicant is responsible for the correctness of the applicant demographic details given in the share application form vis-à-vis those with his/her DP.
- It may be noted that electronic shares can be traded only on the stock exchanges having electronic connectivity with NSDL/CDSL.

JOINT APPLICATIONS

An application may be made in single or in joint names (not more than three). In the case of joint application, refund/pay order (if any), dividend/interest warrants etc., will be made out in the name of the first applicant and all communications will be addressed to the applicant whose name appears first and at his/her address stated in the Application.

MULTIPLE APPLICATIONS

An applicant should submit only one application (and not more than one) for the total number of Equity shares required. Two or more applications in single and/or joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same. The Board of Directors reserves the right to reject in its absolute discretion all or any multiple applications without assigning any reason. However employees may apply in the public offer.

APPLICATIONS BY MUTUAL FUNDS

No mutual fund scheme shall invest more than 10% of its net asset value in Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of applications by Mutual Funds, a separate application must 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 applications made by the Asset Management Company/Trustees/Custodian clearly indicate their intention as to the scheme for which the application has been made.

SUBSCRIPTION BY NRIS/FIIS REGISTERED WITH SEBI

Application By NRIs/FIIs (on Repatriation Basis)

As per Notification No FEMA 20/2000 RB dated May 03, 2000, as amended from time to time, under automatic route of Reserve Bank of India, the Company is not required to make an application for issue of Equity shares to NRIs/FIIs with repatriation benefits.

However, the allotments / 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.

In case of applications by NRIs on repatriation basis, the payments must be made through Indian rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on applications remitted through normal banking channels or out of funds held in Non- Residential External (NRE) Accounts or Foreign Currency Non- Residents (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of remittance. Payments will not be accepted out of Non- Resident Ordinary (NRO) Account of Non-Resident subscribers applying on a repatriation basis. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to NRE or FCNR account.

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 confirming that the bank draft has been issued by debiting to special Non-Resident Rupee Account.

Dully filled Application forms along with Cheques /bank drafts in favour of “Name of the Bank A/c- Lawreshwar Polymers Ltd - Public Issue”- NR” by NRIs/FIIs will be accepted at designated branches of the bankers to the issue at Mumbai and Delhi only.

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 applications 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 may be permitted by RBI at the exchange rate prevailing at the time of remittance and will be despatched 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 forms. The Company 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.

Application by NRI on Non Repatriation Basis

It can be made using the form meant for public out of the funds held in Non Resident(Ordinary) Account (NRO). The relevant bank certificate must accompany such forms. Such application will be treated on par with the application made by the public.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post issue paid up capital. In respect of an FII investing in our Equity shares on behalf of its sub -accounts, the investment on behalf of each sub Account shall not exceed 10% of the Company total issued Capital or 5% our total issued capital in case such sub Account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account (“FIIs”) may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed (i) 25% of the corpus of the venture capital fund/ (ii) 33.33% of the corpus of the foreign venture capital investor.

The above information is given for the benefit of the investors. The lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may happen after the date of this prospectus. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for does not exceed the applicable limits under laws and regulations.

APPLICATION UNDER POWER OF ATTORNEY OR BY LIMITED COMPANIES

In the case of applications under Power of Attorney or by Limited Companies or Corporate Bodies, the relevant power of attorney or the relevant authority as the case may be, or a duly certified copy thereof must be attached to the application form or must be lodged separately at the office of the Registrars to the Issue, simultaneously with the submission of the application form mentioning the serial number of the application form and the bank branch where the application has been submitted, failing which the application is liable to be rejected.

Thumb impression or signature in languages other than the languages specified in the eighth schedule must be attested by Magistrate or Notary Public or a special Executive Magistrate under his official seal.

The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form subject to such terms and conditions as it may deem fit.

Investors may contact the Compliance Officer in case of any pre-issue/ post-issue related problems such as non-receipt of letters of allotment/ share certificates/ refund orders, etc.

APPLICATION (S) WILL NOT BE ACCEPTED BY THE LEAD MANAGERS OR REGISTRARS TO THE PUBLIC ISSUE

DISCLOSURE OF P.A.N. / G.I.R. NUMBER:

Where an application for allotment of securities is for a total value of Rs.50, 000/- or more i.e., the total number of securities applied for multiplied by the issue price is Rs.50, 000/- or more the applicant or in case of application in joint names, each of the applicants, should mention his / her permanent account number allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the Income Tax Circle / Ward / District. In case where neither the permanent account number nor GIR Number has been allotted, the fact of non-allotment should be mentioned in the application form. Application forms without this information will be considered incomplete and will be liable to be rejected.

RIGHTS TO REJECT

APPLICATIONS WHICH ARE NOT COMPLETE IN EVERY RESPECT OR ARE IN CONTRAVENTION OF ANY PROVISIONS/INSTRUCTIONS CONTAINED IN THIS PROSPECTUS OR IN THE MEMORANDUM CONTAINING SALIENT FEATURES OF PROSPECTUS ARE LIABLE TO BE REJECTED.

Grounds for Technical Rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- a. Bank account details are not provided.
- b. Amount paid does not tally with the amount payable for the equity shares applied for.
- c. Age of the first applicant not mentioned.
- d. Applications by minors.
- e. PAN or GIR no. is not given, if the value of the application is for Rs. 50,000/- or more.
- f. A copy of PAN Card or PAN Allotment letter is not submitted along with application form having value for Rs. 50,000/- or more.
- g. Multiple Applications.
- h. In case of applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted.
- i. An application accompanied by Stock invests.
- j. Applications by OCBs.
- k. Applications by NRIs on repatriation basis

- l. Applications not duly signed by the sole/joint applicants.
- m. Application forms do not have the applicant's depository account details.
- n. Application not for a minimum of 400 shares or multiples of 400 thereafter.
- o. Application size exceeding the maximum size for the respective category.
- p. 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.

DEMATERIALISATION

As per the provisions of the Depositories Act, 1996, the shares of a body corporate may be held 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. The Company has entered into a tripartite agreement dated 2nd January 2007 with the National Depository Services Ltd. (NSDL) and Bigshare Services Private Ltd. (Registrar and Transfer Agent) for dematerialisation of the equity shares of the company. The Company has also entered into a tripartite agreement dated 21st December 2006 with the Central Depository Services (India) Limited (CDSL) and Bigshare Services Private Ltd, Registrars to the Issue for dematerialization of the equity shares of the Company. The ISIN Number granted to the equity shares of the Company is INE 976H01018.

COMMUNICATION

All future communications in connection with Application made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, number of Equity Shares applied for, date, bank and branch where the application was submitted and cheque/draft number and issuing bank thereof.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY

No receipt will be issued for the application money. However, the bankers/collection centre to the issue and/or their branches receiving the applications will acknowledge the receipt of the applications by stamping and returning to the applicant the acknowledgment receipt at the bottom portion of each application form. The Company will inform the applicants in respect of allotments made or applications rejected by dispatch of allotment letter or regret letter and/or pay orders of value over Rs.1500/-, if any, by Registered Post within 30 days of the date of closure of the subscription list. Refunds of value not over Rs.1500/- will be dispatched under Certificate of Posting. Such Cheques or Demand Drafts will be payable at par at all centers where the applications were received. Bank Charges, if any, for en cashing refund pay orders/cheques at any other place will be payable by the applicant.

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 oversubscription ratio (number of applicants in the category x number of Shares applied for).
- c. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis (i.e. Total number of Shares applied for into the inverse of the oversubscription ratio).
- 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 drawal 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 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.
- f. 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.

- g. 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 Para C to the Capital Structure mentioned in the Prospectus.
- h. 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 retail 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.

‘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 drawal 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.

MODE OF REFUNDS

Refunds, if any, will be made along with Allotment Letters / Share Certificates and / or regret letters by Refund Orders drawn on the Bank nominated for this purpose by the Company and will be dispatched within 30 days from the date of closure of Issue, by Registered Post in the following manner.

- In case of applicants residing in any of the centres specified by the Board - by crediting of refunds to the bank accounts of applicants through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer), as is for the time being permitted by the Reserve Bank of India;
- In case of other applicants - by despatch of refund orders by registered post, where the value is Rs 1500/- or more, or under certificate of posting in other cases, (subject however to postal rules); and
- In case of any category of applicants specified by the Board - crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by the Board from time to time.)

INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS / REFUND ORDERS

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 despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 30 days from the date of the closure of the issue.

ACCESS TO FUNDS

Subscription received against this issue would be kept in a separate bank account and the Company will not have access to these funds so collected until it has received approval for allotment from BSE and listing and trading permission is received from BSE where listing is proposed in terms of this Prospectus.

UNDERTAKING BY THE ISSUER COMPANY

The Board of directors of Lawreshwar Polymers Ltd undertakes that:

- that the complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily.
- that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalization of basis of allotment.
- that 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 the issuer.
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days or 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- 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.
- that the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time.
- that no further issue of securities shall be made till the securities offered through this prospectus are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc.

UTILISATION OF ISSUE PROCEEDS

The Board certifies that:

- a. All monies received out of the issue of Equity Shares to the public shall be transferred to a separate Bank Account other than the Bank Account referred to in Sub-section (3) of section 73 of the Act, 1956;
- b. Details of all monies utilized out of this issue referred to in item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies had been utilized;
- c. Details of all unutilized monies out of this Issue of shares, if any referred to in item (a) shall be disclosed under an appropriate head in the balance sheet of the Company indicating the manner in which such unutilized monies have been invested.

The Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from all the Stock Exchanges where listing is sought is received. Pending utilisation of the proceeds of the Issue as specified under the heading "Objects of the Issue", the net proceeds from the Issue may be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

VIII. OTHER INFORMATION

Main Provisions Of Articles Of Association of the Company

Article 13

Further issue of shares

(I) 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 whether out of the issued capital or out of the increased share capital then:

a. Such further shares shall be offered to the person 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 that 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 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 them off in such manner and to such person (s) as they may think, in their sole discretion, fit.

(II) Notwithstanding anything contained in sub-clause (I) hereof, 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 (I) 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. a.

(III) Nothing in sub-clause (c) of (I) shall be deemed:

a. To extend the time within which the offer should be accepted; or

b. To authorize 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.

(IV) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of any option attached to the debenture issued or loans raised by the company;

a. To convert such debentures or loans into shares in the Company; or

b. To subscribe for shares in the Company (whether such option is conferred in these Article or otherwise), PROVIDED THAT the terms of such loans include a term providing for such option and such term:

(i) 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 the Rules, if any, made by that Government in this behalf; and

(ii) 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 debenture or raising of the loans.

Article 22

Limitation of time for issue of certificates

Every member shall be entitled, without payment, to one or more Certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one more such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be, Every Certificate of shares shall be under the seal of the company and shall specify the numbers and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

Article 12

The shares in the capital shall be numbered progressively according to their several denominations and except in the manner herein before mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Article 26

Shares at the disposal of the directors

Subject to the provisions of Sections 81 of the Act and these Articles the shares of the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think it, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Article 21

(ii) Liability of Members

Every member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may for the time being, remain, unpaid thereon in such amounts, at such time or times and in

such manner, as the board shall from time to time, in accordance with the Company's regulations require to fix for the payment thereof.

Article 35

c) Several liabilities of Joint Holders

The Joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

d) The first named of joint holders deemed sole holder

If any share stands in the names of two or more person, the person first named in the register shall as regards receipt of share certificates, dividends or bonus or service or notice and all or any other matter connected with the company except voting at meeting and the transfer of the shares be deemed the sole holder thereof but the joint holders of a share shall be liable severally as well as jointly for the payment of all installments and calls due in respect of such share and for all incidentals thereof according to the Company's regulations.

e) Death of one or more joint holders of shares

In the case of death of any one or more of the persons named in the register of members as the joint holders of any share, the survivors shall be the only persons recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person

f) Votes of joint Members

If there be joint holders of any shares, any one of such persons may vote at any meeting either personally or by proxy in respect of such shares, as he was solely entitled thereto, provided that if more than one of such joint holders be present at any meeting either personally or by proxy, then one of the said Persons so present whose name stands higher on the register of members shall alone be entitled to vote in respect of such shares, but the other of others or of the joint holders shall be entitled to be present at the meeting several executors or administrators of a deceased member in whose names shares stand shall for the purpose of these articles be deemed joint holders thereof.

Article 28

Calls by Directors

The Directors may, from time to time, subject to the terms on which any shares may have been issued, make such calls, as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotments thereof made payable at fixed times and each members shall pay the amount of every call so made on him to the person and at the time and place appointed by the Directors. A call may be made by installment.

Article 29

When call deemed have been made and notice to call

A call shall be deemed to have been made at the time when the resolution of the directors authorizing such call was passed. Not less than fourteen day's notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

Article 30

Extension of time for payment of calls

The Board may, from time to time, at its discretion extend the time fixed for the payment of any call and may extend such time as to all or any of the members for reasons which the Board may consider satisfactory but no member shall be entitled to such extension save as a matter of grace and favour.

Article 31

Call to carry Interest

If any members fails to pay any call, due from him on the day appointed for payment thereof or any such extension thereof as aforesaid he shall be liable to pay interest on the same from the day appointed for the Payment thereof to the time of actual payment at such rate as from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member and the Board shall be at liberty to waive payment of such interest either wholly or in part.

Article 47

Company's lien on shares/debentures

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) 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/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures, wholly or in part to be exempt from the provisions of this clause.

Article 38

If call or installment not paid notice may be given

If any member fails to pay any call or installment on or before the day appointed for the payment of the same the directors may at any time thereafter during such time as the call or installment remains unpaid serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the company by reason of such non payment.

Article 39

Form of Notice

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which 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 of at or before the time and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

Article 40

If notice not complied with shares may be forfeited

If the requisitions of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited, by a resolutions of the Directors to that effect.

Article 41

Notice after forfeiture

When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make such entry as aforesaid.

Article 42

Forfeited share to become property of the Company

Any share so forfeited shall b deemed to be property of the Company and the directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.

Article 43

Power to annual forfeiture

The Directors may at any time before any share so forfeited shall have power to sell, re-allot or otherwise dispose off/ annual the forfeited shares thereof on such conditions as they think fit.

Article 44

Arrears to be paid notwithstanding forfeiture

Any member whose shares have been forfeited shall notwithstanding be liable to pay and shall forthwith pay to the Company all call, installments, interest and expenses, owing upon/to in respect of such shares at the time of the forfeiture together with the interest thereon, from the time of forfeiture until payment at 12 percent per annum and the Directors may enforce the payment thereof, without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligation to do so.

Article 45

Effect of Forfeiture

The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Article 53 (a)

Applicable by transferor

Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that where such application is made by the transferor no registration shall, in the case of a partly

Manner prescribed by Section 101 of the Act, and subject to provisions of these Articles, the Company shall unless objection is made by the transfer within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.

Article 54

Directors may refuse to register transfer

Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may at their own, absolute and uncontrolled discretion and by giving reasons decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company, but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transfer being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

Article 58

Transmission of Share to Nominee

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either

- a) To register himself as holder of the shares or debentures, as the case may be; or
- b) To make such transfer of the shares or debentures, as the deceased shareholder or debenture holder, as the case may be, could have made.
- c) If the nominee elects to be registered as holder of the shares of debentures, himself, as the case may be, he shall deliver or send to the company, a notice in writing signed by him stating that he so elects and such notice shall be

accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.

d) A nominee shall be entitled to the share dividends, interests and other advantages to which he would be entitled if he were the registered holder of the shares or debentures, provided that he shall not, before being registered as the member, be entitled to exercise any right conferred by membership in relation to meetings of the company.

Provided that the Board may, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonus, interest or other moneys payable in respect of the shares or debentures, until the requirements of the notice have been complied with.

Article 25

DEPOSITORY & DEMATERLISATION

(i) Notwithstanding anything contained in these articles, the company shall be entitled to dematerialise its existing shares, debentures and other securities and rematerialize its such shares, debentures and or securities held by it with the Depository and/or offer its fresh shares and debentures and other securities in dematerialised form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

(v) The Company or the investors may exercise an option to issue, deal in, hold the securities (including shares) with Depository, in electronic form and the certificates in respect thereof shall be dematerialised in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996.

(vi) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in sections 153, 153 A, 153B, 187B, 187C and 372 A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

(vii) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner and shall not have any voting rights or any other rights in respect of the securities held by it.

BORROWING POWERS

Article 61

Power to Borrow

Subject to the provision of the Act and these Articles, the Board may from time to time at its discretion by a resolution passed at a meeting of the Board accept deposits from members either in advance of calls or otherwise and raise or borrow or secure the payment of any sum or sums of money for the Company subject to the provisions of the Act.

CONVERSION OF SHARES INTO STOCKS AND RECONVERSION

Article 18

Shares may be converted into Stock

The Company in General Meeting may convert any paid-up shares into stock; and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations as, and subject to which the shares from which the stock arose might have been transferred,

if no such conversion had taken place or as near thereto as circumstances will admit. The Company may at any time re-convert any stock into paid-up shares of any denomination.

Article 19

Rights of Stockholders

The holders of stock shall, according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends and voting at the meetings of the Company, and other matters as if they held the shares from which the stock arose; but no such privileges or advantages (except participation in the dividends and profits of the Company and in the assets of winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

Article 71

When extraordinary meeting to be called

The directors may, whenever they think fit and they shall, on the requisition of the holders of not less than one-tenth of the paid up capital of the Company as at the date entitled to vote in regard to the matter in respect of which the requisition is made, forthwith proceed to convene an Extraordinary General Meeting of the Company.

Article 75

Meeting Called by requisitionists

Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.

VOTE OF MEMBERS

Article 84

Members in arrears not to vote

No member shall be entitled to vote either personally or by proxy for another member, at any General Meeting or meeting of a class of shares holders if he has 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 any right or lien and has exercised the same.

Article 85

Voting rights of members

On a show of hands, every holder of equity shares entitled to vote and present in person or by proxy shall have one vote and on a poll the voting right of every holder of equity shares whether present in person or by proxy, shall be in proportion to his share of the paid up equity capital of the Company.

DIRECTORS

Article 91

Number of Directors

Until otherwise determined by a General Meeting and subject to Section 252 and 259 of the Act, the number of Directors shall not be less than three or more than twelve, including the special Director, if any and the Debenture Director, if any and the Corporation Director if any.

Article 94

Directors may fill-up vacancies

The Directors shall have power at any time and from time to time to appoint any qualified person to be a director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be-eligible for re-election.

Article 125

Powers to appoint Managing Director

The Board may from time to time, appoint one or more Directors to be Managing Director or whole-time Directors of the Company either for a fixed term or without any limitation as to the period for which he or they is or are to hold such office, and may, from time to time subject to the provisions of any contract between him or them and the company, remove or dismiss him or them from office and appoint another or others in his or their place or places.

DIVIDENDS

Article 132

Declaration of dividends

The Company in General Meeting may declare dividends to be paid to the members according to their rights and interest out of the profits and may fix the time for payment.

Article 140

No members receive dividend whilst indebted to the Company and right of reimbursement there out

No member shall be entitled to receive payment of any interest or dividend in respect of his shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise however either alone or jointly with any other persons and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

Article 141

Transfer of shares must be registered

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.

WINDING UP

Article 163

Liquidator may divide assets in specie

The liquidator on any winding up (whether voluntary, under supervision or compulsory) may, with the sanction of a special resolution/orders of the court but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may, with the like sanction, vest any part of the company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit.

SECRECY

Article 166

Secrecy

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 detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors it would be inexpedient in the interest of the Company to disclose.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following material contracts and documents not being contracts entered into the ordinary course of business carried on or intended to be carried on by the Company which are/or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred below all of which have been attached to the copy of this Prospectus, have been delivered to the Registrar of Companies, Rajasthan at Jaipur for registration and may be inspected at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day from the date of this Prospectus until the date of closing of the subscription list.

A. MATERIAL CONTRACTS

1. Copy of Memorandum of Understanding (MOU) entered into by the Company and the Lead Manager viz. Ashika Capital Limited on January 20, 2006
2. Memorandum of Understanding between the Company and the Registrar to the Issue entered on November 24, 2006.
3. Copy of Tripartite agreement dated 21st December 2006 between the Company, Central Depository Services Ltd. (CDSL) and Bigshare Services Private Limited, Registrar to the Issue.
4. Copy of Tripartite agreement dated 2nd January 2007 between the Company, National Securities Depository Ltd. (NSDL), and Bigshare Services Private Limited, Registrar to the Issue.

B: DOCUMENTS FOR INSPECTION

1. Copy of Memorandum and Articles of Association of the Company including Group Companies.
2. Copy of Certificate of Incorporation of the Company including Group Companies.
3. Fresh Certificate of Incorporation consequent upon change of name on conversion to Public Ltd. Company of Lawreshwar Polymers Limited.
4. Letters of consent received from the Lead Manager to the Issue, Directors, Compliance Officer, Legal Advisor to the issue, Bankers to the Company, Bankers to the issue, Registrar to the Issue as referred to in the Prospectus to act in their respective capacities.
5. Copy of auditor's letter dated December 27, 2006 advising the Company about the tax benefits available to the Company and its members.
6. Copy of auditor's letter dated January 11, 2007 certifying the deployment of the funds by the company towards the proposed project.
7. Auditor's Reports dated December 27, 2006 about financial Information included in the Prospectus and consent letter dated December 20, 2005 to include the name in the prospectus.
8. Resolution passed by the Board of Directors at their meeting held on January 20, 2006 for the proposed public issue.
9. Copies of Resolution passed under Sections 81(1A) in Annual General Meeting dated October 15, 2005.
10. Copies of agreement for the appointment of Managing Director, Executive Director and Technical Director of the Company.
11. Sanction Letters received from UTI Bank.
12. Appraisal Report received from UTI Bank for the project.
13. Copies of annual reports of our Company for the years ended 31st March 2002, 31st March 2003, 31st March 2004, and 31st March 2005, 31st March 2006 and for the eight months period ended on 30th November 2006.
14. Copy of due diligence Certificate dated January 27, 2006 given to SEBI by the Lead Manager, Ashika Capital Limited.
15. Copy of the in-principle approval letter obtained from BSE vide letter reference no. DCS/Smd/sm/2005 dated June 06, 2006.
16. Copy of SEBI observation Letter No. 5/141 9/06-NRO/2006/1098 dated 17.11.2006 and compliance thereof.
17. Copy of Non Compete Agreement dated April 10, 2006 entered between Lawreshwar Footcare Private Ltd. and the Company.
18. Copy of Performance & Credit Rating Report dated March 16, 2006 from NSIC and Dun & Bradstreet Information Services India Private Ltd, Mumbai.

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 the 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.

IX. DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government or the guidelines issued by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this 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, the directors of Lawreshwar Polymers Limited, hereby declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the equity shares issued in terms of the Prospectus has been suppressed / withheld and / or incorporated in the manner that would amount to misstatement / misrepresentation. The Company accepts no responsibility for statements made otherwise than in the Prospectus or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at his/her own risk.

SIGNED BY THE DIRECTORS

1. Mr. Mohan Lal Agarwal (Chairman)
 2. Mr. Raj Kumar Agarwal (Managing Director)
 3. Mr. Naresh Agarwal (Executive Director)
 4. Mr. G.C.Singhvi (Technical Director)
 5. Mr.Krishan Kumar Gupta*. (Independent Director)
 6. Mr.Rakesh Akar*. (Independent Director)
 7. Mr.Kaushlendra Pratap Singh*. (Independent Director)
 8. Mr.Radhe Shyam Mangal*. (Independent Director)
- (* Through their constituted power of attorney Mr. Naresh Agarwal)

Place: Jaipur

Date: 19.01.2007
