

L.T. Overseas Ltd.

Originally incorporated as LT Overseas Private Limited on 16th October 1990 with registered office at 532/4, Naya Bazaar, Delhi, our Company was converted into a public limited company on 03rd May 1994. The registered office was shifted from 532/4, Naya Bazaar, Delhi to 107, 1st floor, Indra Prakash Building, Barakhamba Road, New Delhi, with effect from 10th October 1992. The registered office was further shifted from 107, 1st floor, Indra Prakash Building, Barakhamba Road, New Delhi to its current address on 01st April 1996.

Registered Office: A-21, Green Park, Main Aurobindo Marg, New Delhi – 110 016.

Tel No: 91-11-2685 9244; **Fax No:** 91-11-2685 9344; **Email:** ipo@ltoverseas.com;

Website: www.ltoverseas.com; **Contact Person:** Ms. Monika Chawla Jaggia, Company Secretary and Compliance Officer

PUBLIC ISSUE OF 7,035,714 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE, INCLUDING SHARE PREMIUM OF RS. [●] PER EQUITY SHARE AGGREGATING RS. [●] MILLION (THE "ISSUE") BY LT OVERSEAS LIMITED ("LTOL" OR "THE COMPANY" OR "THE ISSUER"). THE ISSUE COMPRISES OF RESERVATION OF 390,000 EQUITY SHARES AGGREGATING RS. [●] MILLION FOR PERMANENT EMPLOYEES (EMPLOYEE RESERVATION PORTION) ON A COMPETITIVE BASIS AND THE "NET ISSUE TO PUBLIC" OF 6,645,714 EQUITY SHARES AGGREGATING RS. [●] MILLION. THE NET ISSUE TO PUBLIC WOULD CONSTITUTE 29.84% OF THE FULLY DILUTED POST-ISSUE PAID UP CAPITAL OF THE COMPANY.

Price Band: Rs. 50 To Rs. 56 Per Equity Share of Face Value of Rs. 10 Each

The Issue Price is 5.0 times the Face Value at the Lower End of the Price Band and 5.6 times the Face Value at the Higher End of the Price Band

In case of revision in the Price Band, the Bidding Period shall be extended for 3 additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE), whose online IPO system will be available by for bidding, by issuing a press release and by indicating the change on the websites of the Book Running Lead Managers ("BRLMs") and the terminals of the member of the Syndicate.

This Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue to the Public will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds. Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. We have not opted for grading of this Issue.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares of LT Overseas Limited (the "Company"), there has been no formal market for the Equity Shares of the Company. **The face value of the share is Rs 10 per Equity Share and the Floor Price is 5.0 times the face value and Cap Price is 5.6 times the face value.** The Price band of Rs 50 to 56 (as determined and justified by the Book Running Lead Managers, UTI Securities Limited & IL&FS Investsmart Ltd and LT Overseas Limited as stated herein under the paragraph titled "Basis for Issue Price") should not be taken to be indicative of market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of LT Overseas Limited or regarding the price at which 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 Issue. For taking an investment decision, investors must rely on their own examination of LT Overseas Limited and the Issue including the risks 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 SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the statements on Risk Factors beginning on page number xi of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

LT Overseas Limited having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to LT Overseas Limited and this Issue, which is material in context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that no other facts, the omission of which make this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

BOOK RUNNING LEAD MANAGERS (BRLMS)



UTI Securities Limited

(Subsidiary of Securities Trading Corporation of India Limited)
AMBI Registration No: AMBI/083
1st Floor, Dheeraj Arma,
Anant Kanekar Marg, Station Road
Bandra (East), Mumbai – 400 051.
Tel: +91 22 6751 5825/5812
Fax: +91 22 6702 3194
Website: www.utisel.com
E-mail: lto.ipo@utisel.com
Contact Person: Mr. Rajesh Ranjan



IL&FS Investsmart Limited

The IL&FS Financial Centre
Plot No. C-22, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400051
Tel.: +91 22 2653 3333
Fax: +91 22 5693 1862
Website: www.investsmartindia.com
Email: lt.ipo@investsmartindia.com
Contact Person: Mr. Sudhir Salian

REGISTRAR TO THE ISSUE



Bigshare Services Private Limited

E-2/3, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (East), Mumbai – 400 072.
Tel: +91 22 2847 0652/ 0653
Fax: +91 22 2847 5207
Website: www.bigshareonline.com
Email: ipo@bigshare.com
Contact Person: Mr. N.V.K Mohan

ISSUE PROGRAMME

BID / ISSUE OPENS ON : 27th November, 2006

BID / ISSUE CLOSES ON : 30th November, 2006

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). We have received the in-principle approval from BSE vide its letter dated 1st August 2006 and from NSE vide its letters dated 11th August 2006 and 17th November 2006 for listing of our Equity Shares. For purposes of this Issue, BSE is the Designated Stock Exchange.

TABLE OF CONTENTS

Particulars	Page No.
Section I – Definitions and Abbreviations	
Definitions	i
Conventional /General Terms	i
Issue Related Terms	ii
Company / Industry Related Terms	v
Abbreviations	vi
Section II – General	
Certain Conventions; Use of Market Data	ix
Forward Looking Statements	x
Section III – Risk Factors	xi
Section IV – Introduction	
Summary	1
The Issue	6
Summary of Financial Information	7
General Information	9
Capital Structure	16
Section V – Objects of the Issue	
Objects of the Issue	26
Basic Terms of the Issue	35
Basis for Issue Price	36
Statement of Tax Benefits	38
Section VI – About Us	
Industry Overview	43
Our Business	50
Key Industry Regulations	83
Our History and Certain Corporate Matters	86
Our Management	89
Our Promoters and their Background	98
Our Subsidiaries & Group Concerns	100
Currency of Presentation	105
Dividend Policy	106
Section VII – Financial Information	
Financial Statements of our Company	107
Financial Information of our subsidiaries	138
Management’s Discussion and Analysis	165
Section VIII – Legal and other Regulatory Information	
Outstanding Litigations	178
Statutory Approvals and Licenses	188
Other Regulatory and Statutory Disclosures	195
Section IX – Issue Related Information	
Terms of the Issue	203
Issue Structure	206
Issue Procedure	208
Restrictions on Foreign Ownership of Indian Securities	233
Section X – Description of Equity Shares and Terms of the Articles of Association	
Main Provisions of Articles of Association	234
Section XI – Other Information	
Material Contracts and Documents for Inspection	255
Section XII – Declaration	257

SECTION I - DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
“The Issuer” or “The Company” or “LTOL” or “LT Overseas” or “LT Overseas Limited” “We” or “us” or “our”	LT Overseas Limited, a public limited company incorporated under the Companies Act, 1956 Unless otherwise specified, these references mean LT Overseas Limited

CONVENTIONAL / GENERAL TERMS

Term	Description
Act or Companies Act	The Companies Act, 1956, as amended from time to time
DP/Depository Participant	A depository participant as defined under the Depositories Act, 1996
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time being NSDL and CDSL
Depository Act	Depositories Act, 1996 as amended from time to time
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed there under
FII	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI and as required under FEMA (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 and under other applicable laws in India.
F.Y. / FY / Fiscal / Financial Year	Period of twelve months ended March 31 of that particular year unless otherwise specified in the context thereof
FIPB	Foreign Investment Promotion Board
Government/GOI	Government of India
Indian GAAP	Generally Accepted Accounting Policies in India
IT Act/Income Tax Act	The Income Tax Act, 1961, as amended from time to time
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Non Resident	A person who is not an NRI, an FII and is not a person resident in India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time
Stock Exchange	Unless otherwise specified refers to BSE and NSE

ISSUE RELATED TERMS

Term	Description
Allotment	Issue of Equity Shares pursuant to the Issue to the successful bidders as the context requires
Allottee	The successful bidder to whom the Equity Shares are being/have been issued
Banker(s) to this Issue/ Escrow collection bank	ICICI Bank Limited, HDFC Bank Limited, Deutsche Bank AG, Punjab National Bank
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount/Bid Price	The amount equal to highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid for this Issue
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be notified in widely circulated English National newspaper and Hindi National newspaper (which is also the regional language newspaper) in the same place where the registered office of our Company is situated
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in widely circulated English national newspaper and Hindi national newspaper (which is also the regional language newspaper) in the same place where the registered office of our Company is situated
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to purchase the Equity Shares of our Company and which will be considered as the application for allotment of the Equity Shares in terms of this Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus
Bidding/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Guidelines on book building as explained under Chapter XI of the SEBI Guidelines
BRLMs	Book Running Lead Managers to this Issue, in this case being UTI Securities Limited and IL&FS Investsmart Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The highest end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Cut-off/Cut-off price	This refers to any price within the price band. A bid submitted at cut-off is a valid bid at all price levels within the price band
Designated Stock Exchange	The Bombay Stock Exchange Limited

Term	Description
Designated Date	The date on which the funds are transferred from the Escrow Account of our Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders
Red Herring Prospectus	This Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Issue
Eligible Employees	Eligible Employees means permanent employees/executive (working) directors of our Company, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid-cum-Application Form
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement entered into amongst our Company, the Registrar to this Issue, the Escrow Collection Bank(s), and the BRLMs for collection of the Bid amounts and refunds (if any) of the amounts collected, to the Bidders
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lowest end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue/Public Issue/IPO/Offer	Issue of 7,035,714 Equity Shares of Rs. 10/- each for cash at a price of Rs. [•] per Equity Share, including share premium of Rs. [•] per Equity Share aggregating Rs. [•] million by our Company. The issue comprises of reservation of 390,000 Equity Shares aggregating Rs. [•] million for permanent employees on a competitive basis and the “Net Issue to Public” of 6,645,714 Equity Shares aggregating Rs. [•] million. The Net Issue would constitute 29.84% of the fully diluted Post Issue Paid up capital of our Company.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Red Herring Prospectus, as determined by our Company in consultation with the BRLMs, on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of Bid, being 10% or 100% of the Bid Amount
Minimum Bid/allotment lot	125 Equity Shares and in multiples of 125 Equity Shares thereof
MICR code	Magnetic Ink Character Recognition
Net Issue to public	6,645,714 Equity Shares of Rs. 10/- each
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs.100,000
Non Institutional Portion	The portion of the Issue being not less than 15% of this Net Issue i.e. 996,875 Equity Shares of Rs.10/- each available for allocation to Non Institutional Bidders

Term	Description
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% Margin Amount at the time of bidding, as applicable
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Being the price band of a minimum price (Floor Price) of Rs. 50 and the maximum price (Cap Price) of Rs. 56 and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLMs finalizes the Issue Price
Promoters	Following mentioned below are the Promoters for our Company ● Mr. Vijay Kumar Arora ● Mr. Ashwani Arora ● Mr. Surinder Arora
Prospectus	The Prospectus to be filed with the RoC in terms of section 60 of the Companies Act, 1956, containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the number of Equity Shares being issued through this Issue and certain other information.
Public Issue Account	In accordance with section 73 of the Companies Act, 1956, an account opened with the Banker(s) to this Issue to receive monies from the Escrow account for this Issue on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, Scheduled Commercial banks, Mutual Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Indian Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with Insurance Regulatory and Development Authority (IRDA), Provident Funds with minimum corpus of Rs. 25 crores and Pension Funds with minimum corpus of Rs. 25 crores
QIB Portion	The portion of this Issue being up to 50% of the Net Issue, i.e. 3,322,857 Equity Shares of Rs. 10 each available for allocation on proportionate basis to QIB's of which 5% shall be proportionately allocated to Mutual Funds registered with SEBI
Red Herring Prospectus	The Red Herring Prospectus which will be filed with RoC in terms of Section 60B of the Companies Act, at least 3 days before the Bid/ Issue Opening Date
Registrar/Registrar to the issue	Registrar to Issue, in this case being Bigshare Services Private Limited
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS as applicable

Term	Description
Retail Individual Bidders	Individual Bidders (including HUFs) who have not Bid for an amount in excess of Rs. 100,000/- in any of the bidding options in this Issue
Retail Portion	The portion of this Issue being not less than 35% of this Net Issue i.e. 2,326,000 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
Syndicate/Members of the Syndicate	BRLMs and the Syndicate Members collectively
Syndicate Agreement	The agreement to be entered into among our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue
Syndicate Member	Intermediaries registered with SEBI and Stock Exchanges and eligible to act as underwriters. Syndicate Member is appointed by the BRLMs
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as a proof of registration of the Bid on the online system of BSE/NSE
Underwriters	Members of the Syndicate who are signatories to the Underwriting agreement
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date

COMPANY / INDUSTRY RELATED TERMS

Term	Description
Articles/Articles of Association/ AoA	Articles of Association of LT Overseas Limited
APEDA	Agricultural Produce Export Development Authority
Auditors	The Statutory Auditors of our Company M/s. Tilak Chandna & Co., Chartered Accountants
Board / Board of Directors	Board of Directors of LT Overseas Limited unless otherwise specified
Equity Share	Fully paid up Equity Share of our Company of face value of Rs. 10 Each
Memorandum/ Memorandum of Association/MOA	The Memorandum of Association of LT Overseas Limited
Project	The purpose of present Issue of Equity Shares by our Company. The details of the Project is provided in the section 'Objects of the Issue' on page 26 of this Red Herring Prospectus
Registrar of Companies/ROC	Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavaran Bhavan, CGO Complex, Lodhi Road, New Delhi-110003
Registered Office of our Company	A 21, Green Park, Main Aurobindo Marg, New Delhi-110016

ABBREVIATIONS

Term	Description
Amt	Amount
AGM	Annual General Meeting of our Company
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
A/c	Account
A.Y./ AY	Assessment Year
BCCL	Bennett Coleman & Company Limited
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
Co.	Company
CENVAT	Central Value Added Tax
CLB	Company Law Board
CDSL	Central Depository Services (India) Limited
DCA	Department of Company Affairs
DP	Depository Participant
EBITDA	Earning before Interest, Tax, Depreciation and Amortization
ECS	Electronic Clearing Service
EGM	Extra-ordinary General Meeting of our Company
EPS	Earnings Per Share
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the rules and regulations framed there under.
FII's	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI and as required under FEMA (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 and under other applicable laws in India.
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
F.Y. / FY / Fiscal / Financial Year	Period of Twelve Months ending on 31 st March of the respective year
FI	Financial Institution
GDP	Gross Domestic Product
GOI	Government of India

Term	Description
HACCP	Hazard Analysis and Critical control Point
HUF	Hindu Undivided Family
IIL	IL&FS Investsmart Limited
IPO	Initial Public Offer
ISO	International Standards Organization
KW	Kilo Watt
L/C	Letter of Credit
Ltd.	Limited
MF	Mutual Fund
MTPH	Metric Tonnes Per Hour
MD	Managing Director
NEFT	National Exchange Funds Transfer
N.A.	Not Applicable
NOC	No Objection Certificate
NAV	Net Asset Value
NRE	Non-Resident External
NRIs	Non Resident Indians as defined under FEMA
NRO	Non-Resident Ordinary
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited
OTC	Over-the-counter
P.A./pa	Per Annum
PAN	Permanent Account Number
PAT	Profit After Tax
PE Ratio	Price Earning Ratio
PBT	Profit Before Tax
PBDIT	Profit Before Depreciation, Interest and Tax
PBIT	Profit Before Interest and Tax
Pvt.	Private
QIB	Qualified Institutional Buyers
R&D	Research and Development

Term	Description
RTGS	Real Time Gross Settlement
Rs./INR	Indian Rupees
RBI	Reserve Bank of India
RONW	Return on Net Wealth
Sq. Ft.	Square Feet
SEBI	The Securities and Exchange Board of India
SQF	Safe Quality Food
TNW	Total Net Worth
TPH	Tonnes Per Hour
UAE	United Arab Emirates
US/ USA/ America	The United States of America
UTISEL	UTI Securities Limited
USD or \$ or US\$	United States Dollar
w.e.f	With Effect From

SECTION II - GENERAL

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Red Herring Prospectus, the terms “we”, “us”, “our”, “the Company”, “our Company”, “LT Overseas Limited”, “LT Overseas” unless the context otherwise indicates or implies, refers to LT Overseas Limited. In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac” means “one hundred thousand”, the word “million (million)” means “ten lac”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. Throughout this Red Herring Prospectus, all figures have been expressed in million.

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

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

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

Market Data

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

FORWARD LOOKING STATEMENTS

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

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

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

SECTION III - RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with the sections entitled “Our Business” and “Management Discussion and Analysis” beginning on pages 50 and 165 respectively of this Red Herring Prospectus as well as other financial information contained in this Red Herring Prospectus. If any of the following risks or any of the other risks and uncertainties discussed in this Red Herring Prospectus actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment

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

A) RISKS IN RELATION TO OUR PROJECT

- 1) *We have not entered into any definitive agreements with the suppliers of plant and machinery to utilize the net proceeds of the Issue.***

We intend to use the net proceeds of the Issue for the purposes described in the section titled “Objects of the Issue” on page 26. The total cost of the plant & machinery is estimated at Rs. 317.23 million, of which we have placed orders to the extent of Rs. 105.41 million. We are yet to place orders for Rs. 211.82 million representing approximately 67% of cost of plant and machinery. All figures included under the section titled “Objects of the Issue” are based on our own estimates, which are based on quotations obtained from various vendors. There has been an increase of 2.76% in the cost of plant and machinery for which we have placed orders. To the extent the orders have not been placed, the project cost may change at the time of placing the final orders.

- 2) *We have not obtained any third party appraisals for our Project.***

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. Our estimates for the Project may exceed the value that would have been determined by third party appraisals, which may require us to reschedule our Project expenditure and have a bearing on our expected revenues and earnings.

- 3) *Risk in relation to purchase of certain second hand machinery.***

We intend to purchase a second hand boiler, for our power unit at an estimated cost of Rs. 12.83 million. We believe that the boiler is in good working condition and will serve the purpose it is intended to use. In case it does not serve the purpose or its estimated remaining life is less than our estimate, it will require a replacement which may involve additional expenditure.

B) RISKS IN RELATION TO COMPANY

- 1) *There are legal proceedings and inquiries pending against us that if determined against us, may have a material adverse effect on our business.***

There are certain claims pending against us and our subsidiaries, which are discussed under the section titled “Outstanding Litigations” beginning on page 178 of this Red Herring Prospectus. Some of these actions against us may result in financial settlements and penalties that may affect our earnings. A summary of the pending cases and disputes instituted against us and our subsidiaries has been set out hereunder:

Sr. No.	Nature of case	Number of cases	Claim Involved*
1.	Civil	3	Rs. 1,34,33,312
2.	Labour	2	Not quantified
3.	Proceedings for recovery of tax, customs duty and other statutory proceedings.	10	Rs. 4,22,76,841
4.	Trade mark oppositions** filed against the Company in relation to applications for registration of trade marks filed by the Company.	2	Not quantified

*The amounts stated under this head are on the basis of the claims made against us, where the same have either been specifically stated by the counter party or prayed for by them before the judicial authorities. There are cases where the amount claimed cannot be quantified and therefore has not been taken into account while preparing the figures and amounts stated under this head.

** In addition to these, our group concern M/s Raghunath Agro Industries has received a notice dated November 3, 2006 from Ms. Ritu Ghuman, an advocate representing the Punjab State Co-op Supply and Marketing Federation Limited ("PMFL") stating that M/s Raghunath Agro Industries' usage of the mark 'Sona' is deceptively similar to the trademark 'Sohna', the registered proprietors of which are PMFL. For details of this notice please refer to page 182 of this Red Herring Prospectus.

2) Significant increases in prices of raw material used for our manufacturing could affect our results of operations and financial condition

Basmati Paddy is the major raw material in our manufacturing process and any increase in its price, which we are not able to pass on to our customers, could affect our results of operations and financial condition.

3) Risk relating to availability and procurement of paddy

The basmati rice industry is an agro-based industry and its main raw material is basmati paddy. Paddy is dependent on a number of factors, like rain water availability, irrigational facilities, insect manifestation, change in crop pattern adopted by the paddy farmers, on all of which our Company has no control. Occurrence/non occurrence of any of these factors may adversely affect the availability of paddy. In case we are not able to procure the desired quality and/or quantity of the basmati paddy due to adverse climatic conditions, improper water management, crop failures etc. it would impact our turnover and profitability.

4) Improper storage, processing and handling of basmati paddy and rice may cause damage to our stock

Majority of our inventory consists of basmati paddy and rice. We store our inventory in silos, open sheds etc. In the event the basmati paddy is not appropriately stored, handled and processed it may affect the quality of the end products, which would impact our financials.

5) Selling price of rice depends largely on the prevailing market price. Lower price realisation may affect our financials,

The wholesale price of rice has a significant impact on our profits. Rice is subject to price fluctuations due to weather, natural disasters, domestic and foreign trade policies, shifts in supply and demand and other factors beyond our control. Further, the rice industry in India is highly fragmented and the pricing power of individual companies is limited. As a result, any prolonged decrease in rice prices could have a material adverse impact on our Company and our results of operations.

6) *Our inability to meet the consistent quality requirements of our customers and maintain the quality certification requirements could hamper our sales and demand for our products*

We have to, on a regular basis, keep pace with the quality requirements of our international and domestic customers, invest continuously in new technology and processes to provide the desired quality product. If we are unable to provide the desired quality product to our customers we may be unable to service our customers, which would adversely affect our result of operations. Further, our inability to obtain new quality certifications which maybe required for specific locations where we market our products as well as our inability to renew our existing certifications would adversely affect our result of operations.

7) *Our future growth requires additional working capital, which may not be available on terms acceptable to us, which may impact our profitability.*

Our business is working capital intensive. We intend to pursue a strategy of funding our major working capital requirements from banks and other financial institutions. We may not be successful in obtaining these funds in a timely manner, or on favorable terms or at all. We cannot assure you that our future working capital requirements shall be funded at the current/lower cost. Our inability to get funds on acceptable term could impact our growth and profitability.

8) *Our indebtedness and the conditions and restrictions imposed by our financing agreements could restrict our ability to conduct our business and operations*

There are certain restrictive covenants in the agreements we have entered into with certain banks and financial institutions for short term and long term borrowings and secured and unsecured loans. Most of our loans are secured by way of mortgage of fixed assets and hypothecation of current assets both present and future. In case we are not able to pay our dues in time, the same could adversely impact our operations. In addition to the above, our financing arrangements also include restrictive covenants that require us to obtain consents of our lenders prior to carrying out certain activities and entering into certain transactions. Some of these restrictive covenants require the prior consent of the said banks/financial institutions and include, for example, restrictions pertaining to the declaration of dividends, alteration of the capital structure, entrance into any merger/amalgamation, expenditure in new projects, change in key personnel and change in the constitutional documents. Although we have received consent from our lenders for this Issue, these restrictive covenants may also affect some of the rights of our shareholders. Failure to obtain such consents can have significant consequences on our capacity to expand and therefore adversely affect our business and operations.

9) *Our Company has entered into an advertising agreement with Bennett, Coleman & Co. Ltd.(BCCL) under which our Company has paid an advance sum to BCCL*

We have entered into an advertising agreement with BCCL under which we have agreed to spend Rs. 5 crores in the next three years towards advertisements to be released in the primarily in the print media of BCCL. The entire amount of Rs. 5 crores has been paid to BCCL as an advance towards purchasing the advertisement space. Under this agreement, in the event of a dispute between us on the terms of the agreement, the mechanism for resolving such dispute is through arbitration, which may or may not be decided in our favour. Details of this agreement are discussed on page 81 of this Red Herring Prospectus.

10) *Failure to adequately protect our intellectual property rights may adversely affect our revenues.*

Registration, under relevant intellectual property laws, of some of our brands, through which we carry on our business, are pending.. While we do not envisage any difficulty in obtaining these registrations, in the event such registration is not obtained by us on the ground that there are prior users of the said brands, failure to use those brands in the future as a result of such occurrence may affect our revenues.

- 11) ***We are dependent on a number of key personnel and their talent, and the loss of or inability to attract or retain such persons could adversely affect us.***

Our key managerial personnel and skilled manpower is one of our greatest strengths. Our performance depends largely on the efforts and abilities of senior management and other personnel, including our present officers. The loss of key managerial personnel or any inability to manage the attrition levels in different employee categories may materially and adversely affect our operations and profitability.

- 12) ***In case our Company is not able to fulfil its export obligations, there may be penalties imposed on our Company***

Our Company has export obligations under the various EPCG Licences issued from time to time. Our total export obligation as on October 28, 2006 is Rs. 851.25 million. To the extent our Company is unable to fulfil the export obligations, the concessional import duty benefit given to our Company may be reversed entailing payment of full import duty along with interest, which may impact our profitability by such amount.

- 13) ***The insurance policies obtained by us may not be adequate to protect us against all potential losses, which we may be subject to in the future.***

Our Company has covered itself against majority of the risks. Our significant insurance policies consist of coverage for risks relating to physical loss or damage as well as business interruption loss. In addition, we have obtained separate insurance coverage for personnel related risks and motor vehicle risks. While we believe that the insurance cover we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, nor that we have taken out sufficient insurance to cover all material losses.

- 14) ***Our registered office at A-21, Green Park is in a residential area. As per the Supreme Court of India directive all commercial premises located in residential areas are required to be sealed.***

Our registered office is located at A-21, Green Park, New Delhi, which is a residential area in Delhi. As the Municipal Corporation of Delhi has recently resumed the sealing of commercial premises located in residential areas pursuant to the directions of the Supreme Court of India we cannot assure you that our registered office will not be sealed in the near future, which may disrupt our day to day functioning and management. However, this risk is mitigated to a certain extent by the fact that we have already acquired alternative office space in Saket, New Delhi, where we are proposing to shift by March 2007. If necessary, we may shift to another location for a temporary period till such time our Saket office is ready. For details of our office premises, please refer to Page 61 of this Red Herring Prospectus.

- 15) ***Our failure to obtain and renew regulatory approvals required for our business may be detrimental to our business operations.***

Certain registrations, approvals and permits are required by us, in the ordinary course, for carrying on our business operations. Though we do not envisage any difficulty in obtaining these registrations, approvals and permits, if we are unable to obtain the same it may impact our business operations. For the details of the approvals required for our business, which are currently pending, please refer to Page 194 of this Red Herring Prospectus.

- 16) ***Some of the tax benefits, which are presently available to our Company will not and/or may not be available in future***

Our Company is eligible for certain income tax benefits such as under section 80IB (11A) of the Income Tax Act, 1961. For details of the tax benefits available to our Company please refer to section titled "Statement of Tax Benefits" on page 38 of this Red Herring Prospectus. In case these exemptions are withdrawn or phased out, our tax liability will increase thereby reducing our profitability.

17) *There can be no assurance that our Company will pay dividends to its shareholders in the near future*

We have paid dividend only once in last five years. We have paid dividend of 25% in the last fiscal year. We do not give any assurance that dividends will be paid in the future. The declaration and payment of any dividends in the future will be recommended by our Board of Directors, at its discretion, and will depend on a number of factors, its earnings, cash generated from operations, capital requirements and overall financial condition.

18) *Our Promoters and members of the Promoter Group will continue to retain majority control in our Company after the Issue, which will enable them to influence the outcome of matters submitted to shareholders for approval.*

Upon completion of the Issue, our Promoters and members of the Promoter group will beneficially own approximately 63.87% of our Company's post-Issue Equity Share capital. As a result, the Promoters and the Promoter Group will have the ability to control our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. In addition, for so long as the Promoters and the Promoter Group continues to exercise significant control over our Company, they may influence the material policies of our Company in a manner that could conflict with the interests of our other shareholders. The Promoters and the Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our other shareholders do not agree.

19) *We may face competition from other established companies and future entrants into the industry.*

We operate in a globally competitive business environment. In the international market we compete with exporters, both private labels and branded players from India and Pakistan. In domestic market, we compete with branded players. Growing competition may force us to reduce the prices of our products and services, which may reduce revenues and margins and/or decrease market share, either of which could impact our results of operations.

20) *Our inability to manage our growth could disrupt our business and reduce our profitability.*

We are expanding our operations and expect to continue to do so in the future. As we continue to grow and diversify, we may not be able to execute our growth strategy efficiently and in a manner suitable to us, which could result in increase in the costs and drop in the quality levels which may adversely affect our reputation. Any inability to manage our growth may have an adverse effect on our business and results of operations.

21) *We are in the process of diversifying our business and expanding our offering which exposes us to unknown risks which we have been previously unexposed to.*

As part of our growth and expansion plans, we are in the process of diversifying our business and entering into value added rice and rice products which we propose to market and sell across various geographies. Although such new businesses provide us with more opportunity and scope for our growth, due to our inexperience in these new segments, we cannot assure that all such new initiatives will be successful and generate profits for us. Further, as we are relatively new to this line of activities we are not exposed to the risks associated with these businesses. This may significantly hamper our growth prospects and may also lead to a loss of our reputation.

22) Losses incurred by subsidiary and group company

Some of our subsidiary and group concerns have incurred losses in last 3 years. The following table puts forth the details:

(Rs in million)

Name of company	FY 2004	FY 2005	FY 2006
Subsidiaries			
● LT International Limited	-1.52	-1.53	0.004
● Nature Bio Foods Limited	-	-	-0.02
● Sona Global Limited	-	-	-0.15
● Nice International FZE	-	-	-0.64
Group Company			
● Daawat Foods Private Limited			-0.06

For details, please refer to the section titled “Our Subsidiaries & Group Concerns” on page 100 of this Red Herring Prospectus.

23) There are certain audit qualifications in our auditor report.

Our auditor has made certain audit qualification in its auditor report. For details please see the Annexure XV of our auditors report on page 136 of this Red Herring Prospectus.

24) We have certain contingent liabilities, which have not been provided for.

As on 30th June 2006 contingent liabilities not provided for, aggregated to Rs. 442.97 million. These include liabilities on account of Letters of Credit and Guarantees given by Banks on behalf of our Company to third parties, Penalty levied by the Customs Authorities, and Income Tax demand disputed in appeal. In the event any of these contingent liabilities get crystallized, our financial condition may be adversely affected. For further information please see section titled “Financial Statement of our Company” on page 107 of this Red Herring Prospectus.

25) We have entered into, and will continue to enter into, related party transactions.

We have in the past entered into transactions with several related parties, including our Promoters and companies forming part of our promoter group. For more information regarding our related party transactions, see the disclosure on related party transactions contained in our restated financial statements included in this Red Herring Prospectus. Further, in the future our business is expected to involve transactions with such related parties.

26) Our subsidiary companies, Nature Bio Foods Limited, LT International Limited, Sona Global Limited, Nice International FZE are in similar line of business, which may create conflict of business interest. Further our group Companies Daawat Foods Private Limited and group firm, R.S. Rice and General Mills are in similar line of business. For details of subsidiary company and group company please refer to page 100 of this Red Herring Prospectus.

27) *Enforcement of Bank Guarantees issued in favour of our Buyers, in relation to our performance, may impact our financial performance.*

As per agreements with two of our buyers, our bankers have, at our request, issued three bank guarantees (two (2) in favour of Cargill International Trading Pte. Limited for amount of USD 2,000,000 and USD 1,000,000 respectively and one (1) for an amount of USD 1,250,052 in favour of Bunge SA) for due performance on our part. In case we are unable to fulfill our commitments as per our agreements with these buyers the bank guarantee will be enforced which may impact our financial performance. For more details in relation to these agreements, please refer to page 77 of this Red Herring Prospectus.

C) EXTERNAL RISK FACTORS

1) *Any significant change in the Government's economic liberalization and deregulation policies could disrupt the business and adversely affect the financial performance of our Company.*

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

2) *Sensitivity to the economy and extraneous factors*

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

3) *If we fail to comply with environmental laws and regulations or face environmental Litigation, our results of operation may be adversely affected.*

Environmental laws and regulations in India are becoming stringent and it is possible that they will become significantly more stringent in the future. If, as a result of compliance or non-compliance with any environmental regulations, any heavy penalty is imposed on us or any of our units or the operations of such units are shut down, we will continue to incur costs in complying with regulations, appealing any decision to close our facilities, maintaining production at our existing facilities and continuing to pay labour and other costs which continue, even if the facility is closed. As a result, our overall operating expenses will increase and our profits will decrease.

4) *The price of our Equity Shares may be volatile.*

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

- Volatility in Indian and global securities market;
- Our results of operations and performance;
- Performance of our competitors and perception in the Indian market about investment in the Rice Industry;
- Adverse media reports, if any, on our Company or the Rice Industry;

- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant development in India's economic liberalization and de-regulation policies; and
- Significant development in India's fiscal and environmental regulations.

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

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

The Issue Price of our Equity Shares will be determined by the Book Building Process. This price will be based on numerous factors (discussed in the section titled 'Basis for Issue Price' beginning from page 36 of this Red Herring Prospectus) and may not be indicative of the market price for our Equity Shares after the Issue.

The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure the investors that they will be able to resell their Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

- Quarterly and other variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

6) *Certain factors beyond the control of our Company like terrorist attacks, civil unrest, droughts, floods, earthquakes, war etc. or any other acts of violence involving India and other countries can adversely affect our Company and financial markets, where the Equity Shares of our Company will be traded*

Certain events are beyond our control such as the tsunami or seismically generated sea waves capable of considerable destruction and terrorist attacks. The other acts of violence or war including civil unrest, military activity and hostilities among countries may adversely affect worldwide financial markets and could lead to economic recession. Any such event could adversely affect our financial performance or the market price of the equity shares.

7) *Exposure to foreign exchange risk. Any volatility in the exchange rate of any foreign currency vis-à-vis the Indian Rupee may affect our profitability.*

Of the total project cost, plant and machinery worth Rs. 209 million shall be paid in foreign currency. Exports income, as a percentage of total income, for fiscal 2004, 2005, 2006 were approximately 68%, 61% and 44%, respectively; hence our income would be significantly affected by adverse fluctuations in foreign exchange rate. To some extent this volatility is taken care of by the fact that we enter into contracts with banks for hedging against foreign exchange fluctuations.

8) *Exposure to interest rate fluctuations*

Changes in interest rates could significantly affect our financial condition and results of operations. Most of our borrowings are at floating rates of interest. If the interest rate for our existing or future borrowings increases significantly, our cost of servicing such debt will increase. This may adversely impact our results of operations, planned capital expenditures and cash flows.

NOTES TO RISK FACTORS:

1. The Book Value per Equity Share of Rs.10 each as on 30th June 2006 is Rs. 39.46 as per our restated financial statements.
2. The Net Worth of our Company as on 31st March 2006 is Rs. 549.20 million and as on 30th June 2006 is Rs. 571.00 million as per our restated financial statements.
3. For details on related party transaction please refer to section titled “Related Party Transaction” on page 131 of this Red Herring Prospectus.
4. The average price of acquisition per Equity Share for the Promoters is as follows:

Name of Promoter	Cost per Equity Share (Rs.)
Mr. V.K. Arora	2.85
Mr. Ashwani Arora	5.13
Mr. Surinder Arora	6.30

5. Public Issue of 7,035,714 Equity Shares of Rs.10 each at a price of Rs. [●] for cash including share premium of Rs. [●] per Equity Share aggregating Rs. [●] million. The Issue comprises of reservation of 390,000 Equity Shares aggregating Rs. [●] million for permanent employees (employee reservation portion) on a competitive basis and the “Net Issue to public” of 6,645,714 Equity Shares aggregating Rs. [●] million. The face value of Equity Share is Rs.10 and the Issue Price is [●] times the face value. The Net Issue to the public would constitute 29.84% of the fully diluted post Issue paid up capital of our Company.
6. Our Company has issued 8,374,525 Equity Shares of Rs. 10/- each as bonus shares by capitalization of free reserves, details of which are mentioned in the notes to Capital Structure.
7. This Issue is being made through 100% Book Building Process wherein not more than 50% of the net Issue will be allocated on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further not less than 15% of the net Issue will be available for allocation on proportionate basis to Non-institutional bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
8. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with BSE, the Designated Stock Exchange.
9. Investors may contact the BRLMs or the Compliance officer for any compliant/clarification/information pertaining to the issue. For contact details of the BRLMs or the Compliance officer please refer to the front cover page.
10. The BRLMs and our Company shall make all information available to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
11. Investors are advised to refer to the paragraph on “Basis for Issue Price” on page 36 of this Red Herring Prospectus before making an investment in this Issue.
12. The investors may contact the BRLMs or the Compliance officer for any complaint/ clarification/ information pertaining to the Issue. For contact details of the BRLMs, please refer to the cover page of the Red Herring Prospectus.
13. There are no contingent liabilities as on 30th June 2006, except as mentioned in the Financial Statement on page 130 of this Red Herring Prospectus

14. For details of liens and hypothecation on the properties and assets of our Company please see Section on 'Financial Statements' on page 134.
15. Bidders should note that on the basis of name of the Bidders, Depository Participant's name, depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application and also update their demographic details with their respective depository participant.
16. No part of the issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, subsidiaries, associates or group companies.
17. Our Company and the BRLMs will update the Offer Document and keep the public informed of any material changes till the listing of our shares on the stock exchanges.

SECTION IV - INTRODUCTION

SUMMARY

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Red Herring Prospectus, including the information contained in the chapters titled “Risk Factors” and “Financial Statements” and related notes on pages xi and 107 of this Red Herring Prospectus before deciding to invest in our Equity Shares.

Agriculture is one of the important economic sectors of India. It provides approximately 22.7% of the GDP and nearly two-thirds of the population depends on agriculture for their livelihood. Agriculture provides the bulk of goods required by the non-agricultural sector as well as raw materials for other industries. The emerging areas in agriculture like horticulture, floriculture, organic farming, genetic engineering, food processing, branding and packaging have high potential for growth. The sector enjoys policy support in the form of easy credit norms and export incentives.

India is the largest producer of sugarcane, milk, coconut, spices and cashews and the second largest producer of rice, wheat, pulses, fruits and vegetables. India's share in world agriculture exports is around 1% to 1.50% for the last four years.

Rice is cultivated in more than 100 countries and is the staple food for over half the world's population. Asia is the biggest rice producer accounting for 90% of the world's production and consumption of rice. In the recent years, the rice production has fluctuated between 375-400 million tonnes.

Rice accounts for 13% of overall agriculture exports and 1.6% of total exports from India in 2004. Rice exports have grown at a CAGR of approximately 6% during the period 1981-2004. During the past 4 years the CAGR is approximately 9%.

India is the largest producer and exporter of basmati. The foothills of the Himalayas provide the distinct natural conditions and the soil required for the cultivation of this scented rice.

Following table depicts the share of India and Pakistan in basmati exports:

Year	Total Trade		India		Pakistan		Share in Qty (%)	
	Qty-MTs	Value Million USD	Qty-MTs	Value Million USD	Qty-MTs	Value Million USD	India	Pakistan
2000-01	13,53,783	718	8,51,722	481	5,02,061	237	62.91	37.09
2001-02	12,17,099	650	6,67,066	392	5,50,033	258	54.81	45.19
2002-03	14,27,018	787	7,10,292	426	7,16,726	361	49.77	50.23
2003-04	15,87,814	905	7,71,475	483	8,16,339	422	48.58	51.42
2004-05	19,65,026	1051	11,50,169	611	8,14,857	440	58.53	41.47

Source: APEDA

India's Exports of basmati and non-basmati rice for the last five years are as under:

(million mts)

Year	2004-05	2003-04	2002-03	2001-02	2000-01
Non Basmati	3.64	2.64	4.34	1.53	0.68
Basmati	1.12	0.77	0.71	0.66	0.85

Source: Rice India January 2006 & 2007

Major Players

As per confirmation from AC Nielsen ORG-MARG Pvt. Ltd., major basmati rice players in India in the calendar year 2005 as per volume share are

Name	Volume Share (%)
Satnam Overseas Limited	27.40
KRBL Limited	23.30
LT Overseas Limited	21.90
Amar Singh Chawalwala	9.60
Tribeni Flour Mill	5.70
Shivnath Rai Harnarain	3.50

Summary of Business

Overview

Our company is primarily in the business of milling, processing and marketing of branded & non-branded basmati rice and manufacturing of rice food products in the domestic and overseas market. Our operations include contract farming, procurement, storage, processing, packaging and distribution. We are also engaged in research & development to add value to rice and rice food products. Our key thrust area for R&D has been on developing process for getting better aroma, better head grains yield and reducing the stickiness and developing value added rice. We carry out periodic surveys to assess consumer needs. Based on the feedback from such surveys we upgrade our product offerings or start working on the development of new products. Our product portfolio comprises brown rice, white rice, steamed rice, parboiled rice, organic rice, quick cooking rice, value added rice and flavoured rice in the ready to cook segment.

We have a capacity to process 30.5 TPH of paddy of which 27 TPH is processed in our own facility at Bahalgarh, Haryana and 3.5 TPH is processed in facility leased from group concerns R.S. Rice & General Mills & Daawat Foods Private Limited, located in Amritsar, Punjab and Sonapat, Haryana respectively.

In the international market, our products are being sold in more than 35 countries including quality conscious markets like USA, Canada, UK and the European Union. In the domestic packaged basmati rice segment we are currently among the top three players for 2005 in volume terms as per an AC Nielsen ORG-MARG survey. Our Company owns 19 brands and application for another 30 brands are pending at various stages. Our brands are registered in about 40 countries.

Our income for the years ended March 31, 2004, 2005 & 2006 was Rs.3,700.38 million, Rs. 3606.62 million and Rs.4035.72 million respectively. Our export turnover for years ended March 31, 2004, 2005 and 2006 was Rs. 1860.63 million, Rs.1544.18 million and Rs. 1560.97 million respectively. Out of our total income, Our Domestic turnover for years ended March 31, 2004, 2005 & 2006 was Rs.1084.66 million, Rs. 1334.16 million and Rs.2183.51 million respectively. Our Profit for the years ended March 31, 2004, 2005 and 2006 has been Rs. 54.08 million, Rs.49.74 million and Rs.111.34 million. Our Profit Margins for the years ended March 31, 2004, 2005 & 2006 has been 1.46 %, 1.38 % and 2.76 % respectively.

Our Strengths

Our Brands

In our business, branded basmati rice commands a premium over the unbranded variety. Branding helps in differentiating our offerings from other private labels and assures our buyers of the quality of the product. It also gives us better shelf space in modern retail chains. Our Company owns established brands like 'Daawat' and 'Heritage'. We have as on date 19 brands registered in our name. As per the 2005 AC Nielsen ORG MARG survey, our brand "Daawat" is among the top three basmati rice brands in India.

We have registered our brands in forty countries. We launched 'Daawat' brand in USA in 1992, in Mauritius in 1999, in Australia in 2000 and in Canada in 2001. In the year 2004, we also received Community Trade Mark (CTM) registration, which is valid in 25 participating countries.

Promoting our brands has helped us in getting new clients; repeat orders from existing clients and increased demand from end users.

Our Sourcing Ability

Our sourcing ability is one of our greatest strengths. For procurement, we collect information regarding quality and quantity of paddy in various zones through our team of purchasers, aartias (middlemen) & external agencies who use advanced survey technologies like satellite survey, and field survey. This helps us in optimizing our procurement process. Our executive directors interface regularly with the procurement team thereby enabling quick decision-making in the buying process. Over a period, we have been able to develop relationships and rapport with farmers, which helps us in procuring quality produce at reasonable prices. Our strengths in the procurement process help to obtain our raw material at competitive prices.

Our Process & Technology

We have kept ourselves abreast with the latest technology relevant to our business. We are among the few rice manufacturers to use silos for storage of rice. Our processes are fully mechanized and the output is untouched by hand. We have been continuously investing in technology and process improvements. We are using automatic colour sorting machine for quality purposes since 1992. We are among the first few players in the rice industry, to achieve ISO and Hazard Analysis and Critical Control Point (HACCP) Certification from British Standards Institute. Our technology and process not only helps us in maintaining good relations with institutional buyers but also gives confidence to new buyers.

Our Company has entered into an agreement with Satake Corporation, Japan, who will provide us exclusive right to use new milling technologies for value added rice which we have already installed. We will enjoy exclusive use of these technologies for a specified period of time. For details of this agreement, please refer to sub section "material agreement" beginning on page 77. These arrangements give us a technological edge over other local competitors.

Our Focus on Quality

A good quality product is the foundation for a good brand. As mentioned above, we have the ISO 9000:2001, HACCP and the SQF certification. All these official quality recognitions are testimony to our process orientation and the international standard quality of our products. We believe consistency of products could be achieved only by process orientation. This process orientation helps us in increasing our efficiency and maintaining our quality. We use modern technology and software to track the quality of input as well as output. This helps us in ascertaining the reasons for rejections. We constantly make efforts to improve our processes through continuous research and development. Our focus on quality has helped us in retaining our clients and adding new ones.

Our Large Scale Operations

As per the AC Nielsen ORG MARG survey for 2005, we are one of the top three players in the domestic market with a volume market share of 22%. Our large-scale operations help us in procuring raw material at economical prices and feeding our large distribution network. It also enables us to cater to buyers with large requirements. Our size provides us economies of scale and helps in pricing our products competitively.

Our Product Portfolio

We cater to all the segments of basmati rice market. Our portfolio constitutes all kinds of basmati rice; value added products and vitamin enriched rice. Our offerings include brown rice, white rice, steamed rice, parboiled rice, organic rice, quick cooking rice, value added rice and "Rice & Flavours" in the ready to cook segment. Our largest selling brand is "Daawat" having various sub brands to cater to various segments.

Our Distribution

In the domestic market, we have more than 100 distributors who are present in almost every state. We have a strong presence in almost all major basmati consuming cities in India. We have exclusive arrangements with most of our distributors for sale of our products. Our distributors also provide us with valuable feedback on preferences of end customers which enables us to market the right products. Our good relations and understanding with our distributors have helped our growth in the domestic market.

Our international distribution network covers more than 35 countries. Our tie-ups with various distributors in international markets ensure presence of our products in major markets. Our product quality and terms of business have enabled us to attract the distributors in the business to be our partners.

Our global distribution network consists of both exclusive and non-exclusive distributors. We have exclusive arrangement with our distributors in North America, South America and the European region, which helps us in selling our products in a more efficient manner. Our global presence helps us in planning our output throughout the year. Our long-standing presence in quality conscious markets, gives us the confidence to enter new markets.

OUR VISION

“To be a global rice foods company”

As the world moves towards convenience foods, there is a growing acceptance of ‘ready to cook’ and ‘ready to eat’ meals. This trend will create a huge market for such products in the years to come. We are developing innovative products for this segment and we aspire to be one of the top players in the rice and value added rice products business.

Our Strategy

Our fundamental corporate objective is to deliver value to our customers, be profitable and establish leadership in our core markets. Our experienced top management team will ensure that our business strategy and operational tactics are in line with our main objectives. The main elements of our strategy are detailed below:

Diversification and Expansion of our Product Range

We are constantly trying out new initiatives to broad-base our product portfolio and move up the value chain. Our Company is developing value-added products to fulfill the requirements of institutional buyers who account for more than half of our sales in the rice business. We have an arrangement with Satake Corporation, Japan to develop and design rice processing machines which can cater to the requirements of our institutional segment. We intend to spend a sum of Rs. 41.01 million for installing this equipment. We have recently test marketed our ready to cook rice in the Indian market which will be available in different flavors. We intend to increase our presence in this segment. We plan to develop more value added products and for this purpose we have availed the services of Mr. Kaizar Colombowala, who was the Technical Expert of Master Foods (Uncle Ben’s), as a consultant.. Going forward, we intend to increase the share of value added products in our sales.

Brand Promotion

Our brand ‘Daawat’ is one of top three brands in India. Decisions regarding buying branded basmati are influenced by the brand recall in the consumer’s minds. Product positioning and brand building exercises are an integral part of our business. We have spent a substantial amount on promoting our brands in India and abroad. We intend to continue our expenditure on brand and brand promotion in future and put in place proper brand building strategies in line with the growth in various market segments. This will help us to maintain and improve our global and local ranking. We believe that our branding exercise will enhance the recall value in the minds of our customers and will help in increasing demand for our products.

Investment in Research & Development

We have developed our process by continuous research and development over a period of time. Our key thrust area for R&D has been on developing process for getting better aroma, better head grains yield and reducing the stickiness and developing value added rice. We have a well equipped research and development facility manned by experienced personnel. We carry out surveys periodically to assess the consumer needs. Based on the feedback from such surveys we upgrade our product offerings or start working on the development of new products. We have an exclusive agreement with Mr. Kaizar Colombowala for his consultation in R&D proposals. We have and will continue to invest in R&D efforts for product development, productivity improvement and enhancing process efficiency. In the milling process rice gets heated and it breaks down, resulting in less full grain. We have developed a process where rest bins have been placed in the process to bring the rice to normal temperature which reduces broken, thereby increasing yield. During FY 2005-06, we have incurred an amount of Rs. 0.85 million towards Reserch & Development Expenses.

Increasing our Global Reach:

As on date, our company has a presence in 35 countries. In future, we plan to increase our presence in existing markets and enter new markets. We intend to increase our presence in the Far East, Africa and Middle East.

Entering into strategic alliances

We have entered into contract farming agreements for basmati paddy with Tata Chemicals. This will enable us to monitor the quality of our inputs more closely and also optimize our procurement process. We also have strategic alliances with Phoenix Agri Silica Corporation for development of a silica plant which converts husk ash (a waste generated during the milling process) into silica, a raw material for cement industry. For further details please refer page 77 of this Red Herring Prospectus.

We have started supplying basmati rice directly to retail chains in US and Canada. We intend to enter into alliances with more such retail chains. We believe these alliances will help us in increasing our sales.

We intend to keep entering into new strategic alliances, which will help us to develop new products, improve our efficiency, quality and our brand equity in the market.

THE ISSUE

Equity Shares offered:

Fresh Issue by our Company:	7,035,714 Equity Shares of Rs.10 each
Less: Reservation for employees	390,000 Equity Shares of Rs.10 each
Net issue to the public	6,645,714 Equity Shares of Rs.10 each
Of which:	
(a) QIB Portion	Not more than 3,322,857 Equity Shares (Allocation on proportionate basis) Of the above 3,322,857 Equity Shares, 166,143 Equity Shares shall be available for allocation to Mutual Funds The balance 3,156,714 Equity Shares shall be available to all QIBs, including Mutual Funds
(b) Non Institutional bidders	Not less than 996,857 Equity Shares (Allocation on proportionate basis)
(c) Retail Investor	Not less than 2,326,000 Equity Shares (Allocation on proportionate basis)

Note: Under-subscription, if any, in any of the categories would be allowed to be met with spillover from the other categories, at the sole discretion of our Company and the BRLMs.

Equity Shares outstanding prior to Issue	15,233,386 Equity Shares of face value of Rs.10/- each
Equity Shares outstanding after the Issue	22,269,100 Equity Shares of face value of Rs.10/- each
Use of Issue proceeds	Please refer to section titled "Objects of Issue" on page 26 of this Red Herring Prospectus.

Note: As mentioned in the Draft Red Herring Prospectus we have placed 764,286 Equity Shares with investors as Pre-IPO placement. For further details please refer to the Chapter 'Capital Structure' on page 16 of this Red Herring Prospectus

SUMMARY OF FINANCIAL INFORMATION

The following summary financial information is derived from the restated financial statements of our Company for the Fiscal 2002, 2003, 2004, 2005, 2006 and the period ended 30th June 2006 as described in the Auditors Reports in the section titled "Financial Statement" on page 107 of this Red Herring Prospectus. The financial statements have been prepared in accordance with Indian GAAP, the Companies Act and have been restated in accordance with SEBI Guidelines.

The financial summary and operating information presented below should be read in conjunction with the financial statements, including the notes thereto included in "Financial Statements" and the "Management Discussion and Analysis" on pages 107 and 165 respectively of this Red Herring Prospectus.

Summary of Assets and Liabilities as restated

(Rs. in million)

S. NO.	PARTICULAR	AS ON 30.6.2006	AS ON 31st MARCH				
			2006	2005	2004	2003	2002
A	Fixed Assets(A)						
	Gross Block	643.37	632.06	647.20	587.23	549.67	391.15
	Less: Depreciation	288.10	274.88	275.02	217.61	160.31	116.15
	Net Block	355.27	357.18	372.18	369.62	389.36	275.00
	Capital work in progress	243.11	162.73	7.73	9.50	2.48	30.73
	Total (A)	598.38	519.91	379.91	379.12	391.84	305.73
B	Investments(B)	81.63	75.78	12.33	8.80	6.23	8.56
C	Loans & Advances(C)						
	Inventories	1,827.48	1820.52	1714.94	1446.71	1328.55	1017.97
	Sundry Debtor	296.87	445.82	614.45	524.11	457.17	392.51
	Cash & Bank	73.82	91.27	56.07	82.48	41.32	20.31
	Loans & Advances	207.36	169.05	59.79	116.83	114.47	91.86
	Other Current Assets	20.88	22.49	63.06	66.12	48.11	21.77
	Total (C)	2,426.41	2549.15	2508.31	2236.25	1989.62	1544.42
D	Liabilities & Provisions						
	Secured Loans	2,077.39	2035.70	1788.87	1565.86	1565.99	1215.78
	Unsecured Loan	15.24	200.00	209.04	107.11	0.00	0.00
	Current Liabilities & Prov	410.57	327.99	411.78	499.46	412.53	295.15
	Deferred Tax Liabilities	32.22	31.95	27.51	25.24	19.89	0.00
	Total (D)	2,535.42	2595.64	2437.20	2197.67	1998.41	1510.93
E	Tangible Net Worth (A+B+C-D)	571.00	549.20	463.35	426.50	389.28	347.78
F	REPRESENTED BY:						
	Equity Shares	144.69	72.35	68.95	68.95	68.95	68.95
	Reserve & Surplus	485.79	531.51	435.62	385.88	331.80	290.91
	Total (F)	630.48	603.86	504.57	454.83	400.75	359.86
	Misc.Expenditure upto the extent not W/off (G)	55.13	52.43	41.22	28.33	11.47	12.08
	Share Issue Expenses	4.35	2.23	0.00	0.00	0.00	0.00
	Tangible Net Worth (F-G)	571.00	549.20	463.35	426.50	389.28	347.78

Summary of Profit & Loss Account as restated
(Rs. in million)

S. NO.	PARTICULAR	Period Ended 30.6.2006	For the period ended 31st March				
			2006	2005	2004	2003	2002
A	INCOME						
	Sale						
	Of Products manufactured by the company	723.34	3745.06	2876.27	2951.49	2684.46	1449.96
	Of Products traded by the company	59.20	263.26	730.97	669.78	145.01	344.72
	Total (A)	782.54	4008.32	3607.24	3621.27	2829.47	1794.68
B	Other Income	4.37	37.36	54.12	81.67	63.77	21.29
C	Accretion / Decretion to stock	310.74	-9.96	-54.74	-2.56	166.23	-20.03
D	TOTAL	1,097.65	4035.72	3606.62	3700.38	3059.47	1795.94
E	EXPENDITURES						
	Material Consumed/Purchases	872.31	3090.95	2716.92	2845.74	2342.74	1271.11
	Staff cost	12.60	50.52	44.72	41.45	33.28	25.50
	Manufacturing Expenses	22.79	131.22	145.43	109.30	94.63	48.09
	Administrative Expenses	20.57	36.38	44.74	40.20	36.81	47.43
	Selling & Distribution Expenses	72.29	378.68	381.90	396.84	301.08	204.16
	Deferred Revenue Exps. written off	3.56	11.02	7.04	3.05	2.58	1.21
	Preliminary Exps. Written off	-	-	-	-	0.00	0.00
	Loss on sale of unit	-	6.97	-	-	-	-
	Provision for Bonus Liability not provided for by company	-	1.81	-	1.15	1.35	1.08
	Provision for doubtful debts/ recoveries	5.62	9.08	-	-	-	-
	Excess Provisions for Earlier Year Written Back	-	-	(2.23)	(0.88)	(0.62)	-
	TOTAL (E)	1,009.74	3716.63	3338.52	3436.85	2811.85	1598.58
F	Profit Before Interest, Depreciation & Income Tax	87.91	319.09	268.10	263.53	247.62	197.36
G	Interest & Financial Charges	43.50	143.62	139.33	143.32	139.56	123.21
H	Depreciation	13.62	57.20	64.26	58.12	48.28	35.16
I	Net Profit Before Tax & Extraordinary Items	30.79	118.27	64.51	62.09	59.78	38.99
J	Taxation						
	- Current Tax	3.50	10.00	12.50	4.00	4.00	2.00
	- Earlier Year Tax	-	0.00	0.00	0.00	0.00	0.57
	- Fringe Benefit Tax	0.40	2.00	-	-	-	-
	- Deferred tax	0.27	4.44	2.27	5.35	7.29	-
	- Excess Provision Earlier Year Written Back	-	(9.51)	-	(1.34)	-	-
K	Net Profit Before Extraordinary Items	26.62	111.34	49.74	54.08	48.49	36.42
L	EXTRA ORDINARY ITEMS	-	-	-	-	-	-
M	Profit After Tax & Extra Ordinary Items	26.62	111.34	49.74	54.08	48.49	36.42

GENERAL INFORMATION

L.T. overseas Ltd.

Registered Office

A 21, Green Park, Main Aurobindo Marg, New Delhi-110016. **Tel:** 91-11-26859244; **Fax:** 91-11-26859344

Plant

43 K.M. Stone, G.T. Road, Bahalgarh-131021, Haryana. **Tel:** 91-130-2380248; **Fax:** 91-130-2381235

Website: www.ltoverseas.com **Email:** ipo@ltoverseas.com

Contact Person: Ms. Monika Chawla Jaggia, Company Secretary and Compliance Officer

Company Registration No: 55-41790 Our Company is registered with the Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavaran Bhavan, CGO Complex, Lodhi Road, New Delhi-110 003.

Company Identification No (CIN): U74899DL1990PTC041790

Board of Directors:

Name	Designation
Mr. Vijay Kumar Arora	Chairman & Managing Director
Mr. Ashwani Arora	Whole Time Director
Mr. Surinder Arora	Whole Time Director
Mr. Satish Bal	Independent Director
Mr. Suparas Bhandari	Independent Director
Mr. Pramod Bhagat	Independent Director

For further details of our Chairman and Managing Director and Executive Director please refer to section titled "Our Management" on page 89 of this Red Herring Prospectus.

Company Secretary and Compliance Officer

Ms. Monika Chawla Jaggia

LT Overseas Limited

A 21, Green Park,
Main Aurobindo Marg,
New Delhi-110016
Tel: 91-11-26859244;
Fax: 91-11-26859344
Email: ipo@ltoverseas.com

Registrar to the Issue

Bigshare Services Private Limited

E-2/3, Ansa Industrial Estate, Saki Vihar Road,
Saki Naka, Andheri (East), Mumbai – 400 072.
Tel: 91-22-2847 0652/ 0653
Fax: 91-22-2847 5207
Website: www.bigshareonline.com
Email: ipo@bigshareonline.com
Contact Person: N.V.K Mohan

The investors can contact the Compliance Officer or the Registrar in case of pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, demat credit of allotted Equity Shares in respective beneficiary account, receipt of refund orders, if any etc.

Bankers to the Company

Indian Overseas Bank

Industrial Finance Branch
101-102 Rohit House,
3, Tolstoy Marg,
New Delhi- 110001
Tel: 91-11-23359148
Fax: 91-11-23718061
Website: www.iob.com

Corporation Bank

M-41, P.B. No. 162
Connaught Circus,
New Delhi- 110001
Tel: 91-11-23720448
Fax: 91-11-23329073
Website: www.corpbank.com

Punjab National Bank

International Banking Branch
DCM Building, Barakhamba Road
New Delhi- 110001
Tel: 91-11-23731673
Fax: 91-11-23311957
Website: www.pnbindia.com

Oriental Bank of Commerce

89, Hemkund Chamber,
Nehru Place, New Delhi - 110019
Tel: 91-11-26417810 Fax: 91-11-26451471
Website: www.obcindia.com

Statutory Auditors

M/s. Tilak Chandna & Co

Chartered Accountants

RU-386, Outer ring Road,
Pitampura
Delhi 110034
Tel: 91-11-55900241
Fax: 91-11-27347542
Email: tilak_chandna2003@yahoo.com
Website: www.tilakchandna.com
Contact person: Mr. Tilak Chandna

Book Running Lead Managers and Syndicate Members

UTI Securities Limited

(Subsidiary of Securities Trading Corporation of India Limited)
AMBI Registration No: AMBI/083
1st Floor, Dheeraj Arma,
Anant Kanekar Marg, Station Road
Bandra (East), Mumbai – 400 051.
Tel: +91 22 6751 5825/5812
Fax: +91 22 6702 3194
Website: www.utisel.com
E-mail: lto.ipo@utisel.com
Contact Person: Mr. Rajesh Ranjan

IL&FS Investsmart Limited

The IL&FS Financial Center
Plot C-22, G Block
Bandra Kurla Complex,
Bandra (E), Mumbai 400 051
Tel: +91 22 2659 3333
Fax: +91 22 5692 1862
Email: lt.ipo@investsmartindia.com
Contact Person: Mr. Sudhir Salian

Legal Advisors to the Issue

AZB & Partners
F-40, N.D.S.E Part – 1
New Delhi – 110 049
Tel: 91-11-30280900
Fax: 91-11-24625302
Email: delhi@azbpartners.com
Contact Person: Mr. Anil Kasturi/Ms. Priya Mehra

Bankers to the Issue and Escrow Collection Banks

ICICI Bank Limited

Capital Market Division
30, Mumbai Samachar Marg
Fort, Mumbai -400 001
Tel: 91-22-2262 7600
Fax: 91-22-2261 1138
Contact person : Mr. Siddhartha Routray
Email: Siddhartha.routray@icicibank.com

Deutsche Bank AG

Kodak House,
222 Dr. D.N. Road,
Fort, Mumbai -400 001
Tel: 91-22-5658 4045
Fax: 91-22-2207 6553
Contact person: Mr. Shyamal Malhotra
Email: shyamal.malhotra@db.com

HDFC Bank Limited

26A, Narayanan Properties,
Chandivali Farm Rd, Saki Naka,
Andheri (E), Mumbai- 400 072
Tel:91-22-2856 9228
Fax: 91-22-2856 9256
Contact person: Viral Kothari
Email: viral.kothari@hdfcbank.com

Punjab National Bank

International Banking Branch
DCM Building, Barakhamba Road
New Delhi- 110001
Tel: 91-11-23731673
Fax: 91-11-23311957
Contact person: Ms. Rita Bublani

Inter-se allocation of responsibility

Sr. No	Activities	Responsibility	Co-ordinator
1	Capital Structuring with the relative components and formalities such as composition of debt and equity, type of instruments.	IIL/UTISEL	UTISEL
2	Drafting and design of Offer Document.	UTISEL	UTISEL
3	The Lead Managers shall ensure conduct of due diligence and ensure compliance with the Guidelines for Disclosure and Investor Protection and other stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI.	IIL/ UTISEL	UTISEL
4	Designing Statutory advertisements including Red Herring Prospectus advertisement cover of the Red Herring Prospectus and memorandum containing salient features of the Offer Document (Form 2A). The designated Lead Managers shall ensure compliance with the applicable regulatory provisions in respect of such Statutory Advertisements.	IIL/ UTISEL	UTISEL
5	Other non-statutory Advertisements / publicity material including brochures and newspaper materials, corporate campaigns, product advertisement. The designated Lead Manager shall ensure compliance with stipulated code of advertisements with the Guidelines for Disclosure and Investor Protection and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI.	IIL/ UTISEL	UTISEL

Sr. No	Activities	Responsibility	Co-ordinator
6	Marketing of the issue, formulating marketing strategies, arrangements for selection of meeting centers, distribution of issue material. Selection of various agencies connected with the issue, namely: i) Registrars to issue ii) Printers iii) Advertising agencies iv) Bankers to the Issue v) Brokers vi) Underwriters and underwriting arrangements,	IIL/ UTISEL	UTISEL
7	<ul style="list-style-type: none"> Institutional Marketing Strategies Finalization of the list and division of investors for one to one meetings, and institutional allocation in consultation with the Bank Preparation of Road show Presentation 	IIL/ UTISEL	IIL
8	<ul style="list-style-type: none"> Retail/HNI Marketing Strategies Preparation of Road show Presentation Finalize centers for holding conference for brokers etc. Finalize media, marketing and PR strategy Follow up on distribution of publicity and issue material including application form, offer document, brochures and deciding on the quantum of the issue material Finalize Collection orders 	IIL/ UTISEL	IIL
9	Managing the Book and Co-ordination with Stock Exchange	IIL/UTISEL	IIL
10	Pricing and QIB allocation	IIL/UTISEL	IIL
11	Follow-up with Bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.	IIL/UTISEL	UTISEL
12	The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders	IIL/UTISEL	UTISEL
13	The post-issue activities of the Issue will involve essential follow up steps, which will include finalization of basis of allotment/ weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refunds business. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable arrangements with the Issuer Company.	IIL/UTISEL	UTISEL

Credit Rating

This being an equity issue, credit rating is not required.

Trustee

This being equity issue, the appointment of debenture trustee is not required

Project Appraisal and Monitoring Agency:

The project is not appraised by any Bank/Financial Institution/Merchant Banker. However, Punjab National Bank has been appointed as a Monitoring Agency to monitor the use of proceeds raised from the Issue.

Punjab National Bank

International Banking Branch

DCM Building

Barakhamba Road

New Delhi- 110066

Tel: 91-22-26102303

Fax: 91-22-26196456

Website: www.pnbindia.com

IPO Grading

Our Company has not opted for grading of its securities and therefore no credit rating agency has graded the issue.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date, but before allotment, without assigning any reason therefor.

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

Book Building Process

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

- 1) The Company;
- 2) Book Running Lead Managers, in this case being UTI Securities Limited & IL&FS Investsmart Limited;
- 3) Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters and
- 4) Registrar to the issue
- 5) Escrow collection bank

The SEBI Guidelines have permitted an issue of securities to the public through the 100% Book Building Process, wherein not more than 50% of the Net Issue to the Public shall be available for allocation to Qualified Institutional Buyers on a proportionate basis. 5% of QIB portion shall be available on a proportionate basis to Mutual fund only and the remainder of the QIB portion shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid bids being received at or above the Issue price. Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. We will comply with the SEBI Guidelines for this Issue. In this regard, we have appointed the BRLMs, and Syndicate Member(s) to procure subscriptions to the Issue.

Pursuant to amendments to the SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. In addition, QIBs are required to pay 10% margin amount upon submission of their bid and allocation to QIBs will be on a proportionate basis. For further details please refer to "Terms of the Issue" on page 203 of this Offer Document.

Steps to be taken by the Bidders for Bidding:

- Check whether he/she is eligible for Bidding including having regard to all the applicable Indian laws, rules, regulations, guidelines and approvals;
- A Bidder must necessarily have a demat account;
- If your bid for Rs.50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid cum Application Form (see section titled " Issue Procedure" on page 208 of this Red Herring Prospectus)
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.
- The Bidder should ensure the correctness of his or her Demographic details (as defined in the section 'Issue Procedure' on page 208) given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

Bid/Issue Program

Bid/Issue opens on : 27th November 2006	Bid/Issue closes on : 30th November 2006
---	--

Bids and any revision in Bids shall be accepted **only between 10 am and 3 pm** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 am and 1 pm** (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

Investors please note that as per letter no. List/smd/sm/2006 dated 03rd July 2006 and letter no. NSE/IPO/25101-6 dated 06th July 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Exchanges.

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

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

Underwriting Agreement

After the determination of the Issue Price and prior to filing of the Prospectus with the RoC, our Company and the Underwriters will enter into an Underwriting Agreement for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

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

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in Million)
UTI Securities Limited (Subsidiary of Securities Trading Corporation of India Limited) AMBI Registration No: AMBI/083 1st Floor, Dheeraj Arma, Anant Kanekar Marg, Station Road, Bandra (East), Mumbai – 400 051. Tel: +91 22 6751 5825 Fax: +91 22 6702 3194 E-mail: lto.ipo@utisel.com	[●]	[●]
IL&FS Investsmart Limited The IL&FS Financial Center Plot C-22, G Block Bandra-Kurla Complex, Bandra (E), Mumbai 400 051 Tel : +91 22 2659 3333 Fax: +91 22 5692 1862 Email: lt.ipo@investsmartindia.com	[●]	[●]
Total	7,035,714	[●]

The above underwriting agreement is indicative underwriting and would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [●].

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

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments.

Notwithstanding the above table, the BRLMs, and the Syndicate Member(s) shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount as specified in the Underwriting Agreement. Allotment to QIBs is proportionate as per the terms of this offer document.

CAPITAL STRUCTURE

	Nominal value	Aggregate value
A) Authorized capital* 25,000,000 Equity Shares of Rs.10 each	250,000,000	250,000,000
B) Issued subscribed paid up capital Prior to the Issue 15,233,386 Equity Shares of Rs.10 each	152,333,860	152,333,860
C) Present Issue to public in terms of this Red Herring Prospectus 7,035,714 Equity Shares of Rs.10 each at a premium of Rs. [●]/- per Equity Share	70,357,140	[●]
D) Reservation For Employees 390,000 Equity Shares of Rs.10 each at a premium of Rs. [●]/- per Equity Share	3,900,000	[●]
E) Net issue to Public 6,645,714 Equity Shares of Rs.10 each at a premium of Rs. [●]/- per share	66,457,140	[●]
F) Issued subscribed and paid up capital post issue 22,269,100 Equity Shares of Rs.10 each	222,691,000	[●]
G) Share premium account Before the issue After the issue	52,580,305 [●]	

Note: As mentioned in the Draft Red Herring Prospectus, we have placed 764,286 Equity Shares with investors as Pre-IPO placement. Consequently the issue size stands reduced from 7,800,000 equity shares to 7,035,714 Equity Shares.

*Details of increase in Authorized Capital

Sr. No	Particulars of Increase	Date of Meeting	AGM/EGM
1.	Rs. 1 Million	Incorporation	
2.	Rs. 1 Million to Rs. 5 Million	25-07-1992	EGM
3.	Rs 5 Million to Rs 20 Million	29-10-1993	EGM
4.	Rs 20 Million to Rs 50 Million	18-10-1994	EGM
5.	Rs 50 Million to Rs 75 Million	22-03-1999	EGM
6.	Rs 75 Million to Rs 150 Million	24-03-2005	EGM
7	Rs 150 Million to Rs. 250 Million	10-02-2006	EGM

Notes to capital structure

1. Capital build up: Our existing Equity Share Capital has been subscribed and allotted as under

Date of Allotment/ Fully paid up	Number of Equity Shares	Face Value (in Rs.)	Issue Price (in Rs.)	Nature of payment of consideration	Nature of allotment	Cumulative Paid up Capital	Share Premium (in Rs.)	Cumulative Share Premium (in Rs.)
04-10-90	20	100	100	Cash	Subscribers to the MOA	2,000	—	—
04-08-92	3,111	100	100	Cash	Further Allotment	313,100	—	—
20-10-92	27,250	100	100	Cash	Further Allotment	3,038,100	—	—
19-12-92	15,400	100	100	Cash	Further Allotment	4,578,100	—	—
23-10-93	457,810	10	-	Sub Division	Sub Division of face value of Rs. 100 per Equity Share to Rs. 10 per Equity Share	—	—	—
31-03-94	412,029	10	-	Bonus	Bonus in the Ratio of 9:10	8,698,390	—	—
31-03-94	222,050	10	10	Cash	Further Allotment	10,918,890	—	—
30-06-94	727,926	10	-	Bonus	Bonus in the Ratio of 2:3	18,198,150	—	—
31-10-94	474,735	10	17	Cash	Further allotment on right basis	22,945,500	3,323,145	3,323,145
09-06-99	4,600,000	10	-	Other than Cash	@	68,945,500	—	3,323,145
08-07-05	340,000	10	20	Cash	Further Allotment (Shares issued under ESOP)	72,345,500	3,400,000	6,723,145
04-05-06	7,234,550	10	-	Bonus	Bonus in the ratio of 1:1	144,691,000	—	6,723,145
22-07-06	714,286	10	70	Cash	Pre-IPO placement to BCCL	151,833,860	42,857,160	49,580,305
26-10-06	50,000	10	70	Cash	Pre-IPO Placement to Deramann Limited	152,333,860	3,000,000	52,580,305

@ 4.6 million Equity Shares were issued to the partners of the erstwhile Lal Chand Tirath Ram Rice Mills for a consideration of Rs. 46 million, the net worth of the partnership firm which was taken over by LT Overseas Limited as going concern.

Note: Our Company has not issued any bonus shares out of revaluation reserves or reserves without accrual of cash resources as per Clause 4.6.1 (ii) of SEBI (DIP) Guidelines, 2000.

2. Promoters contribution and lock-in details in respect of Promoters whose names figure in Red Herring Prospectus as promoters' in the paragraph on 'Promoters and their background' is as under

a) Capital Build-up of the Promoters

Sr No	Name	Date of allotment/ transfer and made fully paid	Consideration (Cash, Bonus, Kind)	No. of Equity Shares	Face Value (Rs)	Issue Price/ transfer (Rs)	% of post issue capital	Lock-in period
1.	Mr. Vijay Kumar Arora	04-10-1990	Cash	10	100	100		
		04-08-1992	Cash	200	100	100		
		20-10-1992	Cash	1,000	100	100		
		19-12-1992	Cash	1,000	100	100		
		29-10-1993	Sub division	22,100	10	-		#
		31-03-1994	Bonus	19,890	10	-		#
		31-03-1994	Cash	50	10	10		#
		30-06-1994	Bonus	28,027	10	-		#
		14-09-1996	Transfer	2,000	10	19		#
		26-09-1996	Transfer	4,500	10	17		#
		28-04-1997	Transfer	3,500	10	17		#
		30-06-1997	Transfer	12,500	10	17		#
		15-07-1997	Transfer	4,500	10	17		#
		20-09-1997	Transfer	3,000	10	17		#
		07-11-1997	Transfer	2,500	10	17		#
		24-02-1998	Transfer	2,400	10	17		#
		24-02-1998	Transfer	10,500	10	10		#
		28-04-1998	Transfer	12,000	10	17		#
		08-09-1998	Transfer	252,000	10	10		#
		09-06-1999	Other than Cash	655,960	10	-		#
		19-10-2005	Transfer	2,500	10	20		#
		19-10-2005	Transfer	1,100	10	30		#
		20-03-2006	Transfer	4,500	10	20		#
		04-05-2006	Bonus	1,043,527	10	-		#
		Total (a)		2,087,054			9.37	
2	Mr. Ashwani Arora	04-10-1990	Cash	10	100	100		
		04-08-1992	Cash	310	100	100		
		20-10-1992	Cash	2,000	100	100		
		19-12-1992	Cash	2,000	100	100		
		29-10-1993	Subdivision	43,200	10	-		#
		31-03-1994	Bonus	38,880	10	-		#
		30-06-1994	Bonus	54,720	10	-		#
		26-09-1996	Transfer	2,000	10	17		#
		28-04-1997	Transfer	600	10	17		#
		30-06-1997	Transfer	6,500	10	17		#
		08-09-1998	Transfer	3,000	10	17		#
		09-06-1999	Other than Cash	876,760	10	-		#
		01-02-2002	Transfer	500	10	10		#
		19-11-2003	Transfer	(400)	10	17		#
		20-03-2006	Transfer	4,000	10	50		#
		20-03-2006	Transfer	3,500	10	20		#
		04-05-2006	Bonus	1,033,260	10	-		#
		Total (b)		2,066,520			9.28	

Sr No	Name	Date of allotment/ transfer and made fully paid	Consideration (Cash, Bonus, Kind)	No. of Equity Shares	Face Value (Rs)	Issue Price/ transfer (Rs)	% of post issue capital	Lock-in period
3	Mr. Surinder Arora	04-08-1992	Cash	300	100	100		
		20-10-1992	Cash	4,500	100	100		
		19-12-1992	Cash	2,000	100	100		
		29-10-1993	Subdivision	68,000	10	-		#
		31-03-1994	Bonus	61,200	10	-		#
		30-06-1994	Bonus	86,133	10	-		#
		28-04-1997	Transfer	2,000	10	17		#
		12-03-1999	Transfer	7,800	10	17		#
		09-06-1999	Other than Cash	272,320	10	-		#
		09-06-1999	Transfer	3,000	10	17		#
		22-08-1999	Transfer	16,500	10	17		#
		16-02-1999	Transfer	11,000	10	17		#
		15-01-2000	Transfer	12,600	10	17		#
		24-02-2000	Transfer	500	10	17		#
		01-05-2000	Transfer	1,300	10	17		#
		01-11-2000	Transfer	1,500	10	17		#
		01-02-2001	Transfer	100	10	17		#
		01-03-2001	Transfer	2,000	10	17		#
		01-05-2001	Transfer	3,200	10	17		#
		01-07-2001	Transfer	5,100	10	17		#
		01-11-2001	Transfer	500	10	17		#
		01-05-2002	Transfer	1,000	10	17		#
		11-09-2002	Transfer	5,000	10	17		#
		01-11-2002	Transfer	4,200	10	17		#
		05-03-2003	Transfer	3,200	10	17		#
		05-05-2003	Transfer	1,000	10	17		#
		05-10-2003	Transfer	4,300	10	17		#
		24-04-2004	Transfer	3,500	10	17		#
		15-07-2004	Transfer	283,150	10	17		#
		14-05-2005	Transfer	6,000	10	17		#
		19-10-2005	Transfer	127,631	10	17		#
		19-10-2005	Transfer	33,333	10	20		#
		20-03-2006	Transfer	3,700	10	30		#
		20-03-2006	Transfer	5,000	10	35		#
		20-03-2006	Transfer	5,000	10	10		#
		20-03-2006	Transfer	2,500	10	50		#
		04-05-2006	Bonus	1,043,267	10	-		#
		Total (c)		2,086,534			9.37	
	Grand Total (a+ b+ c)			6,240,108			28.02	

As per the table below

All the Equity Shares, which are being locked in for three years, are not ineligible for computation of promoters' contribution and lock in as per clause 4.6 of SEBI Guidelines.

b) The following of the Promoters' are eligible for lock-in shall be locked in for a period of 3 years from the date of allotment in the public issue

Sr No	Name of the Promoter-person in promoter group	Date of allotment/transfer and made fully paid	Consideration (Cash, Bonus, Kind)	No. of Equity Shares	Face Value (Rs)	Issue Price/transfer (Rs)	% of post issue paid up capital	Lock-in period
1	Mr. Vijay Kumar Arora	09-06-1999	Other than Cash	441,080	10	-		
		04-05-2006	Bonus	1,043,527	10	-		
	Sub Total			1,484,607			6.67%	3 yrs
2	Mr. Ashwani Arora	09-06-1999	Other than Cash	451,347	10	-		
		04-05-2006	Bonus	1,033,260	10	-		
	Sub Total			1,484,607			6.67%	3 yrs
3	Mr. Surinder Arora	09-06-1999	Other than Cash	80,589	10	-		
		09-06-1999	Transfer	3,000	10	17		
		22-08-1999	Transfer	16,500	10	17		
		16-02-1999	Transfer	11,000	10	17		
		15-01-2000	Transfer	12,600	10	17		
		01-05-2001	Transfer	3,200	10	17		
		01-07-2001	Transfer	5,100	10	17		
		11-09-2002	Transfer	5,000	10	17		
		01-11-2002	Transfer	4,200	10	17		
		05-03-2003	Transfer	3,200	10	17		
		05-10-2003	Transfer	4,300	10	17		
		24-04-2004	Transfer	3,500	10	17		
		15-07-2004	Transfer	283,150	10	17		
		14-05-2005	Transfer	6,000	10	17		
		04-05-2006	Bonus	1,043,267	10	-		
	Sub Total			1,484,606			6.66%	3 yrs
	Total			4,453,820			20.00%	

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

Post Issue number of Equity Shares	22,269,100
20% of the post issue number of Equity Shares	4,453,820

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

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

As per DIP Guidelines, For the purpose of calculating Promoters' contribution, the same should be been considered for the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from companies. However, in our case only the shares held by the Promoters have been considered for the purposes of lock-in.

The Equity Shares forming part of promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary.

3. Pre IPO Placement: We have issued following Equity Shares as Pre-IPO Placement to following investors:

Name of investor	Number of shares	Issue Price
BCCL	714,286	Rs. 70/-
Deramann Limited	50,000	Rs. 70/-
Total	764,286	

The entire Pre IPO shares will be locked-in for one year from the date of allotment of equity shares in this issue.

4. The Equity Shares held by persons other than Promoters may be transferred to any other person holding Equity Shares prior to the Issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable. The Equity Shares to be held by the Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by Promoters, which are locked in, may be transferred to and among Promoters / Promoter Group or to a new promoter(s) or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable. The Promoters may pledge their Equity Shares with banks or financial institutions as additional security for loans whenever availed by them from banks or financial institutions, provided the pledge of Equity Shares is one of the terms of sanction of loan.
5. An over-subscription to the extent of 10% of Net Offer to the Public can be retained for the purpose of rounding off to the nearer multiple of 1, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock- in shall be suitably increased; so as to ensure that 20% of the Post Issue paid-up capital is locked in.
6. The Equity Shares, which are subjected to lock-in; shall carry the inscription "non-transferable" and the non-transferability detail shall be informed to the depository. The details of lock-in shall also be provided to the stock exchanges where the Equity Shares are to be listed before the listing of the Equity Shares.
7. Our Company, our Promoters, our Directors or the BRLMs have not entered into any buy back or standby for the purchase of Equity Share from any person.
8. a. Top ten shareholders as on the date of filing of Red Herring Prospectus with ROC

Sr. No.	Name	No of Equity Shares held
1.	Mr. Ashok Arora	2,107,640
2.	Mr. Vijay Kumar Arora	2,087,054
3.	Mr. Surinder Arora	2,086,534
4.	Mr. Ashwani Arora	2,066,520
5.	Mr. Gurucharan Dass	2,037,606
6.	Mr. Vijay Kumar Arora & Mr. Ashwani Arora	1,606,320
7.	Mr. Gurucharan Dass & Mr. Surinder Arora	1,109,520
8.	BCCL	714,286
9.	Ms. Pravesh Rani	680,000
10.	Ms. Vandana Arora	104,000

b. Top ten shareholders 10 days prior to filing of Red Herring Prospectus with ROC

Sr. No.	Name	No of Equity Shares held
1	Mr. Ashok Arora	2,107,640
2	Mr. Vijay Kumar Arora	2,087,054
3	Mr. Surinder Arora	2,086,534
4	Mr. Ashwani Arora	2,066,520
5	Mr. Gurucharan Dass	2,037,606
6	Mr. Vijay Kumar Arora & Mr. Ashwani Arora	1,606,320
7	Mr. Gurucharan Dass & Mr. Surinder Arora	1,109,520
8	BCCL	714,286
9	Ms. Pravesh Rani	680,000
10	Ms. Vandana Arora	104,000

c. Top ten shareholders two years prior to filing of Red Herring Prospectus with ROC

Sr. No.	Name	No of Equity Shares held
1	Mr. Vijay Kumar Arora	1,035,427
2	Mr. Ashwani Arora	1,025,760
3	Mr. Sukhchain Chawla	1,019,177
4	Mr. Gurucharan Dass	923,803
5	Mr. Surinder Kumar Arora	860,103
6	Mr. Ashok Arora	840,303
7	Mr. Dilbagh Rai	659,608
8	Ms. Meena Rani	95,000
9	Ms. Vandana Arora	52,000
10.	Mr. Munish Kumar Arora	32,183

9. Shareholding Pattern of Promoter and Promoter group:

	No. of shares	% of total Pre Issue	No. of Equity Shares	% of total Post Issue
Mr. Vijay Kumar Arora	2,087,054	13.70	2,087,054	9.37
Mr. Ashwani Arora	2,066,520	13.57	2,066,520	9.28
Mr. Surinder Arora	2,086,534	13.70	2,086,534	9.37
Sub Total (a)	6,240,108	40.96	6,240,108	28.02
Promoter group				
Mr. Ashok Arora	2,107,640	13.84	2,107,640	9.46
Mr. Gurucharan Dass	2,037,606	13.38	2,037,606	9.15
Ms. Ranju Arora	39,534	0.26	39,534	0.18
Ms. Anita Arora	8,734	0.06	8,734	0.04
Mr. Munish Kumar Arora	64,366	0.42	64,366	0.29
Mr. Abhinav Arora	63,334	0.42	63,334	0.28
Mr. Aditya Arora	63,334	0.42	63,334	0.28
Master Gursajjan Arora	12,666	0.08	12,666	0.06
Ms. Vandana Arora	104,000	0.68	104,000	0.47
Mr. Vaneet Arora	16,000	0.11	16,000	0.07
Ms. Sakshi Arora	7,000	0.05	7,000	0.03
Ms. Pravesh Rani	680,000	4.46	680,000	3.05
Mr. Gurucharan Dass (HUF)	63,334	0.42	63,334	0.28
Mr. Gurucharan Dass & Mr. Surinder Arora	1,109,520	7.28	1,109,520	4.98
Mr. Vijay Kumar Arora & Mr. Ashwani Arora	1,606,320	10.54	1,606,320	7.21
Sub Total (b)	7,983,388	52.41	7,983,388	35.85
TOTAL (a + b)	14,223,496	93.37	14,223,496	63.87

10. Share holding pattern of our Company

Category	Before the issue		After the issue	
	No. of Equity Shares	% of total	No. of Equity Shares	% of total
Promoters	6,240,108	40.96	6,240,108	28.02
Promoters group	7,983,388	52.41	7,983,388	35.85
Others	245,404	1.61	245,404	1.10
Employees	200	0.00	390,200	1.75
Pre IPO Placements	764,286	5.02	764,286	3.43
Public	0	0.00	6,645,714	29.84
Total	15,233,386	100.00	22269100	100.00

The above shareholding pattern is indicative, and is based on the fact that all shareholders in their respective categories will subscribe to 100% of the shares offered in their respective categories. The final Post Issue Shareholding pattern will be determined after the Book-Building Process.

11. The promoters/promoter group/directors have not purchased and or sold or financed any securities of the Company in past 6 months.
12. Our Company has not issued any bonus shares except as stated below:

Sr. No	Date of Allotment	No. of Bonus Shares	Ratio
1.	March 31, 1994	412,049	9:10
2.	June 30, 1994	727,926	2:3
3.	April 1, 2006	7,234,550	1:1
	Total	8,374,525	

All the bonus shares have been issued out of free reserves only and have not been made out of revaluation reserve or reserves without accrual of cash reserves.

13. We have not revalued our assets since inception.
14. Only Eligible Employees of our Company (including working Directors) who are Indian Nationals based in India and are physically present in India on the date of submission of the Bid-cum-Application Form would be eligible to apply in this Issue under the Employees Reservation Portion on competitive basis. Eligible Employees other than as mentioned hereinabove in this statement are not eligible to participate under the Employees Reservation Portion. Bid/ Application by Eligible Employees can also be made in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids.
15. In case of over-subscription in all categories, up to 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (including specific allocation of 5% within the category of QIBs for Indian Mutual Funds). Further a minimum of 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLMs.
16. Our Company has not raised any bridge loan against the proceeds of the issue.
17. Under-subscription, if any, in the Employees Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of our Company, and BRLMs. In case of under subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employees Reservation Portion.
18. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on date
19. Our company had issued, Employee Stock Options to our permanent employees on 08th July 2005. As per the terms of issue of the Options under the ESOP scheme, each option was eligible for 1 equity share at a price of Rs. 20 each. Accordingly our Company has issued 3,40,000 Equity Shares of Rs 10 each at a price of Rs 20 each on 08th July 2005 under ESOP scheme for our employees. We do not intend to allot any Equity Shares to our employees under ESOS-ESPS scheme from the proposed issue. As on date, there are no outstanding options pending for conversion.
20. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise. However, if we go in for acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
21. As on date of filing of this Red Herring Prospectus there are no outstanding warrants, options or rights to convert debentures loans or other financial instrument into our Equity Shares.

22. There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure as may be specified by SEBI from time to time.
23. A bidder cannot make a bid for more than the number of Equity Shares offered to the public through this Issue, subject to maximum limit of investment prescribed under relevant laws applicable to each category of investor.
24. Our Company, our Promoters, Directors and the Book Running Lead Manager to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares from any person.
25. Since the entire money of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is being called on application, all the successful applicants will be issued fully paid-up shares. The securities offered through this public issue shall be made fully paid-up or may be forfeited within 12 months from the date of allotment of securities, if not made fully paid-up, in the manner specified in clause 8.6.2 of the SEBI DIP guidelines.
26. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotment, if any, in this Issue
27. In the event of inadequate response from mutual funds, the Equity Shares reserved for mutual funds may be made available to QIBs other than mutual funds.
28. There are 216 shareholders as on the date of filing this Red Herring Prospectus.

SECTION V - OBJECTS OF THE ISSUE

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

1. Expansion, Automation and Modernization at Sonapat, Haryana
 - To set up a new Parboiled rice (sella) processing and milling capacity
 - To set up a new milling line for producing value added rice.
 - To add balancing equipments and Automation of existing facility
 - To set up Silos and Flat storage facility.
2. Generating power for captive consumption.
3. General Corporate Purposes.
4. To meet the Public Issue Expenses.
5. To list the Equity Shares offered through this Issue on BSE and NSE.

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

Cost of Project and Means of Finance

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

Cost of Project

(Rs. in Million)				
Sr. No.	Project	Civil and other cost	Plant and Machinery	Total Cost of the Project
1.	Expansion, Automation and Modernization at Sonapat, Haryana			
A	New Parboiled rice (sella) processing and milling capacity	12.02	58.18	70.20
B	New Milling line for producing value added rice	-	41.01	41.01
C	Balancing equipments and Automation of existing facility	-	31.30	31.30
D	Increasing our Storage capacity			
	Silos grain storage.	-	98.39	98.39
	New white rice storage (Flat Storage Project)	5.80	15.29	21.09
	Open Bardana (Jute bags) Shed at existing facility at Sonapat, Haryana	4.72	-	4.72
	Sub Total	22.54	244.17	266.71
2	Generating power for captive consumption.	-	50.52	50.52
	Total	22.54	294.69	317.23
3	General Corporate Purpose			[●]
4	Public Issue Expenses			[●]
	Grand Total			[●]

Means of Finance

Particulars	Rs. in Million
Proceeds from Initial Public Offer	[●]
Pre IPO Placement	53.50
Internal Accruals	[●]
Total	[●]

[●] – The relevant figure will be updated on finalization of the issue price.

Proceeds from the Initial Public Offer would be crystallized on finalization of the Issue Price on conclusion of the book building process. Any shortfall in the cost of the project would be met out of internal accruals and/or debt.

As a back up arrangement, the Company has applied for Term Loan aggregating Rs. 10 crores to lead consortium Bank and has got Rs. 5 crores sanctioned as Term Loan (vide letter no. OBC/NP/Loans/LTO/2006-07 dated 25th October 2005) from Oriental Bank of Commerce. Brief terms of sanction letter have been mentioned on Page 73.

In case the IPO does not go as planned, our Company will make alternative arrangements like availing of fresh loans from bank(s) and/or utilizing internal accruals.

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution or any independent organization. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays or defects; availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, among others.

In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity may be met with by surplus funds, if any available in the other areas and/or our Company's internal accrual, and/or the term loans/working capital loans that may be availed from the Banks/Financial Institutions.

Appraisal

The project is not appraised by any Bank/Financial Institution/Merchant Banker.

About the Project

1. Expansion, Automation and Modernization at Sonapat, Haryana

(A) Parboiled rice (sella) processing and milling unit at existing facility at Sonapat, Haryana

To augment our presence in parboiled rice segment, we plan to set up an additional facility of 6 TPH of paddy input for parboiled rice at our existing plant in Sonapat, Haryana. This will involve installing Parboiled rice processing at estimated cost of Rs.39.97 million and parboiled rice milling unit at estimated cost of Rs.30.23 million totaling to Rs.70.20 million.

Parboiled rice processing unit: Parboiled rice processing involves pre-treatment on paddy. The paddy is initially steamed in pre-steaming tanks, then soaked in soaking tanks with the help of hot water from hot water tanks and finally steamed in continuous cookers. In the end, paddy is dried by passing through two stages of drying. We intend to spend a sum of Rs. 39.97 million for installing Parboiled rice processing unit in following manner:

Sr. no.	Description	Name of Suppliers	Quantity	Total cost (Rs. in million)
Imported Machinery				
1	Cleaner of 15 TPH of 39345 Euro @ Rs. 54.05 per Euro	Schmidt-Seeger AG	1	2.12
2	First Dryers 15 TPH of 197728 Euro @ Rs 54.05 per Euro	Schmidt-Seeger AG	1	10.68
3	Second Dryers 15 TPH of 219324 Euro @ Rs 54.05 per Euro	Schmidt-Seeger AG	1	11.85
4	Elevators & Conveyors 10 TPH of 61423 Euro @ Rs 54.05 per Euro	Schmidt-Seeger AG	3	9.93
Sub total				34.58
Indigenous Machinery				
5	Square Bins of 20 MTs (8 X 8 X 14 X 4 mm)	SRS Engineering company vide their	6	0.87
6	Process Tanks (size 6 X 2 X 27 X 6 mm)	SRS Engineering company	6	0.84
7	Hot water Tanks (size 6 X 2 X 27 X 6 mm)	SRS Engineering company	6	0.84
Sub total				2.55
Others				
8	Electrical work	ISS Controls vide their	1	0.76
9	Structure and erection cost	SRS Engineering company	1	2.08
Sub total				2.84
Total				39.97

None of plant and machinery is second hand and we do not require any approval for importing any of these plant and machinery.

Parboiled rice milling unit: Milling process involves de-husking, paddy separation, multistage polishing, grading and color sorting. We intend to spend a sum of Rs. 30.23 million on automated Parboiled rice milling unit in following manner:

Sr. no.	Description	Name of Suppliers	Quantity	Total cost (Rs. in million)
Imported Machinery				
1	De Huskers 3TPH of Yen 2,300,000 @ Rs 0.38 per yen	Satake corporation	2	1.75
2	Paddy Separators 2.5 TPH of Yen 2,200,000 @ Rs.0.38 per yen	Satake corporation	1	0.84
3	Friction Polishers 2.5 TPH of Yen 2,000,000 @ Rs.0.38 per yen	Satake corporation	1	0.76
4	De Stoner 5 TPH of Yen 1,100,000 @ Rs. 0.38 per yen	Satake corporation	2	0.84

Sr. No.	Description	Name of Suppliers	Quantity	Total cost (Rs. in million)
5	Bucket Elevators 10 TPH Euro 36543 @ Rs 54.05 per Euro	Schmidt-Seeger AG	2	3.95
6	Chain Conveyors & Elevator 15 TPH of Euro 24288 @ Rs.54.05 per Euro	Schmidt-Seeger AG	1	1.31
7	Color Sorter 5 TPH Yen 17,000,000 @ Rs. 0.38 per yen	Satake corporation	1	6.46
	Subtotal			15.91

Indigenous Machinery

8	Intake & Polishers square Bins 20 MTs (8 X 8 X 24 X 4 mm)	SRS Engineering company	6	1.00
9	Abrasive Polishers 5TPH	Mill Tech Machineries Private Limited	4	2.40
10	Blower & Pulse Jet filters	S K System	1	0.56
11	Fine Cleaners 6 TPH	Fowler Westrup	2	1.18
	Subtotal			5.14
	Other Expenses			
12	Civil & Structure cost	SRS Engineering	1	2.08
13	Cables (1 set)	RR Kabel Limited		2.10
14	Switchgear Panels	Tricolite	1	5.00
	Sub total			9.18
	Total			30.23

None of plant machinery is second hand and we do not require any approval for importing any of these plant and machinery.

(B) New milling line for producing value added rice for institutional clients

To meet the demands of institutional segment we intend to install a new milling line for value added rice. Unlike normal rice, this value added rice would not require any ageing thereby reducing our ageing cost (storage cost, fumigation cost, bardana etc.). We intend to spend a sum of Rs. 41.01 million and we have already ordered this machinery by opening Letter of Credit dated February 11, 2006

Sr. No.	Description	Name of Suppliers	Quantity	Total cost (Rs. in million)
(i)	Rice processing Machine (JPY 97,260,000 @ Rs. 0.3995)	Satake Corporation	1	41.01

This machinery has now been installed and resulted in increase of capacity of 5 MTPH.

None of plant and machinery is second hand and we do not require any approval for importing any of these plant and machinery.

(C) Balancing equipments and Automation of existing facility at Bahalgarh, Haryana:

We intend to streamline our manufacturing process by removing the bottlenecks. Removal of bottleneck will require modernization of certain plant & machinery as well as balancing capacity of plant & machinery. This de-bottlenecking will enhance our production capacity by 4 MTPH by balancing capacity at various stages.

Sr. No.	Description	Name of Suppliers	Quantity	Total cost (Rs. in million)
I	Machinery already ordered			
	Imported			
(a)	Grain Color Sorter (JPY 23,400,000 @ Rs. 0.4105) including De stoner, Rice Polishing Machine and Paddy Separator. Letter of Credit opened on February 28, 2006	Satake Corporation.	1	10.21
(b)	Rice Processing Machinery (EURO 346,459 @ Rs. 54.05) Letter of Credit opened dated March 14, 2006	Schmidt-Seeger,	1	19.93
	Sub Total			30.14
II	Indigenous			
(a)	Chain Conveyor	M.R. Engineers	1	0.07
(b)	Bucket Elevator	M.R. Engineers	1	0.19
(c)	Rice Grading Machines	Guru Nanak Enterprises	1	0.07
(d)	Dehusking Control Panels	ISS Controls	1	0.83
	Sub Total			1.16
	Total I + II			31.30

None of plant and machinery is second hand and we do not require any approval for importing any of these plant and machinery.

We have already installed all the equipment required for balancing and automation of existing facility. This balancing and automation has resulted in increase in our installed capacity by 4MTPH taking total installed capacity to 27 MTPH

(D) Increasing our Storage capacity and automation

For increasing our storage capacity and automate our working we plan to undertake following projects:

Silos grain storage:

Silos are cylindrical structures used for storage as well as bringing automation in rice mills. We intend to enhance our silos storage capacity by 40,000 MTs. Post expansions our total silos storage capacity will be 43,950 MTs. We intend to spend a sum of Rs. 98.39 million in following manner:

Sr. No.	Description	Name of Suppliers	Quantity	Total cost (Rs. in million)
First Stage of Implementation				
(i)	Silos Grain Storage Facility (USD 379,155 @ Rs 44.62) Letter of Credit opened on March 23, 2006.	SCAFCO vide their Quotation dated February 13, 2006.	1	18.10
(ii)	Foundations & Discharge Channels	Computer Integrated Engineering Services	1	6.50
	Sub Total			24.60
Second Stage of Implementation				
(i)	Silos Grain Storage Facility (USD 1,137,465 @ Rs.44.62)	SCAFCO	1	54.29
(ii)	Foundations & Discharge Channels	Computer Integrated Engineering Services	1	19.50
	Sub Total			73.79
	Total			98.39

None of plant and machinery is second hand and we do not require any approval for importing any of these plant and machinery.

We have already completed the 1st stage and installed the silos grain storage facility.

New white rice storage (Flat Storage Project)

This project will involve converting the existing godown structure (which is located near to de-husking as well as polishing division) to a flat storage system. With flat storage system we can cater about 8,000 MTs of brown rice in 28,000 square feet as compared to about 5,000 MTs in normal storage system. We intend to spend a sum of Rs. 21.09 million in following manner:

Sr. No.	Description	Name of Suppliers	Quantity	Total cost (Rs. in million)
(i)	Bulk Flat Storage of White rice (EURO 270,000 @ Rs.54.05)	Schmidt Seeger AG	1	15.29
(ii)	Existing godown structure modification	Muskan Builders	NA	5.80
	Total			21.09

None of plant and machinery is second hand and we do not require any approval for importing any of these plant and machinery.

Open Bardana (Jute bags) Shed

The basmati paddy is transported to us in tagged gunny bag. The basmati paddy is removed from these gunny bags and sent for the processing. For the purpose of re-using these gunny bags in next season we store them in open bardana shed. The estimated cost of the bardana shed is Rs. 4.72 million.

Sr. No.	Description	Name of Suppliers	Quantity	Total cost (Rs. in million)
(i)	Civil Cost of Project	Subhash Sharma	NA	1.05
(ii)	Structure & Erection Cost	Sarvpriya Industries Limited	NA	3.67
	Total			4.72

We have already completed the work on the Open Bardana Sheds.

2. Generating Power for Captive Consumption:

In future, we expect our power requirement to 2 MW - 2.5 MW. Taking into account future power requirements we plan to generate in-house electricity.

We propose to install a backpressure power turbine of capacity 300KW that would be placed between boilers and dryers so that exiting steam from turbine can be directed to dryers for drying process. We are also setting up condensing turbine to generate 1600KW of electricity. We intend to spend a sum of Rs. 50.52 million in following manner:

Sr. No.	Description	Name of Suppliers	Quantity	Total cost (Rs. in million)
(i)	Already Ordered Turbine Generator System (including backpressure turbine) Letter of Credit opened on June 8, 2006	Anama Energies Private Limited	1	7.82
(ii)	Yet to be ordered Condensing Turbine Generator Set	Anama Energies Private Limited	1	29.87
(iii)	Boiler for Power Plant	Boiler Tech	1	12.83
	Total			50.52

None of plant and machinery except boiler for power plant is second hand.

3. General Corporate Purpose

Our management in accordance with the policies set up by the Board will have flexibility in applying the balance proceeds of this Issue, for general corporate purposes including finance working capital requirements, meeting the increase in project cost, corporate offices, advertising and brand Building etc.

4. Public Issue Expenses:

We intend to spend Rs. [●] as Issue expenses, details of which are mentioned hereunder:

Sr. No.	Particulars	Amount(Rs. in million)
1	Fees of BRLMs	[●]
2	Fees of Registrar	[●]
3	Fees of Legal Advisor, Auditors, etc.	[●]
4	Underwriting Commission, Brokerage and Selling Expenses	[●]
5	Advertisement and Marketing Expenses	[●]
6	Printing and Stationery Distribution, Postage, etc.	[●]
7	Other Miscellaneous Expenses	[●]
	Total	[●]

Schedule of implementation

Sr. No.	Projects	Month of Commencement	Month of Completion
1.	Expansion, Automation and Modernization at Sonapat, Haryana		
A.	Parboiled rice (sella) processing and milling unit at existing facility at Sonapat, Haryana	April, 2007	September, 2007
B.	New milling line for producing value added product in rice	January, 2006	July, 2006 (Completed)
C.	Balancing and Modernization of existing facility	May, 2006 (Completed)	September, 2006
D	Increasing our Storage capacity Silos grain storage	June, 2006	June, 2007(1 st stage Completed)
	New white rice storage (Flat Storage Project)	January, 2007	June, 2007
	Open Bardana (Jute bags) Shed at existing facility at Sonapat, Haryana	March, 2006	July, 2006 (Completed)
2	Setting up of Power Turbine at existing plant in Sonapat, Haryana	June, 2006	June, 2007

Deployment of funds in projects

We have incurred the following expenditure on the project till 20th October 2006. The same has been certified by M/s Tilak Chandna & Co., Chartered Accountants vide their certificate dated 28th October 2006.

Sr. No.	Deployment of funds	Amount (Rs. in million)
1.	Expansion, Automation and Modernization at Sonapat, Haryana	
A	Parboiled rice (sella) processing and milling unit	Nil
B	New milling line for producing value added product in rice – Rice Processing Machinery	42.46
C	Balancing and Modernization of existing facility – Grain Color Sorter	10.44
	– Grain Processing Machinery	19.01
D	Increasing our Storage capacity Silos grain storage	29.03
	New white rice storage (Flat Storage Project)	-
	Open Bardana (Jute bags) Shed	3.50
2.	Power Turbine at existing plant in Sonapat, Haryana – Turbine Generator System including Back Pressure Turbine	0.97
3.	Public Issue Expenses	5.86
	Total	111.27

Sr. No	Sources of funds	Amount (Rs. in million)
1.	Internal Accruals	26.60
2.	Deferred Payment liability against import LC's	84.67
	Total	111.27

Details of year wise deployment of balance fund:

(Rs. in million)

Sr. No.	Projects	2006-07	2007-08	Total
1.	Expansion, Automation and Modernization at Sonapat, Haryana			
A	Parboiled rice (sella) processing and milling unit	-	70.20	70.20
B	New Milling line for producing value added rice	41.01	-	41.01
C	Balancing and Modernization of facilities	1.40	29.90	31.30
D	Increasing our Storage capacity			
	Silos grain storage.	16.00	82.39	98.39
	New white rice storage (Flat Storage Project)	2.90	18.19	21.09
	Open Bardana (Jute bags) Shed at existing facility at Sonapat, Haryana	4.72	-	4.72
2.	Setting up of Power Turbine at existing plant in Sonapat, Haryana	-	50.52	50.52
	Sub Total	66.03	251.20	317.23
3.	General Corporate Purpose	[●]	[●]	[●]
4.	Public Issue Expenses	[●]	[●]	[●]
	Total	[●]	[●]	[●]

Interim Use of Issue Proceeds

Pending utilization in the project, the proceeds of the Issue will be invested in Bank Deposits with scheduled commercial banks and / or Gilt Edged Government Securities, either directly or through Mutual funds or for meeting the working capital requirement.

No part of the proceeds of this issue will be paid as consideration to our promoters, directors, key managerial employees or companies promoted by our promoters.

Monitoring Agency for utilization of Issue proceeds

In terms of clause 8.17 of SEBI (DIP) guidelines, there is no requirement for appointing a monitoring agency, since the issue size is less than Rs. 5000 million. However, we have appointed Punjab National Bank as the monitoring agency to monitor the use of issue proceeds. Punjab National Bank vide its letter dated 25th May 2006 has given its consent to act as the monitoring agency for utilization of the Issue proceeds. Further, our Audit Committee will also monitor the utilization of the Issue proceeds. We will disclose the utilization of the Issue proceeds under separate head in our balance sheet for the Fiscal 2007 and 2008 and provide all the details, if any, in relation to all proceeds of the Issue that have not been utilized thereby, also indicating investments, if any, of such unutilized proceeds of the issue.

BASIC TERMS OF THE ISSUE

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

Terms of Payment:

Applications should be for a minimum of 125 equity shares and in multiples of 125 equity shares thereafter. The entire price of the equity shares of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is payable on application.

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

Authority for the Issue

The issue of Equity Shares by our Company has been proposed by the resolution of the Board of Directors passed at their meeting held on 17th February 2006. The shareholders of our Company have authorized and approved this Issue under section 81(1A) of the Act by a Special Resolution at our Extra Ordinary General Meeting held on 01st April 2006.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including the rights in respect of dividends. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Red Herring Prospectus at a price of Rs. [●]/- per Equity Share. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 125 Equity Shares to the successful bidders.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue amount, including devolvment of underwriters, if any, within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, our Company and every director of our Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act, 1956.

If the number of allottees in the proposed Issue is less than 1000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

BASIS FOR ISSUE PRICE

The issue price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the equity shares offered by way of book building.

Investors should read the following summary with the Risk Factors included starting from page xi and the details about our Company and its financial statements included in the Red Herring Prospectus on page 107. The trading price of the equity shares of our Company could decline due to these risks and you may lose all or part of your investments.

Qualitative Factors

For details of quantitative factors, which form the basis of computing the price refer to “Our business, Strengths” on page 50 and risk factors on page xi.

Quantitative Factors

Information presented in this section is derived from the Company’s restated, unconsolidated financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Restated Earnings Per Share

Year	EPS (Rs.)	Weight
2003-04	3.83	1
2004-05	3.52	2
2005-06	7.74	3
Weighted average	5.68	

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

Particulars	At the lower price band of Rs. 50/-	At the higher price band of Rs. 56/-
● Based on 2005-06 EPS of Rs. 7.74	6.45	7.23
● Based on weighted average EPS of Rs. 5.68	8.80	9.86

Industry P/E: Food Processing Industry (Restricted to Companies in Rice Business)

i. Highest – Lakshmi Energy	19.20
ii. Lowest – Kohinoor Foods	7.50
iii. Average	11.60

Source: Capital Markets Volume XXI/17, October 23 – November 05, 2006

3. Return on Net Worth

Year	RONW (%)	Weight
2003-04	12.69	1
2004-05	10.73	2
2005-06	20.27	3
Weighted average	15.83	

- Minimum Return on Total Net Worth to maintain pre-issue EPS of Rs. 7.74

At the lower price band of Rs. 50/- Rs. 16.29

At the higher price band of Rs. 56/- Rs. 15.61

4. Net Asset Value

	At the lower price band of Rs. 50/-	At the higher price band of Rs. 56/-
a) As on June 30, 2006	Rs. 39.46	Rs. 39.46
b) After Issue	Rs. 43.84	Rs. 45.74
c) Issue Price	Rs. 50.00	Rs. 56.00

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

Particulars	EPS (Rs)	P/E	RONW (%)	NAV (Rs.)
Kohinoor Foods*	10.3	7.5	18.3	62.2
KRBL*	13.2	10.8	15.9	100.2
Lakshmi Energy	36.8	19.2	42.0	114.2
LT Overseas Limited	7.74	#	18.7	39.46

* (Source: Capital Market Vol. XXI/17 Oct 23- Nov 05, 2006)

will be determined by book building process

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

STATEMENT OF TAX BENEFITS

Certificate

We hereby certify that the enclosed annexure states the tax benefits available to the shareholders of LT Overseas Limited (the 'Company') under the provisions of the Income Tax Act, 1961 and other direct tax laws as are presently in force.

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

The shareholder is advised 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 a direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

**For Kanwal Malhotra & Co.
Chartered Accountants**

**Kanwal Malhotra
Proprietor**

Membership No. 16980
Place: New Delhi

Tax benefits listed below are the benefits available under the current tax laws in India. Subject to the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Therefore the ability of the Company or its shareholders to get the tax benefits is dependent upon fulfilling such conditions.

The following tax benefits shall be available to the Company and the prospective shareholders under Direct Taxes.

1. To the Company – under the Income-tax Act, 1961 (the Act)
 - 1.1 There is no additional benefit arising to the Company under The Income Tax Act, 1961, by proposed Initial Public Offer of Equity Shares.
 - 1.2 The company can avail the benefit of sec 80IB (11A). The relevant provisions are as under:-

The amount of deduction in a case of *[an undertaking deriving profit from the business of processing, preservation and packaging of fruits or vegetables or from]* the integrated business of handling, storage and transportation of food grains, shall be hundred percent of the profits and gains derived from such undertaking for five assessment years beginning with the initial assessment year and thereafter, twenty-five percent (or thirty percent where the assessee is a company) of the profits and gains derived from the operation of such business in a manner that the total period of deduction does not exceed ten consecutive assessment years and subject to fulfillment of the condition that it begins to operate such business on or after the 1st day of April 2001]
2. To the Members of the Company – under the Income Tax Act
 - 2.1 Resident Members
 - a) Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hand of the shareholders.
 - b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

- c) In terms of Section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business of Profession' arising from taxable securities transactions.
- d) As per the provisions of Section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorised by the Reserve Bank of India are eligible for exemption from income –tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.
- e) Under Section 54EC of the Act, capital arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by-
 - (i) National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - (ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.
- f) Under Section 54ED of the Act, capital gain arising from transfer of long term capital assets, being listed securities or units [other than those exempt u/s 10(38)], shall be exempt from tax, subject to the conditions and to the extent specified therein if the capital gain is invested in public issue of equity shares issue by of an Indian Public Company within a period of six months from the date of such transfer. If only a part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new equity shares are transferred or converted into money within one year from the date of their acquisition.
- g) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt u/s 10(38)] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property with a period of three years after the date of transfer.
- h) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets being an equity share in a company, which is subject to securities transaction tax will be taxable under the Act @ 10% (plus applicable surcharge and educational cess).
- i) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholder.

2.2 Non Resident Indians/Members other than Foreign Institutional Investors and Foreign Venture Capital Investors

- a) By virtue of Section 10(34) of the Act, Income earned by way of dividend income from a domestic company referred to in Section 115-O of the Act, is exempt from tax in the hands of the recipients.

- b) Taxation of Income from investment and Long Term Capital Gains on its transfer
- i) A non-resident India, i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XIIA of the Act, i.e. "Special Provisions Relating to Certain incomes of Non-Residents".
 - ii) Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under Section 10(38) of the Act] be concessional tax at a flat rate of 10% (plus applicable surcharge and educational cess on income-tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to Section 48 of the Act.
 - iii) Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionally reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

2.3 Return of Income not to be filed in certain cases

Under provisions of Section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible a source has been deducted therefrom.

2.4 Other Provisions of the Act

- a) Under Section 115-I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the Act.
- b) Under the first proviso to section 48 of the Act, in case of a non-resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- c) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain is invested within a period of six months from the date of transfer in the bonds issued by-
 - i) National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently. If the new bonds are transferred or converted into money within three years from the date of their acquisition.
- d) Under Section 54ED of the Act, capital gain arising from transfer of long term capital assets, being listed securities or units [other than exempt u/s 10(38)], shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain is invested in public issue of equity shares issued by of

any Indian Public Company within a period of six months from the date of such transfer. If only a part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new equity shares are transferred or converted into money within one year from the date of their acquisition.

- e) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house of those exempt u/s 10(38)] then such capital gain, subject to the conditions and to the extent specified therein, will be extent if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property with a period of three years after the data of transfer.
- f) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in company, which is subject to securities transaction tax will be taxable under the Act @10% (plus applicable surcharge and educational cess).
- g) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income tax) (without indexation), at the option of the Shareholders.

2.5 Foreign Institutional Investors (FIIs)

- a) By virtue of Section 10(34) of the Act, income earned by way of dividend from a domestic company referred to in Section 115-O of the Act, are exempt from tax in the hands of the Institutional Investor.
- b) Under section 115AD capital gain arising on transfer of short capital assets, being shares and debentures in a company, are taxed as follows:
 - (i) Short term capital gains on transfer of share/debentures entered in a recognized stock exchange which is subject to securities transaction tax shall be taxed @ 10% (plus applicable surcharge and educational cess); and
 - (ii) Short term capital gains on transfer of share/debentures other than those mentioned above would be taxable @ 30% % (plus applicable surcharge and educational cess).
- c) Under section 115AD capital gain arising on transfer of long term capital assets, being shares and debentures in a company, are taxed @10% (plus applicable surcharge and educational cess). Such capital gains would be computed without giving effect to the first and second proviso to section 48. In other words, the benefit of indexation, direct or indirect, as mentioned under the two provisos would not be allowed while computed the capital gains.
- d) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by-
 - (i) National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently. If the new bonds are transferred or converted into money within three years from the date of their acquisition.

Under Section 54ED of the Act, capital gain arising from transfer of long term capital assets, being listed securities or units [other than exempt u/s 10(38)], shall be exempt from tax, subject to the conditions and

to the extent specified therein, if the capital gain is invested in public issue of equity shares issued by any Indian Public Company within a period of six months from the date of such transfer. If only a part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new equity shares are transferred or converted into money within one year from the date of their acquisition.

2.6 Venture Capital Companies /Funds

As per the provisions of section 10(23FB) of the Act, income of

- Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and
- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette set up for raising funds for investment in a Venture Capital Undertaking is exempt from income tax.

2.7 Infrastructure Capital Companies / Funds or Co-operative Bank

As per the provisions of section 10(23G) of the Act, income by way of dividends, interest or long term capital gains of

- Infrastructure Capital Company;
- Infrastructure Capital Fund; and
- Co-operative Bank

From investment made in share or long term finance in undertakings therein shall be exempt from tax. However, such income earned by an Infrastructure Capital Company shall not be exempt for the purpose of computing tax on book profits u/s 115JB of the Act.

3. Wealth Tax Act, 1957

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

4. The Gift Tax Act, 1957

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

NOTES:

- a) All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by joint holders.
- b) In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.
- c) In view of the individual nature of the consequence, each investor is advised to consult his/her own tax adviser with respect to specific tax consequences of his/her participation in the scheme.

SECTION VI - ABOUT US

INDUSTRY OVERVIEW

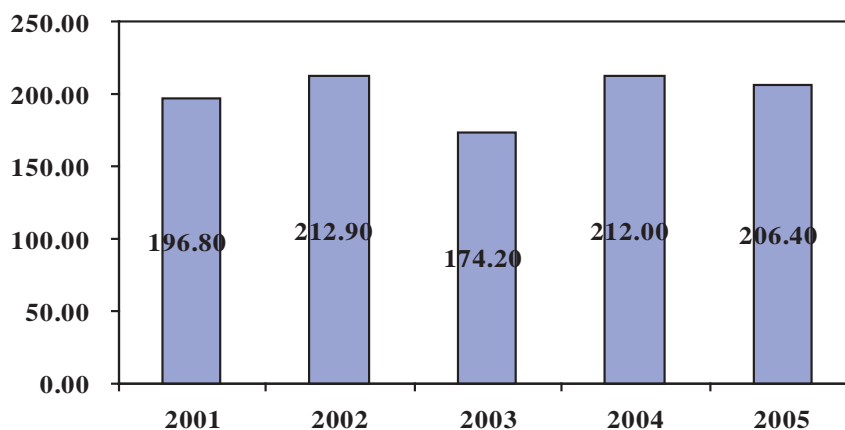
Disclaimer: Pursuant to the requirements of the SEBI Guidelines, the discussion on the business of our Company in this Red Herring Prospectus consists of disclosures pertaining to industry grouping and classification. The industry grouping and classification is based on our Company's own understanding and perception and such understanding and perception could be substantially different or at variance from the views and understanding of third parties. The industry data has been collated from various industry and/or research publications and from information available from the World Wide Web.

The information in this section is derived from various government publications and other industry sources. Neither we, nor any other person connected with the issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Indian Agriculture

Agriculture is one of the important economic sectors of India. It provides approximately 22.7% of the GDP and nearly two-thirds of the population depends on agriculture for their livelihood. Agriculture provides the bulk of goods required by the non-agricultural sector as well as raw materials for other industries. The emerging areas in agriculture like horticulture, floriculture, organic farming, genetic engineering, food processing, branding and packaging have high potential for growth. The sector enjoys policy support in the form of easy credit norms and export incentives. The overall agricultural production during the past years is as follows:

Overall Production (Million Tonnes)



Source: Department of Agriculture & Co-operation

India is the largest producer of sugarcane, milk, coconut, spices and cashews and the second largest producer of rice, wheat, pulses, fruits and vegetables. The production and export of various food grains for the past few years is as under:

Food grains production (Million tonnes)

Crop/Year	1999-2000	2000-01	2001-02	2002-03	2003-04*	2004-05**
Rice	89.7	85.0	93.3	72.7	87.0	87.8
Wheat	76.4	69.7	72.8	65.1	72.1	73
Coarse Cereals	30.3	31.1	33.4	25.3	37.8	31.9
Pulses	13.4	11.1	13.4	11.1	15.2	13.7
Food grainsKharif	105.5	102.1	112.1	87.8	112.0	102.9
Rabi	104.3	94.7	100.8	86.4	100.0	103.5
Total	209.8	196.8	212.9	174.2	212.0	206.4

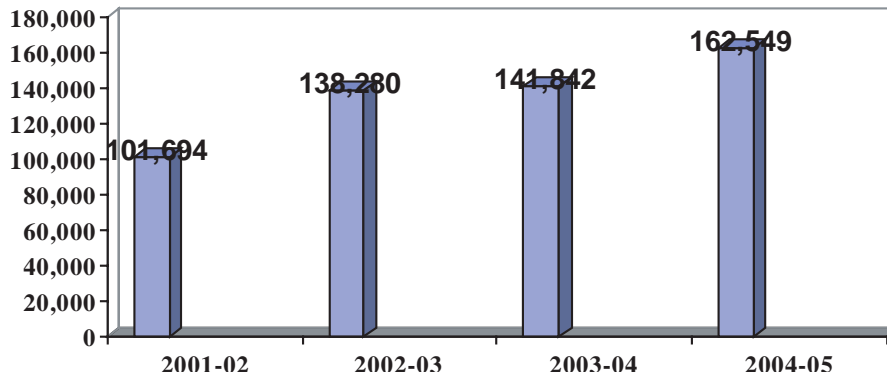
*4th Advance Estimates**

2nd Advance Estimates

Source: Ministry of Agriculture.

India's share in world agriculture exports is around 1% to 1.50% for the last four years. There has been a positive growth in exports over the past 3 years. The following chart gives the overall agriculture exports of India during the past few years:

Agri Exports (Rs. in million)



Source: www.apeda.com

Rice Industry

About Rice

Rice is the common name for the genus *Oryza*. From an early history in the Asian areas rice has spread and is now grown on all continents except Antarctica. Being able to grow in this wide spectrum of climates is the reason rice is one of the most widely eaten foods of the world. Rice is the world's third largest crop, behind maize and wheat.

Rice is high in complex carbohydrates, contains almost no fat, is cholesterol free, and is low in sodium. It is a good source of vitamins and minerals such as thiamine, niacin, iron, riboflavin, vitamin D, calcium, and fiber. It is a fair source of protein containing all eight amino acids.

Rice is cultivated in more than 100 countries and is the staple food for over half the world's population. Asia is the biggest rice producer accounting for 90% of the world's production and consumption of rice. In the recent years, the rice production has fluctuated between 375-400 million tonnes.

Types of rice

Over the centuries, three main types of rice had developed in Asia, depending on the amylose content of the grain. They were called indica (high in amylose content, gets fluffy on cooking and to be eaten with the fingers), japonica (low in amylose, becomes a sticky mass on cooking and is suitable for eating as clumps with chopsticks), and javanica (intermediate amylose content and stickiness). Rice is further divided into long, medium and short-grained varieties, and in the sub-continent different regions grow and consume different varieties. ***Basmati rice is probably the best-known variety of rice from the sub-continent. Basmati denotes 'queen of fragrance' and this fragrant rice is chiefly grown and exported by India and Pakistan.***

Globally rice is planted in about 154 million hectares of which India has the highest share of approximately 44 million hectares. Rice production forms 46% of the total production of cereals and 42% of the total grain output. The rice production of the country has increased from 20 MMT in 1950-51 to 86 MMT in 2004-05. India is the second largest producer of rice next only to China. The major producers of non- basmati rice are Thailand, Vietnam, China and Myanmar, besides India.

India

Year	Rice Production (Million tonnes)
2000-01	84.87
2001-02	91.61
2002-03	76.91
2003-04	87.00
2004-05	86.00

World Rice Production, Consumption & Stocks

Particulars	2003-04	2004-05	2005-06	Annual	% change
Production	391.20	401.10	405.30	4.20	1.00
Consumption	414.90	413.30	413.60	0.30	0.00
Trade	27.10	26.40	25.20	-1.20	-5.00
Ending Stocks	87.00	74.80	66.50	-8.30	-11.00

Source: Rice India, September 2005

The rice harvesting area in India is largest in the world and its cultivation is found in all states of the country. West Bengal, Uttar Pradesh, Madhya Pradesh, Orissa and Bihar are the major rice producing states. Rice-based production systems provide the main income and employment for more than 50 million households. Northern and coastal plains dominate the production due to huge water requirements of the crop.

Rice accounts for 13% of overall agriculture exports and 1.6% of total exports from India in 2004. Rice exports have grown at a CAGR of approximately 6% during the period 1981-2004. During the past 4 years the CAGR is approximately 9%.

Exports of basmati and non-basmati rice for the last five years are as under:

(million mts)

Year	2004-05	2003-04	2002-03	2001-02	2000-01
Non Basmati	3.64	2.64	4.34	1.53	0.68
Basmati	1.12	0.77	0.71	0.66	0.85

Source: Rice India January, 2006 & 2005

Basmati Rice

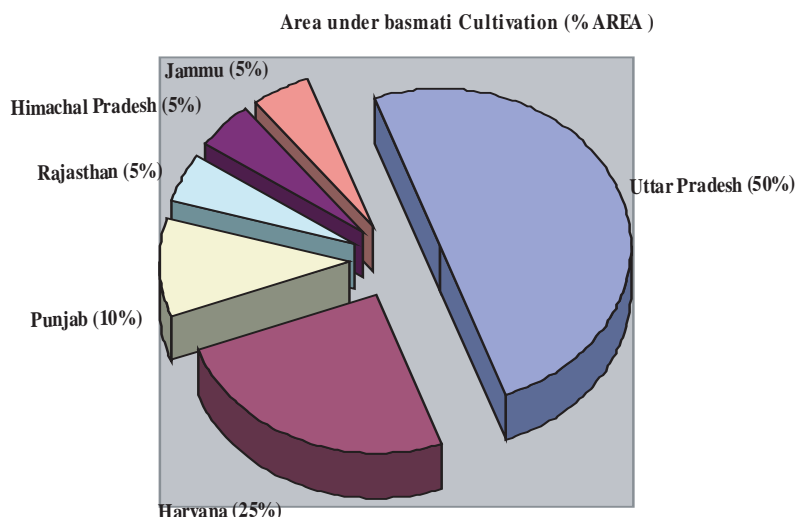
The word “Basmati” originates from the Sanskrit word “Bash”, meaning fragrance. It’s a unique rice variant because of its super fine kernels, exquisite aroma, sweet taste, silky texture, delicate curvature and linear elongation with least breadth and swelling on cooking. The word Basmati implies ‘ingrained aroma’. The aroma that gives basmati its novel characteristics is unmatched by any other rice grain anywhere else in the world. Many scented varieties of rice have been cultivated in the Indian sub- continent from time to time but basmati distinguishes itself from all other aromatic rice due to its unique characteristics. Amongst all the scented varieties of rice, basmati reigns supreme.

India is the largest producer and exporter of basmati. The foothills of the Himalayas provide the distinct natural conditions and the soil required for the cultivation of this scented rice. India and Pakistan are the only two countries in the world producing Basmati rice. The trade in Basmati rice over the last five years has been:

Year	Total Trade		India		Pakistan		Share in Qty (%)	
	Qty-MTs	Value Million USD	Qty-MTs	Value Million USD	Qty-MTs	Value Million USD	India	Pakistan
2000-01	13,53,783	718	8,51,722	481	5,02,061	237	62.91	37.09
2001-02	12,17,099	650	6,67,066	392	5,50,033	258	54.81	45.19
2002-03	14,27,018	787	7,10,292	426	7,16,726	361	49.77	50.23
2003-04	15,87,814	905	7,71,475	483	8,16,339	422	48.58	51.42
2004-05	19,65,026	1051	11,50,169	611	8,14,857	440	58.53	41.47

Source: APEDA

The following pie chart depicts the percentage area under basmati cultivation in India



Source: Rice India, January 2004

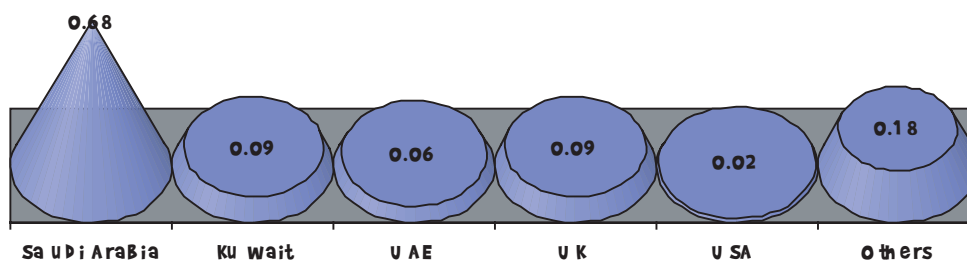
In the international market rice is traded under two main categories, fragrant and non fragrant. In case of fragrant rice, India dominates the trade with its basmati rice followed by Pakistan. In India there are 11 varieties of basmati recognized by GOI under the Seed Act 1966. These varieties are further classified into two categories; traditional and evolved. The traditional varieties include basmati 217, basmati 370, type-3 basmati, Tararoi basmati, Ranbir basmati, and basmati 386. The evolved category comprises Punjab basmati –1, Pusa basmati, Kasturi, Haryana basmati-1 and Mahi Sugandha.

Average yield of basmati paddy is lower as compared to other paddy due to its inherent tall and weak structure, lack of awareness among farmers about good fertilizers, few disease control measures and a high percentage breakage of the grain during the processing of paddy into rice. Efforts are being put into to improve the output productivity by providing good quality inputs, creating awareness programmes and introducing contract farming.

At present share of India in basmati exports is around 55%-60%, valued at approximately Rs. 20 billion. The Gulf region remains the major market for India and within the Gulf, Saudi Arabia accounts for the major chunk of basmati imports from India. Pakistan is the sole competitor for India in the international market for basmati rice. India's main markets for basmati rice exports have been Saudi Arabia, Australia, Austria, Belgium, Bahrain, France, Germany, U.K., Denmark, U.S.A., Canada, Belgium, Kuwait, Italy, Oman, Yemen, Netherlands, Jordan, Indonesia, etc. In the Middle East, the parboiled rice is preferred, while in Europe; the brown Basmati rice is preferred. In the U.S., Canada, Australia, New Zealand, Japan and 30 other countries, the white Basmati rice is sought after. India is the world's largest exporter of Basmati rice, selling 11.5 lakh tons in 2005-06 and has already crossed 10 lakh tons in the first eleven months of 2005-06 (APEDA figures) In future the exports are expected to rise due to recognition of premium quality, increased branding, better marketing along with greater access to USA & European markets for agricultural products. Better quality compared to the sole competitor has placed India at No. 1 position in the international market.

The following table shows the destination and quantity of India's basmati exports

Major Basmati Importers (In Million MT)



Source: Rice India, January 2006

Domestic basmati is divided into three segments with retail prices ranging from Rs. 25 per kg to Rs. 60 per kg. Basmati rice commands a substantial premium over non-basmati rice because of its superior taste and aroma, and the fact that though it is consumed globally, its production is restricted to India and Pakistan. Basmati rice enjoys a premium of almost 50-100% over normal rice. Branded basmati typically fetches realizations at the upper end of the band.

Presently, the share of branded basmati is 35% as compared to 22%, 3 years back. Earlier unbranded exports were made to retail chains, which used to sell under private labels but now exports are branded at source. There is a perceptible shift towards branding to improve margins. EBITDA margins for unbranded exports are around 8% vis-à-vis around 16% for branded exports. Growth in domestic market for basmati is clearly visible as it is growing at 6% CAGR with branded basmati demand growing at 15% CAGR. Demand is set to rise with increase in number of consumers as well as the quantity consumed.

Industry SWOT

Strengths

- Strong geographical association resulting in limited supply.
- Relatively inelastic demand, coupled with low substitutability.
- Increasing brand building activity, leading to better price realization.

Weaknesses

- High dependence on monsoons.
- Lower net margins due to little differentiation.
- High working capital requirement, reducing return on capital.

Opportunities

- Favourable demographics to aid increased domestic consumption.
- Consumers' ability and willingness to pay for better quality products.
- Greater access to global markets post WTO.

Threats

- Strengthening rupee may reduce realization on exports.
- Emergence of low cost synthetic substitutes.
- Improved performance by Pakistani exports

Major Players

As per AC Nielsen ORG-MARG survey, the major basmati rice players in India in 2005 as per volume share are

Name	Volume Share (%)
Satnam Overseas Limited	27.40
KRBL Limited	23.30
LT Overseas Limited	21.90
Amar Singh Chawalwala	9.60
Tribeni Flour Mill	5.70
Shivnath Rai Harnarain	3.50

As per the survey the major brands for rice at an all India level for 2005 are:

Particulars	Volume Share (%)
India Gate	21.80
Kohinoor	20.40
Daawat	17.50
Lal Killa	9.60
Charminar	6.10
Shri Lal Mahal	3.40

Processed Food Industry

(Source: Ministry of Food Processing Industries)

The food processing industry is one of the largest industries in India - it is ranked fifth in terms of production, consumption, export and expected growth. The industry size has been estimated at Rs. 3150 billion (US\$ 70 billion), including Rs. 990 billion (US\$ 22 billion) of value added products by the Ministry of Food Processing, Government of India. The food processing industry contributed 6.3 per cent to India's GDP in 2003 and had a share of 6% in total industrial production. The industry employs 1.6 million workers directly. The industry is expected to at 9-12%, on the basis of estimated GDP growth rate of 6-8%, during the tenth plan period.

There is a need for higher value addition in Indian food processing industry, which is less than 2% at present vis-à-vis the world average of 6%. Value addition of food products is expected to increase from the current 8% to 35% by the end of 2025. Processed food exports and value-added agricultural produce will be witnessing faster growth in their respective industry segments in the coming years. The Food Processing Industry sector in India has been accorded high priority by the Government of India, with a number of fiscal relief and incentives, to encourage commercialization and value addition to agricultural produce.

Value added products or convenience foods include ready to cook and ready to eat food products. These products have enormous potential in the domestic and international markets. Consumption on food, beverages and tobacco is growing at CAGR of 8% over the past few years. Various segments within ready to cook are growing at 10-20% annually due to changing demographics and a favorable disposition towards convenience foods. Entry of organized players has served to expand the ready to cook market by aggressive marketing leading to greater awareness of a latent need. Some of the factors that will influence the Indian urban consumers to shift their preference to ready to cook and ready to eat foods are discussed below.

Increasing acceptance of convenience foods - Hectic lifestyles, increase in the number of working women and less formal meal times have led to the increased acceptance of ready to cook and ready to eat foods in urban households. Lower cooking skills and the desire to try new varieties of food has also led to higher consumption of convenience foods

Increase in income levels – The rapid growth in the Indian economy over the past few years has led to a higher income level, especially in the hands of business owners and the salaried class. Salaries in India are rising fast and have grown by 11.11% for the quarter ended 30th June 2005. According to Mercer Human Resource Consulting, London, India's salaries are expected to improve 11.3% next year, which would be 7.3% inflation adjusted wage growth.

Favourable demographics will change spending patterns - About two-thirds of India's one billion plus population is under 35 years of age. Also, the urban population is growing at a faster pace than the rural population. The increased purchasing power with the young, earning population will lead to a shift in the household consumption pattern in favor of convenience foods.

Rising aspiration levels- The rapid growth in the number of middle and higher income households have led to a higher demand for aspirational and lifestyle products. Consumers today becoming brand conscious and have the ability and willingness to pay for good quality products. The branded foods segment will be a major beneficiary of the upgradation in household spending.

Increase in the number of shopping malls- The increasing number of shopping malls in metros and large towns has helped in giving shoppers an enjoyable shopping experience. Food products like basmati rice which were traditionally sold in bulk are now available in smaller packs and are prominently displayed in malls contributing to a higher brand awareness and increased sales. This trend is set to continue given the number of malls that are going to come up in the next three years.

OUR BUSINESS

Overview

Our company is primarily in the business of milling, processing and marketing of branded & non-branded basmati rice and manufacturing of rice food products in the domestic and overseas market. Our operations include contract farming, procurement, storage, processing, packaging and distribution. We are also engaged in research & development to add value to rice and rice food products. Our key thrust area for R&D has been on developing process for getting better aroma, better head grains yield and reducing the stickiness and developing value added rice. We carry out periodic surveys to assess consumer needs. Based on the feedback from such surveys we upgrade our product offerings or start working on the development of new products. Our product portfolio comprises brown rice, white rice, steamed rice, parboiled rice, organic rice, quick cooking rice, value added rice and flavoured rice in the ready to cook segment.

We have a capacity to process 30.5 TPH of paddy of which 27 TPH is processed in our own facility at Bahalgarh, Haryana and 3.5 TPH is processed in facility leased from group concerns R.S. Rice & General Mills & Daawat Foods Private Limited, located in Amritsar, Punjab and Sonapat, Haryana respectively.

In the international market, our products are being sold in more than 35 countries including quality conscious markets like USA, Canada, UK and the European Union. In the domestic packaged basmati rice segment we are currently among the top three players for 2005 in volume terms as per an AC Nielsen ORG-MARG survey. Our Company owns 19 brands and application for another 30 brands are pending at various stages. Our brands are registered in about 40 countries.

Our income for the years ended March 31, 2004, 2005 & 2006 was Rs.3,700.38 million, Rs. 3606.62 million and Rs.4035.72 million respectively. Our export turnover for years ended March 31, 2004, 2005 and 2006 was Rs. 1860.63 million, Rs.1544.18 million and Rs. 1560.97 million respectively. Out of our total income, Our Domestic turnover for years ended March 31, 2004, 2005 & 2006 was Rs.1084.66 million, Rs. 1334.16 million and Rs.2183.51 million respectively. Our Profit for the years ended March 31, 2004, 2005 and 2006 has been Rs. 54.08 million, Rs.49.74 million and Rs.111.34 million. Our Profit Margins for the years ended March 31, 2004, 2005 & 2006 has been 1.46 %, 1.38 % and 2.76 % respectively.

Our Strengths

Our Brands

In our business, branded basmati rice commands a premium over the unbranded variety. Branding helps in differentiating our offerings from other private labels and assures our buyers of the quality of the product. It also gives us better shelf space in modern retail chains. Our Company owns established brands like 'Daawat' and 'Heritage'. We have as on date 19 brands registered in our name. As per the 2005 AC Nielsen ORG MARG survey, our brand "Daawat" is among the top three basmati rice brands in India.

We have registered our brands in forty countries. We launched 'Daawat' brand in USA in 1992, in Mauritius in 1999, in Australia in 2000 and in Canada in 2001. In the year 2004, we also received Community Trade Mark (CTM) registration, which is valid in 25 participating countries.

Promoting our brands has helped us in getting new clients; repeat orders from existing clients and increased demand from end users.

Our Sourcing Ability

Our sourcing ability is one of our greatest strengths. For procurement, we collect information regarding quality and quantity of paddy in various zones through our team of purchasers, aartias (middlemen) & external agencies who use advanced survey technologies like satellite survey, and field survey. This helps us in optimizing our procurement process. Our executive directors interface regularly with the procurement team thereby enabling quick decision-making in the buying process. Over a period, we have been able to develop relationships and rapport with farmers, which helps us in procuring quality produce at reasonable prices. Our strengths in the procurement process help to obtain our raw material at competitive prices.

Our Process & Technology

We have kept ourselves abreast with the latest technology relevant to our business. We are among the few rice manufacturers to use silos for storage of rice. Our processes are fully mechanized and the output is untouched by hand. We have been continuously investing in technology and process improvements. We are using automatic colour sorting machine for quality purposes since 1992. We are among the first few players in the rice industry, to achieve ISO and Hazard Analysis and Critical Control Point (HACCP) Certification from British Standards Institute. Our technology and process not only helps us in maintaining good relations with institutional buyers but also gives confidence to new buyers.

Our Company has entered into an agreement with Satake Corporation, Japan, who will provide us exclusive right to use new milling technologies for value added rice which we have already installed. We will enjoy exclusive use of these technologies for a specified period of time. For details of this agreement, please refer to sub section “material agreement” beginning on page 77. These arrangements give us a technological edge over other local competitors.

Our Focus on Quality

A good quality product is the foundation for a good brand. As mentioned above, we have the ISO 9000:2001, HACCP and the SQF certification. All these official quality recognitions are testimony to our process orientation and the international standard quality of our products. We believe consistency of products could be achieved only by process orientation. This process orientation helps us in increasing our efficiency and maintaining our quality. We use modern technology and software to track the quality of input as well as output. This helps us in ascertaining the reasons for rejections. We constantly make efforts to improve our processes through continuous research and development. Our focus on quality has helped us in retaining our clients and adding new ones.

Our Large Scale Operations

As per the AC Nielsen ORG MARG survey for 2005, we are one of the top three players in the domestic market with a volume market share of 22%. Our large-scale operations help us in procuring raw material at economical prices and feeding our large distribution network. It also enables us to cater to buyers with large requirements. Our size provides us economies of scale and helps in pricing our products competitively.

Our Product Portfolio

We cater to all the segments of basmati rice market. Our portfolio constitutes all kinds of basmati rice; value added products and vitamin enriched rice. Our offerings include brown rice, white rice, steamed rice, parboiled rice, organic rice, quick cooking rice, value added rice and “Rice & Flavours” in the ready to cook segment. Our largest selling brand is “Daawat” having various sub brands to cater to various segments.

Our Distribution

In the domestic market, we have more than 100 distributors who are present in almost every state. We have a strong presence in almost all major basmati consuming cities in India. We have exclusive arrangements with most of our distributors for sale of our products. Our distributors also provide us with valuable feedback on preferences of end customers which enables us to market the right products. Our good relations and understanding with our distributors have helped our growth in the domestic market.

Our international distribution network covers more than 35 countries. Our tie-ups with various distributors in international markets ensure presence of our products in major markets. Our product quality and terms of business have enabled us to attract the distributors in the business to be our partners.

Our global distribution network consists of both exclusive and non-exclusive distributors. We have exclusive arrangement with our distributors in North America, South America and the European region, which helps us in selling our products in a more efficient manner. Our global presence helps us in planning our output throughout the year. Our long-standing presence in quality conscious markets, gives us the confidence to enter new markets.

OUR VISION

“To be a global rice foods company”

As the world moves towards convenience foods, there is a growing acceptance of ‘ready to cook’ and ‘ready to eat’

meals. This trend will create a huge market for such products in the years to come. We are developing innovative products for this segment and we aspire to be one of the top players in the rice and value added rice products business.

Our Strategy

Our fundamental corporate objective is to deliver value to our customers, be profitable and establish leadership in our core markets. Our experienced top management team will ensure that our business strategy and operational tactics are in line with our main objectives. The main elements of our strategy are detailed below:

Diversification and Expansion of our Product Range

We are constantly trying out new initiatives to broad-base our product portfolio and move up the value chain. Our Company is developing value-added products to fulfill the requirements of institutional buyers who account for more than half of our sales in the rice business. We have an arrangement with Satake Corporation, Japan to develop and design rice processing machines which can cater to the requirements of our institutional segment. We intend to spend a sum of Rs. 41.01 million for installing this equipment. We have recently test marketed our ready to cook rice in the Indian market which will be available in different flavors. We intend to increase our presence in this segment. We plan to develop more value added products and for this purpose we have availed the services of Mr. Kaizar Colombowala, who was the Technical Expert of Master Foods (Uncle Ben's), as a consultant.. Going forward, we intend to increase the share of value added products in our sales.

We have received a Letter of Intent from Punjab Agro Industries Corporation (Project Division) granting special packages of incentives for setting up Ultra Modern Rice Plant in Amristar, Punjab. Details of this project are yet to be worked out.

Brand Promotion

Our brand 'Daawat' is one of top three brands in India. Decisions regarding buying branded basmati are influenced by the brand recall in the consumer's minds. Product positioning and brand building exercises are an integral part of our business. We have spent a substantial amount on promoting our brands in India and abroad. We intend to continue our expenditure on brand and brand promotion in future and put in place proper brand building strategies in line with the growth in various market segments. This will help us to maintain and improve our global and local ranking. We believe that our branding exercise will enhance the recall value in the minds of our customers and will help in increasing demand for our products.

Investment in Research & Development

We have developed our process by continuous research and development over a period of time. Our key thrust area for R&D has been on developing process for getting better aroma, better head grains yield and reducing the stickiness and developing value added rice. We have a well equipped research and development facility manned by experienced personnel. We carry out surveys periodically to assess the consumer needs. Based on the feedback from such surveys we upgrade our product offerings or start working on the development of new products. We have an exclusive agreement with Mr. Kaizar Colombowala for his consultation in R&D proposals. We have and will continue to invest in R&D efforts for product development, productivity improvement and enhancing process efficiency. In the milling process rice gets heated and it breaks down, resulting in less full grain. We have developed a process where rest bins have been placed in the process to bring the rice to normal temperature which reduces broken, thereby increases yield. During FY 2005-06, we have incurred an amount of Rs. 0.85 million towards Research & Development Expenses.

Increasing our Global Reach:

As on date, our company has a presence in 35 countries. In future, we plan to increase our presence in existing markets and enter new markets. We intend to increase our presence in the Far East, Africa and Middle East.

Entering into strategic alliances

We have entered into contract farming agreements for basmati paddy with Tata Chemicals. This will enable us to monitor the quality of our inputs more closely and also optimize our procurement process. We also have strategic alliances with Phoenix Agri Silica Corporation for development of a silica plant which converts husk ash (a waste generated during the milling process) into silica, a raw material for cement industry. For further details please refer page 77 of this Red Herring Prospectus.

We have started supplying basmati rice directly to retail chains in US and Canada. We intend to enter into alliances with more such retail chains. We believe these alliances will help us in increasing our sales.

We intend to keep entering into new strategic alliances, which will help us to develop new products, improve our efficiency, quality and our brand equity in the market.

Our Operations

Our company is primarily in the business of milling, processing and marketing of branded & non-branded rice and rice products in the domestic and overseas market. Our operations include contract farming, procurement, storage, processing, packaging and distribution. We are also engaged in research & development to add value to rice and rice products. Our product portfolio includes brown rice, white rice, steamed rice, parboiled rice, organic rice, quick cooking rice, value added rice and flavoured rice.

We have a capacity to process 30.5 TPH of paddy of which 27 TPH is processed in our own facility at Bahalgarh, Haryana and 3.5 TPH is processed in facility leased from group concerns R.S. Rice & General Mills & Daawat Foods Private Limited, located in Amritsar, Punjab and Sonapat, Haryana respectively.

We own 19 brands and application for another 30 brands are pending. Our brands are registered in about 40 countries. We have a presence in about 35 countries including quality sensitive markets like USA, Canada and UK. Our top 3 exporting countries are Saudi Arabia, USA and Spain. We have a pan Indian presence through over hundred distributors. We also have our procurement offices in 74 mandis for procurement of basmati paddy.

Our offerings

For Retail Customers	For Institutional Segment	For Economy Segment
<ul style="list-style-type: none"> ● Daawat Select ● Daawat Super ● Daawat Devaaya ● Daawat Dilkhush ● Daawat Rozana ● Daawat Harroz ● Daawat Mini ● Daawat Tini ● Daawat Niki ● Daawat Organic 	<ul style="list-style-type: none"> ● Daawat Chef Secrets (White Rice) ● Supreme Chef Gold ● Daawat Chef Secrets (Sella) ● Al Tarif (Sella) ● Nadia (Sella) ● Apsara (Sella) 	<ul style="list-style-type: none"> ● Heritage Supreme ● Heritage Premium ● Elina ● Heritage Tibar ● Heritage Dubar ● Orange White Rice ● Josh ● Apsara

Our Material Procurement

Contract Farming

As a part of over all crop diversification program in Punjab, Punjab Agro Food Grain Corporation (PAFC) undertakes to facilitate contract farming operations in Punjab for Basmati crop varieties notified by APEDA / Govt. of India. In the said system, PAFC interfaces with Government of Punjab for necessary notifications for exemption of mandi tax and other taxes & duties as applicable for basmati growers. PAFC serves as a guarantor for both farmers & buyers and provides the farmers with a guarantee to buy the harvested crop at minimum comfort price.

PAFC notifies companies like Tata Chemicals Ltd., Pepsi Foods, Mahindra & Mahindra, Escorts Ltd and others as Extension Agencies. We have agreement with Tata Chemicals which specifies working location, variety wise quantity, joint responsibilities, quality specifications, minimum support price for the procurement, payment terms, etc.

Procurement & quality check system is the same as conventional procurement system. Over the last three years both the companies are adding value to our procurement process. Contract farming produce is a small portion of our total conventional buying. It's a slow start but very soon we expect this to grow significantly in future. It will bring about standardization in the input quality, stability in input prices and reliability in delivery giving us a competitive edge in the procurement process.

Raw Materials

The key raw material for manufacturing rice is paddy, which is procured only from the domestic market. Our Company procures paddy from traditional basmati paddy growing areas of Haryana, Uttar Pradesh, Punjab, Uttaranchal and some parts of Rajasthan and Jammu & Kashmir. We maintain adequate stock of paddy to cover our existing order book positions and expected sales, which mitigates any adverse effect due to price fluctuations.

Raw material procurement

Paddy

Raw material (Paddy) procurement system is the backbone of our operations. We collect the information for the arrival of paddy quantity & quality from various regions or zones. We have a team of paddy purchasers. This team interfaces with the aartias (middlemen) on daily basis for the procurement of quality produce in required quantities. Our team of purchasers, team of aartias, and hired agencies provide us with necessary data in this regard. We hire agencies to provide us with crop data and reports which they compile using advanced technologies like satellite survey, eagle survey & field surveys. After comparing the data we estimate the production & quality. On the basis of the said data we make our procurement planning.

The Raw material (paddy) passes through various check systems for quality and consistency. It starts from the mandi level where our team ensures the quality. The paddy then reaches factory premises where the teams of unloading supervisors cross check the arrivals using 100% sampling procedures and their vast experience. During sampling, we draw two samples from each truck one of which is sent to the Quality Control (QC) Laboratory & the other one to the paddy room. QC lab checks the paddy quality on every aspect. Our QC labs not only tell us about the quality of the produce but also the price on the basis of yield & various quality parameters. Another check is our paddy or commercial room where our team of purchasers and Directors sit together to evaluate the quality & price of that sample. We use both the systems for quality & price assessment, acceptance or rejections & also for the evaluation of performance of our purchasers on a day-to-day basis.

Inventory Management:

Basmati in India is mostly grown in kharif season. The crop duration is 3 months. The new crop is available from September to November. We make the bulk of our paddy purchases during this period. To ensure continuous production throughout the year we have in place a comprehensive inventory management system. We manage our inventory through our storage capacity and intermittent purchases of basmati paddy and/or rice.

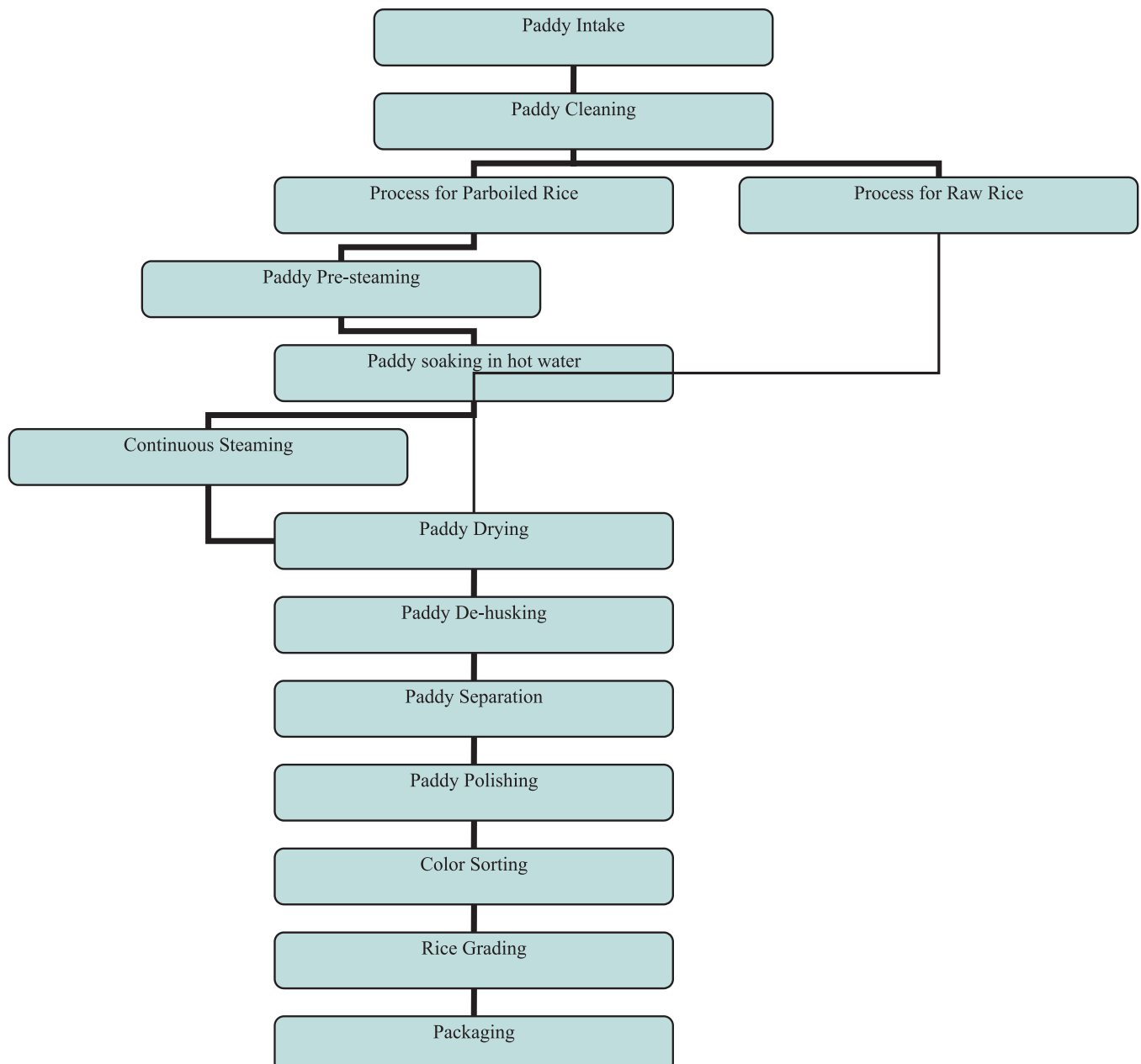
Ageing & Storage:

Ageing: Rice ageing is a process which involves storing the paddy and/or rice for a period of approximately 9 months in natural conditions. Aging changes the physical and chemical properties of the grain which affects the pasting and gel properties, flavour and texture of cooked rice. Aged rice fetches premium pricing. We have already installed a Rice processing machine from Satake Corporation, Japan for the producing value added rice for institutional clients. This machine will help us reducing ageing cost(storage cost.fumigation cost, bardana cost etc).

Storage: Storage is a critical part of our operations. As on date we have our godowns at our Sonapat, Hamidpur, Ghaziabad, for storing paddy as well as milled rice. We store our raw material in silos, open sheds etc. Silo storage helps in maintaining aroma, allows storing for a longer period and protects the grains from pests. Our Silos complex was inaugurated on 18th September 2006. Silos are cylindrical structures used for storage of paddy. "Silo-format" warehousing requires just 25% of normal ground storage space, requires less labour and also results in substantial reduction in spoilage with no cost for bags. Other advantages of silos include elimination of development of offensive odors, maintaining the whiteness of Basmati rice, maintaining uniform moisture content and less breaking of rice. The Company also intends to use this facility for automation of its rice mills. All these advantages will help in maintaining uniform quality of rice, reduce process variations resulting in optimization of yields. As on date we have silos storage capacity of 13950 MTS, which we intended to increase to 43950 MTS post expansion.

Manufacturing Process:

Rice Milling process has changed and evolved over the years and is now mostly mechanized for large-scale operations. We process raw rice, parboiled rice, brown rice, organic rice, Steamed Rice and Value added rice. A flow chart of the manufacturing process is given below.



Raw Rice Manufacturing Process

The steps involved in the manufacturing of the raw rice are given as under:

Step no	Process Flow	Wastage	By Products	Products	Equipment used
1.	Paddy Cleaning	Coarse trash, sand, dust & unhealthy paddy grains			Paddy Cleaners, Bucket Elevators, Chain conveyors
2.	Paddy Drying	Moisture Loss			Elevators, Downers, Bucket Elevators, Chain Conveyors, Dryers, Process Silos & Boiler
3.	Paddy De-husking		Husk		Paddy De huskers
4.	Paddy Separation				Paddy Separators, Bucket Elevators, Chain conveyors, Belt Conveyors, Precision sizers, Graders
5.	Polishing (Three stage abrasive & 3 stage Friction)		Rice Bran		Vertical whiteners, Friction Polishers, Blowers, Bag filters, Bucket Elevators, Belt conveyors
6.	Color Sorting	Damaged & discolored grains			Color Sorters, Bucket Elevators, Belt Conveyors Graders
7.	Rice Grading			Daawat Rice Daawat Super Daawat Dilkush Daawat Rozana Daawat Harroz Daawat Tini Daawat Mini	Graders, Belt Conveyors & Bucket Elevator
8.	Packaging			Packed Daawat Family Products	Form Fill & Seal Machine for Pillow & 4P packs, BOPP taping machines, Strapping machines, Metal detectors

Paddy Cleaning: Paddy is taken out from the gunny bag and collected in bins. It is then put into the intake machine which in turn goes for paddy cleaning. Paddy is cleaned by separating coarse trash, pre-suction lights, post suction lights, under size trash and various other impurities. This gives clean paddy ready for further processing.

Paddy Drying: Drying of grain involves exposing grain to heated air, which will lead to evaporation of the moisture in the grain and then the moisture's removal away from the grain. In paddy grain, moisture is present at two places: at the surface of the grain, called 'surface moisture', and in the kernel, which is 'internal moisture'. Surface moisture will readily evaporate when grain is exposed to hot air. Internal moisture evaporates much slowly because it first has to move from the kernel to the outside surface. Paddy contains around 18% moisture content before it is brought for drying. After the 1st stage drying the moisture level is reduced to around 14%. The drying process is temporarily stopped as when drying is re-started, the drying rate becomes higher compared to continuous drying. In 2nd stage drying the moisture content is brought down to the level of 12% which is required for processing the paddy in further stages.

During the drying process there is always variability in moisture content of individual grains. For production of good quality grain or seed, this variability should be kept as low as possible. For this post drying tempering is done. The drying of grain is temporarily stopped, the moisture within the grain equalizes due to diffusion. Then drying is restated to reduce the moisture content. The paddy is ready for further processing or long-term storage.

Paddy Dehusking: This section consists of Paddy De huskers, Paddy Separators, Graders, Screw Conveyors and Bucket elevators. Paddy De Husker peels off the outer layer (husk) by shearing. Properly designed huskers ensure minimum possible breakage of the paddy. De husking results into conversion of paddy into 80% rice and 20% husk.

Paddy Separation: Separators receive the output of the de huskers and separate the paddy from the de-husked rice. While paddy is separated from the rice a good separator ensures that rice does not go along with the paddy. This paddy again goes for de husking. If rice again goes along with the paddy it breaks during de-husking. Conveyors are used to convey the paddy vertically and horizontally. A high bay structure ensures that the handling of the paddy and the rice is minimized to avoid unnecessary breakage. Weighing machines weigh the whole and broken rice on line so that breakage caused by the de-husking section can be monitored very closely. After the separation process, de stoning and magnetic separation is carried out which separates rice from stones, iron particles and various impurities through de stoners.

Rice Polishing: The Polishing machine uses friction techniques to remove bran layer from each grain. This is done by using a rough stone surface to rub each rice grain and is known as 3-stage friction abrasive polishing. During the process, bran is blown away using wind current, leaving milled rice.

After going through the 3-stage abrasive polishing the rice is passed through 3-stage friction polishing. Here, the rice is forced to move quickly in a circular motion around its feeding axle, rubbing against each other at high pressure and at very high speeds. Due to high pressure and friction, part of surface is rubbed out and the grain temperature increases rapidly. Water droplets and air current is then introduced which moistens the rice surface. The hot surface gets gelatinized after water droplets are added. Then the rice is dried leaving its surface gelatinized.

During polishing, part of rice surface is rubbed against each other so part of the surface with dust and bran is rubbed off, and the rice gets cleaner. After rice surface is gelatinized, there will be a thin layer of shiny dried gelatinized starch. This thin layer has smooth and glossy touch giving shiny appearance.

The polishing process is very rough resulting in grain breakage. So brown rice is passed through 3-stage polishing steps, both in abrasive and friction polishing. Each step lightly removes portion of bran layers so that the rice grain does not break.

Color Sorting: Rice grains are fed into a narrow path at a slanting angle and are made to fall at a high constant speed. At the end of the path an electronic visual detector checks the rice color and in case of defects (darker color) detectors send a signal to the machine and pressurized air blows the defective grain out of the path. The color-sorted rice enhances the qualitative attributes of the rice and fetches a premium in the international market.

Rice Grading: Milled rice will be a mix of different sizes of rice grain such as whole grain, head rice and broken caused by breakage during husking and milling. Sizes are separated by sieve grader. Milled rice is passed through different types of sieves to separate broken rice which fall through sieve holes leaving head rice on the sieve.

Packaging: From the color sorting machine the rice is sent for packing. Great deal of efforts is done in designing the packaging systems so that the capacity is synchronized with the other sections of the mill. In this section, various packing machines including weighers, baggers and stitching machines are used.

Brown Rice Manufacturing Process

Brown rice processing involves passing the rough rice through shellers which remove the husk, leaving the brown rice with the bran layers still intact around the kernel. It is the least processed form of rice. Brown rice is edible but has a longer cooking time as compared to white rice.

Parboiled Rice Manufacturing Process

Parboiling process refers to partial boiling. The main difference between the raw rice and parboiled rice is soaking and steaming. The process involves paddy cleaning, soaking, steaming and drying. Gelatinization of the starch takes place during partial boiling of paddy.

Basmati has inherent characteristics viz; elongation should be more than twice its length, grains should be slender, hard texture, etc. There are limited processes available for basmati rice parboiling which ensures retention of the inherent characteristics even after the harsh treatment of parboiling. It is also desirable that aroma should be retained during and after cooking and the rice should not taste bitter, if not sweet. Looking into the complications of the process a very safe conventional parboiling technique was developed, which is called the *Kacchi Pacchi* process.

Parboiling Process and Milling Involves the following additional steps:

1. Paddy Pre Steaming
2. Soaking paddy in hot water
3. Continuous Steaming
4. Paddy Drying

Paddy pre-steaming: The paddy is pre steamed if golden color is desired. The rice is pre steamed for longer time for darker golden color.

Soaking in hot water; Hot water soaking follows the pre-steaming process. The water is heated so that grain temperature during soaking reaches 75 degrees. The water is re circulated twice during four hours of soaking.

Continuous Steaming: The water is drained after four hours and the soaked paddy is steamed in continuous cookers. After this paddy is dried in two different stages till its moisture reduces from 38% to 10.5%. Depending upon the product requirements the duration for which the paddy is kept in the continuous cooker is changed. If white or crème sella is desired then no pre-steaming takes place.

Parboiling process takes place in a batch of 20 MTs. After drying every batch is tested to observe:

- Chalkiness and white belly in the rice. This is an indication of the process deficiency either during soaking or final steaming.
- Damage and dis-colouration is also observed and is controlled by either improving the raw material or paddy cleaning process.
- The rice is cooked by soaking it for two hours and water to rice ratio is kept as 1:2.5. The rice is cooked in automatic rice cooker. All the batches should cook in the same time, which is about 28 minutes. The cooked grains are checked for percentage cooking i.e. elongated grains with wrinkle formation. Elongation ratio should be more than two times. No odour should be there during cooking and after cooking.
- Color of the lab polished grains is assessed for uniformity.
- Water absorption test is also conducted to check for consistency in the product.

Water is sent for testing at a good lab to check for any heavy metal and microbiological disorders like E-Coli, accetinomycites, lipolitic and protolytic microorganisms and standard total plate counts. If any of these are above tolerable limits then an alternate water source is found or Reverse Osmosis plant is installed.

Organic Rice manufacturing process

For producing the organic rice the cultivation process is different. The land used for cultivating organic rice is made pesticide free and no chemical/synthetic fertilizers etc are used on the land. It usually takes 3 years for the land to be totally free from chemicals and unnatural residues. While cultivating organic rice, there is no use of any pesticide, chemical fertilizer and any other chemical product. Organic rice is stored in separate warehouses. During the processing neem is sprayed to protect the rice from the worms, insects and pests. The steps involved in the milling process of organic rice are same as that of the raw milled rice.

Steamed Rice

The process includes steaming of paddy and then performing the regular milling process on the steamed paddy. When paddy is steamed the moisture level is increased to around 21%. The main characteristic of steamed rice is that it is non-sticky, more fluffy and hard. The rice doesn't break on cooking and the kernels remain long. The color of this rice is not white but tends to be creamy or yellow.

Value Added Rice

For manufacturing value added products, the brown rice is first steamed to increase the moisture level to 18%-21%. The rice is then polished and sent to the dryers for drying. The main difference between the steamed rice and value added rice is that it gives a look which is more close to raw white rice. This process makes the rice fluffy after cooking; shelf life after cooking of rice is increased to around 72 hrs from around 5 hrs. Also, the broken rice generated during the manufacturing process is reduced by 2% to 3%.

Packaging

Product packaging is a very important process in our business, especially the retail packs. We pack our produce in food grade poly packs of different weights. Each of these packs is put in cartons for delivery to the final destinations. For institutional segments we use industrial grade packaging. We procure our packaging material from various suppliers in India.

Utilities

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

Power

Our existing power requirements for manufacturing facilities are catered by the State Electricity Board. Our Company has a sanctioned and connected load of about 2960 KW load from Uttar Haryana Bijli Vitran Nigam Limited. Presently we have generators as standby arrangements.

Steam & Compressed air, captive power generation

Steam generation is done by boilers. We have back up boilers as well for any emergencies. Suitable capacity compressors are installed to provide sufficient compressed air to color sorters and other instruments involved for automation. Any grid power failure is substituted by our diesel gensets.

Water

Water is being used for manufacturing as well as general purposes. Our water requirement at the plant is being met in-house. We have installed tube wells at the unit. Our daily net consumption of water is 25,000 litres which goes upto 1,00,000 litres with use of boilers. We also have a water treatment plant.

Environmental Aspects

Our operations generate small amount of dust which is collected using suitably designed bag filters. The emission is as per Haryana pollution board norms. Our operations do not involve discharge of effluents at the moment.

Fuel

The requirement of fuel for boiler is being met in-house. We use husk as a fuel for our boiler which is a waste generated during the manufacturing process. For generators, we procure High Speed Diesel directly from the open market.

Capacity and Capacity Utilization

Capacity(In M.T.)	2003 - 04	2004 - 05	2005 - 06
Installed Capacity	157680.00	175200.00	158712.00
Actual Utilization	114605.84	143522.99	127326.77
Capacity utilization	72.68%	81.92%	80.23%

Proposed Capacity and Capacity Utilization

Capacity(In M.T.)	2006-07	2007-08	2008-09
Installed Capacity	230,940	293,670	319,714
Expected Utilization	202,400	232,760	267,674
Expected Capacity utilization	87%	79%	84%

Approach to Marketing and Proposed Marketing Set-up

Our Company has a nation wide distribution network supported by our own sales offices across India. We believe, we are in a reasonably strong position due to our quality, consistency, pricing and delivery schedules. Our Company has carved out a name for itself both in the international and domestic markets.

The marketing set-up of the Company can broadly be divided into two divisions– Exports & Domestic. We have adopted a direct marketing approach in the domestic institution segment and overseas market. In the local market we have a distributor and agent network to boost our sales. We have penetrated into the major markets of the world, viz. Saudi Arabia, Europe, Australia, Africa, USA and Canada. Our Company is further strengthening its overseas market presence by inducting more distributors.

The overseas market is segmented into four sectors, each independently handled by a sales manager. The job responsibility entails identification and establishment of overseas buyers and distributors through relationship building, providing market studies, segmentation and brand positioning with respect to product categories. Our Company also provides specialized services to the buyers for private label shipments in terms of customization, costing of paddy and rice.

The domestic division is segmented into marketing and sales division. The respective departments are headed by qualified personnel. The company also hires part time business associates or shared cost interim sales representatives from time to time. The team manages over 100 distributors who ensure that our products are available throughout the country.

Market Competition

Our Company faces competition from domestic and international companies in different markets and market segments.

- The UAE market is flooded with a number of basmati rice brands mainly from India and Pakistan. The rice market in the UAE has three segments- premium, middle and bulk business. Our premium brand 'Daawat' is well placed with a reasonable share giving head on competition to renowned brands like 'Seasons Harvest' and 'Indus Valley'. The middle segment is clustered with different Pakistani brands.
- The Kuwait market is dominated with few big players. Al –Wazzan group has a major share. However, we are consolidating our growth in this market by establishing our brand 'Heritage' and simultaneously supplying under private labels to major players.
- 'Heritage' is the leading brand in Mauritius and enjoys excellent brand equity.
- The South African market is an up-coming market. There had been growing competition from 'Tastic Rice' brand.
- Our brands compete against 'Tilda' in USA, Canada, Australia and New Zealand. In the North American market, our leading brand is 'Daawat' and we face the main competition is with 'Kohinoor' and 'Lal Qilla'.
- In the domestic market our Company faces competition from brands like 'Kohinoor', 'India Gate' and others.

Export Obligation

Our company has to fulfill export obligation under the export promotion capital good (EPCG) scheme amounting to Rs. 851.25 million in respect of licenses in relation to import of machinery. These obligations have to be fulfilled by 2018.

Technology

We use modern technology and sophisticated plant and machinery for our large scale processing. Some of critical plant and machinery include silos, colour sorters, dryers, polishers, graders, etc. Our manufacturing process is fully automated.

Some of our key suppliers of plant and machinery are

- Satake Corporation, Japan
- Schmidt-Seeger, Germany
- Scafco, USA

- Brooks, USA
- Phoenix Agri Silica, Canada
- Mico-Bosch, Germany
- Buhler, Germany

Research & Development

Research & Development is the key to the future of the rice industry. Lot of research is carried out to do value addition in main products as well as by products. Ongoing efforts are made to reduce production costs by incorporating modernized techniques of rice processing. Incorporating turbine on backpressure as well as condensing mode will considerably reduce the cost of electrical bills.

Manpower

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

As on 31st October 2006, we have about 379 employees; the details of which are as under:

Details of Manpower				
Particulars	Bahalgarh Unit		Kamaspur Unit	
	Permanent Employees	Contract Labourers	Permanent Employees	Contract Labourers
Skilled	42	-	5	-
Semi-Skilled	8	-	1	-
Unskilled	7	40	-	10
Supervisory staff	72	-	5	-
Total	129	40	11	10

We have administrative staff strength of 189 of which 68 are located at our Head office, 37 at our factories and 84 sales staff.

If required, we will be recruiting the additional manpower in due course for which we do not envisage any difficulty as the same is easily available in and around our plant locations.

PROPERTY

Our Company, subsidiaries and group concerns occupy various premises, commercial and residential, which are owned and leased in different locations in India i.e., New Delhi, Ghaziabad, Sonapat, Bangalore, Kolkata, Gurgaon and Dubai. The details of such premises have been set out hereunder.

Commercial Premises

The details of the commercial premises owned and leased by us in different locations in India have been set out hereunder:

New Delhi

1. We currently own and occupy commercial premises situated at A – 21 Green Park (“**Premises**”), New Delhi comprising of approx 1300 square feet,

We have filed an affidavit dated March 28, 2006 before the Municipal Corporation of Delhi, South Zone affirming that we shall stop carrying out any commercial activities at our premises situated at A – 21 Green Park on or before June 30, 2006, failing which our director Mr. V.K. Arora who has affirmed the affidavit will be guilty of the offence of perjury and contempt of court.

However, pursuant to a notification dated May 20, 2006 issued by the Ministry of Urban Development, Delhi Division, it has been clarified that all premises that were required to cease carrying out commercial activities at such premises respect by June 30, 2006, have been granted an extension to continue such for a period of one (1) year with effect from May 19, 2006.

2. We have entered into a Commercial Office Space Buyers agreement dated March 21, 2006 with M/s DLF Retail Developers Limited pursuant to which we have agreed to purchase Premises No. B 701, B 702, B 703 and B 704 having a super area of approximately 182.88 , 211.31, 186.73 and 215.13 square meters respectively located on the seventh floor of the South Court, DLF Saket, a shopping mall cum commercial office complex being constructed by M/s DLF Retail Developers Limited.

The said complex is being developed by M/s DLF Retail Developers Limited on a commercial plot bearing number A-1 and admeasuring approximately 9492 square meters, which it has taken on perpetual lease from the Delhi Development Authority, New Delhi vide lease deed dated September 20, 2005. We have agreed to purchase Premises No. B 701, B702, B 703 and B 704 from M/s DLF Retail Developers Limited for a consideration of Rs. 1,77,21,000, 2,04,75,000, 1,80,90,000 and 2,08,44,000 respectively, payable in installments up to the date of receipt of occupation certificate.

3. We currently own and occupy commercial premises situated at Extended Lal Dora Abadi, Village Hamidpur, New Delhi, admeasuring approximately 1698 square yards for total consideration of Rs. 240,000 from M/s Lal Chand Tirath Ram Rice Mills vide sale deeds dated February 26, 2000
4. Our Company has entered into a lease agreement dated February 13, 2006 with Kaluram Periwal Jankalyan Trust in respect of part of premises situated on the third floor of A-22, Green Park, New Delhi, admeasuring approximately 1200 sq. feet. The lease deed is valid for a period of two (2) years commencing from February 1, 2006 to January 31, 2008.
5. Our Company has entered into a lease agreement with M/s R.S. Rice and General Mills in respect of a "Rice Mill" property comprising inter-alia land, godowns, office space, stores, machinery situated at Village and Post Office Bhikiwind, District Amritsar.

The lease deed is valid for a period of one (1) year commencing from April 1, 2006 to March 31, 2007. Under the lease agreement, either party can terminate the lease by giving three (3) months advance written notice. Further, the lease can be extended, subject to mutual consent of the parties, for a period of one (1) year at an enhanced rate of 7% over the last paid rent, but such extension can be made only by execution of a fresh lease deed. Our Company is required to pay an annual rent of Rs. 4,00,000 for the leased premises.

6. We have entered into a lease agreement dated May 1, 2006 with Mr. Gurucharan Dass in respect of part of the premises situated on the first floor of A-21, Green Park, New Delhi. The lease deed is valid for a period of eleven (11) months years commencing from May 1, 2006 to March 31, 2007. Under the lease agreement, either party can terminate the lease by giving three (3) months advance written notice. Further, the lease can be extended for further periods, subject to the mutual consent of the parties, but such extension can be made by executing a fresh deed only. Our Company is required to pay a monthly rent of Rs. 20,000 per month for the leased premises.
7. We have entered into a lease agreement dated May 1, 2006 with Mrs. Sakshi Arora in respect of part of the premises situated on the first floor of A-21, Green Park, New Delhi. The lease deed is valid for a period of eleven (11) months years commencing from May 1, 2006 to March 31, 2007. Under the lease agreement, either party can terminate the lease by giving three (3) months advance written notice. Further, the lease can be extended for further periods, subject to the mutual consent of the parties, but such extension can be made by executing a fresh deed only. Our Company is required to pay a monthly rent of Rs. 30,000 per month for the leased premises.
8. We have entered into a lease agreement dated May 1, 2006 with Mrs. Ranju Arora in respect of part of the premises situated on the first floor of A-21, Green Park, New Delhi. The lease deed is valid for a period of eleven (11) months years commencing from May 1, 2006 to March 31, 2007. Under the lease agreement, either party can terminate the lease by giving three (3) months advance written notice. Further, the lease can be extended for further periods, subject to the mutual consent of the parties, but such extension can be made by executing a fresh deed only. Our Company is required to pay a monthly rent of Rs. 30,000 per month for the leased premises.

9. We have entered into a lease agreement dated May 1, 2006 with Mrs. Vandana Arora in respect of part of the premises situated on the first floor of A-21, Green Park, New Delhi. The lease deed is valid for a period of eleven (11) months years commencing from May 1, 2006 to March 31, 2007. Under the lease agreement, either party can terminate the lease by giving three (3) months advance written notice. Further, the lease can be extended for further periods, subject to the mutual consent of the parties, but such extension can be made by executing a fresh deed only. Our Company is required to pay a monthly rent of Rs. 30,000 per month for the leased premises.
10. Our Company has entered into a lease agreement dated May 1, 2006 with Mr. Praveen Kumar Goel in respect of part of the premises situated at A-24, Govindpuram, Ghaziabad. The lease deed is valid for a period of eleven (11) months years commencing from May 1, 2006 to March 31, 2007. Under the lease agreement, either party can terminate the lease by giving three (3) months advance written notice. Further, the lease can be extended for further periods, subject to the mutual consent of the parties, but such extension can be made by executing a fresh deed only. Our Company is required to pay a monthly rent of Rs. 7,500 per month for the leased premises.
11. Our Company is also occupying a go-down situated at J -1/2, Khirki Extension, New Delhi – 110 017. The premises have been taken on lease from Mr. Ramesh Kumar and Mr. Amit Kumar who are joint owners of the said premises. These premises have been taken on lease on the basis of an oral arrangement between the Company, Mr. Ramesh Kumar and Mr. Amit Kumar. We are currently using the premises for storage of our official records and files. Pursuant to this arrangement our Company is paying a monthly lease rental of Rs. 3,500 to Mr. Ramesh Kumar and a monthly lease rental of Rs. 2,000 to Mr. Amit Kumar.
12. Pursuant to an oral arrangement with our group company Daawat Foods (P) Limited, our Company is using the facilities and factory premises situated Village Kamasapur, GT Road, Sonapat, Haryana which premises were acquired by Daawat Foods (P) Limited from Pepsi Foods Private Limited vide a sale deed dated may 26, 2006. In terms of the present arrangement we are paying a sum of Rs. 2,60,000 per month to Daawat Foods (P) Limited for use of the premises. Our Company is in the process of executing a lease deed in respect of the said premises with Daawat Foods (P) Limited and having the same registered with the statutory authorities.

Bangalore

Our Company has entered into a lease agreement dated December 1, 2005 with Mrs. M.M. Sudhamani in respect of premises situated at 172/7, 12th Cross, Mahalakshmi layout, Ward No. 14, Bangalore. The lease deed is valid for a period of eleven (11) months years commencing from December 1, 2005 to October 31, 2006. Under the lease agreement, either party can terminate the lease by giving three (3) months advance written notice. Further, the lease can be extended for further periods, subject to the mutual consent of the parties. Under the lease agreement, our Company has paid an interest free security deposit of Rs. 1,00,000 and we are required to pay a monthly rent of Rs. 5,000 for the leased premises. Our Company is now in the process of renewing this lease agreement, which expired on October 31, 2006.

Kolkata, West Bengal

We have entered into a licence agreement dated September 26, 2006 with Mrs. Bimla Devi Rungta in respect premises situated at Room No. 748, 7th Floor, Marshall House, 33/I, NS Road, Kolkata, including furniture and fixtures thereto. The licence agreement is valid for a period of eleven (11) months years commencing from October 1, 2006. Under the licence agreement, we can terminate the licence by giving two (2) months advance written notice. Our Company is required to pay a monthly rent of Rs. 9,995 per month for the licensed premises and has paid an interest free security deposit of Rs. 1,00,000 in relation to the licensed premises

Sonepat, Haryana

We have from time to time acquired different parcels of agricultural lands in Sonapat and have duly obtained the requisite approvals and licenses for converting the use of such lands from agricultural usage to commercial usage. For the details of the requisite change of land use approvals obtained by us, please refer to Page 192 of this Red Herring Prospectus.

Pursuant to obtaining such approvals in respect of the different parcels of agricultural land, we have set up our plant at 43 KM Stone, Bahalgarh, Sonapat, Haryana.

The details of the parcels of land acquired by us, where we have set up our plant, have been set out hereunder:

1. Killa No. 29//6, 7/1/1, 7/1/2, 7/1/3, 8, and 9 of the revenue estate of village Joshi Chauhan, Sonapat;
2. Killa No. 29//19/1, 19/2, 12/3, 30//10, 11, 20 and 21 of the revenue estate of village Joshi Chauhan, Sonapat;
3. Killa No. 29//7/2, 13, 14 and 15 of the revenue estate of village Joshi Chauhan, Sonapat;
4. Killa No. 24//19/2, 20, 21, 28//5, 29//1 of the revenue estate of village Joshi Chauhan, Sonapat; and
5. Killa No. 29//9, 10, 11, 12/2, 12/3, 13, 19/3, 20/1 of the revenue estate of village Joshi Chauhan, Sonapat.

In addition to these parcels of land, our Company also owns a parcel of land bearing Killa No. 30//19,22/1,8,9,12 situated in Joshi Chauhan Village, Sonapat and has taken on lease, a parcel of land bearing Killa No. 30//6/1,15,16,25,13/1,18,23,13/2,14,17,24,22/2 situated in Joshi Chauhan Village, Sonapat. Both these parcels of land are not being used for any commercial purposes and are only being used for open storage only and hence no change of land use permission is currently required.

Residential Premises

The details of the residential premises owned and leased by us in different locations in India have been set out hereunder:

Gurgaon, Haryana

1. We have entered into an Agreement to Sell dated December 27, 2005 with Unitech Limited and Pioneer Profin Limited pursuant to which we have agreed to purchase Apartment No. 903 on the 9th Floor, Block 10 having a super area of approximately 168.62 square meters in the Complex Fresco situated at Sector 50, Gurgaon Haryana for a total consideration of Rs. 51,96,285, which amount will be paid by us in installments till the date of notice of possession is given to us by Unitech Limited and Pioneer Profin Limited.
2. We have entered into an Agreement to Sell dated December 27, 2005 with Unitech Limited and Pioneer Profin Limited pursuant to which we have agreed to purchase Apartment No. 803 on the 8th Floor, Block 10 having a super area of approximately 168.62 square meters in the Complex Fresco situated at Sector 50, Gurgaon Haryana for a total consideration of Rs. 51,96,285, which amount will be paid by us in installments till the date of notice of possession is given to us by Unitech Limited and Pioneer Profin Limited.
3. Our Company has entered into a lease agreement with M/s. GDM Finance & Investments Pvt. Ltd. in respect of premises situated at the second floor of house no. C4/60, Safdarjung Development Area, New Delhi. The premises have been leased only for the residential purposes of Mr. Ashwani Arora. The lease agreement is valid for a period of eleven (11) months commencing from August 1, 2006 to July 31, 2007.

Under this lease agreement, our Company is required to pay a monthly rent of Rs. 57,000 for the leased premises. Our Company has also paid an interest free refundable security deposit of Rs. 1,20,000, which will be refunded to our Company at the time of vacation of the leased premises.

COMMERCIAL PREMISES OF OUR SUBSIDIARIES AND GROUP COMPANIES

Daawat Foods (P) Limited ("Daawat Foods")

1. Daawat Foods (P) Limited has entered into a lease agreement dated February 13, 2006 with Kaluram Periwai Jankalyan Trust in respect of a part of the premises situated on the third floor of A-22, Green Park, New Delhi (700 sq. feet approx.). The lease agreement is valid for a period of two (2) years commencing from February 1, 2006 to January 31, 2008. Either party has the right to terminate the lease by giving three (3) months advance written notice to the other party, but such right can be exercised only after the expiry of the initial lease period of twelve (12) months. Further, the lease can be extended for a period of three (3) years at an enhanced rate of 20% over the last paid rent, but such extension can be made by executing a fresh lease deed only.

Daawat Foods has paid a sum of Rs. 75,000 as a refundable and interest free security deposit, which shall be refunded to Daawat Foods at the expiry or early termination of the lease. Daawat Foods is also required to pay a monthly rent of Rs. 25,000 per month for the leased premises.

2. Daawat Foods, vide a sale deed dated May 26, 2006 has acquired factory premises situated on land admeasuring approximately 71 Kanal and 13 Marlas situated at Village Kamaspur, GT Road, Sonapat, Haryana from Pepsi Foods Private Limited. The total sale consideration paid by Daawat Foods (P) Limited for acquiring the said factory premises was Rs. 4,71,00,000.

Raghunath Agro Industries

Our group concern Raghunath Agro Industries currently owns and operates a factory from Poohla Road, Bhikiwind, Amritsar. The premises where they have set up their factory have been acquired by them in the following manner:

- Killa No. 52//8 of Khatoni No. 23/161 in Poohla Village Tehsil patti was acquired from Mr. Ashok Arora, Mrs. Meena Rani, Gurucharan Dass HUF, Vijay Kumar, Raghu Nath Arora HUF and Mr. Ashwani Arora, vide sale deed dated May 9, 2002 for a sale consideration of Rs. 1,72,000.
- Killa No. 52//3/2 of Khatoni No. 23/158 in Poohla Village Tehsil patti was acquired from Mr. Surinder Arora vide sale deed dated May 9, 2002 for a sale consideration of Rs. 58,000.
- Flat No. 13, situated in Bhikiwind, Tehsil Patti was acquired from Mrs. Pritam Kaur, Mohinder Singh, Joginder Singh, Jagir Singh and Mr. Kashmir Singh vide sale deed dated February 11, 1995 for a sale consideration of Rs. 50,000.
- Killa No. 68//14 of Khasra No. 68//15/2, 15/1 was acquired from Mr. Ashok Kumar, Mrs. Meena Rani, Gurucharan Dass HUF, Raghu Nath Arora HUF, Mr. Ashwani Arora and Mr. Vijay Arora vide sale deed dated June 14, 1993 for a sale consideration of Rs. 85,000.
- Killa No. 68//14 of Khata No. 193/395 was acquired from Mr. Ashok Arora, Mrs. Meena Rani, Gurucharan Dass HUF, Raghu Nath Arora HUF, Mr. Ashwani Arora and Mr. Vijay Arora vide sale deed dated May 21, 1993 for a sale consideration of Rs. 22,000.

LT International

Our subsidiary LT International occupies a built-up go down measuring approximately 4000 square yards situated at Khasra No. 23/18, Village Singhu, Delhi, which has been taken on lease, vide lease deeds dated June 1, 2006, from Mr. Ashwani Chawla and Mr. Brij Mohan who are the joint owners of the said premises. LT International has taken the premises on lease for a period of five (5) months with effect from June 1, 2006. Under the lease deeds, a monthly rental of Rs. 28,750 is being paid to Mr. Ashwani Chawla and a monthly rental of Rs. 17,250 is being paid to Mr. Brij Mohan. Our Company is now in the process of renewing this lease agreement, which expired on 31st October 2006.

Nice International Fze

Our subsidiary Nice International FZE is currently in the process of finalizing a lease agreement with Jafza Dubai Business Hub in respect of its commercial premises situated at Office No. LB 21F1 - 21, situated at Jafza – Dubai Business Hub. Nice International FZE has taken possession of the said premises vide a proforma lease agreement dated 19th April 2006.

RESIDENTIAL PREMISES OF OUR SUBSIDIARIES AND GROUP COMPANIES

Our subsidiary Nice International FZE has entered into a lease arrangement dated March 14, 2006 with M/s Rocky Real Estate LLC, Dubai in respect of premises situated at Flat No. 1065, Mohammed Saeed Hareb Building, Dubai. The premises have been taken on lease for the residential purposes of Mr. Wadhawan and his family. The lease is for the period April 1, 2006 till March 31, 2007, under which Nice International FZE has to pay an annual rent of 42,000 Dirham. Under the lease agreement the lessee does not have the right to sub-lease the premises.

INTELLECTUAL PROPERTY

The following are the details of the intellectual property of our Company:

A. Trademarks

(i) Domestic Trademarks

Registered Trademarks

Sr. No.	Mark	Registration Number	Date of Application	Status
1.	Dawat	483041	December 21, 1987	Renewed until December 21, 2007
2.	Heritage (Label)	799246	April 20, 1998	Valid until April 20, 2008.
3.	Surbhi	784099	December 30, 1997.	Valid until December 20, 2007
4.	Naadia	1301646	August 10, 2004	Valid until August 10, 2014
5.	Apsara	1295632	July 13, 2004	Valid until July 13, 2014.
6.	Hiba	1301647	August 10, 2004	Valid until August 10, 2014.
7.	Saleena	1202102	June 24, 2004.	Valid until June 24, 2014.
8.	Veekay	1123359	August 1, 2002	Valid until August 1, 2012.
9.	Nirvana	1304566	August 24, 2004.	Valid until August 24, 2014.
10.	Daawat-A-Shaan	1242379	October 10, 2003.	Valid until October 10, 2013.
11.	Sona	497518	September 8, 1988.	Renewed till September 8, 2009.
12.	Daawat under class 29	1294427	July 6, 2004	Valid until July 6, 2014
13.	Daawat Tomato Rice	1301648	August 10, 2004	Valid until August 10, 2014.
14.	Daawat Mushroom Rice	1301649	August 10, 2004	Valid until August 10, 2014
15.	Daawat Masala Rice	1301651	August 10, 2004	Valid until August 10, 2014.
16.	Daawat Lemon Rice	1301650	August 10, 2004	Valid until August 10, 2014.
17.	Shaan-A-Daawat	1242380	October 10, 2003	Valid until October 10, 2013

Unregistered Trademarks:

Sr. No.	Mark	Application Number	Date of Application	Status
1.	Daawat Premium(L)	1060897-B	November 19, 2001.	Advertised pending registration.
2.	Daawat Premium (L)	1060898-B	November 19, 2001.	Advertised pending registration.
3.	Daawat Junior	763065	June 16, 1997.	Accepted for advertisement.
4.	Daawat Brown*	1201299	May 26, 2003.	Advertised pending registration
5.	Daawat Organic	1201298	May 26, 2003	Advertised pending registration
6.	Daawat Harroz	763068	June 16, 1997.	Advertised pending registration
7.	Daawat Super	1201297	May 26, 2003.	Accepted for Advertisement
8.	Daawat Select	1201296	May 26, 2003.	Advertised pending acceptance.
9.	Daawat Popular	763068	June 16, 1997.	Advertised pending registration.
10.	Daawat Rozana	763064	June 16, 1997.	Advertised pending registration.
11.	Nazeer	1378574	August 22, 2005.	Examiners Report pending
12.	Al-Tarif	1292103	June 24, 2004	Advertised pending registration.
13.	Dawah	1069048	December 24, 2001.	Application has been filed, numbered and dated.
14.	Shalimar	1183056	March 13, 2003.	Accepted for advertisement.
15.	Daawat Mini	763067	June 16, 1997.	Accepted for advertisement.
16.	Daawat Tini	763069	June 15, 1997.	Advertised pending registration
17.	Sona Chandi	1178399	February 26, 2003	Advertised pending registration.
18.	Fiza	1140238	February 1, 2002	Advertised pending registration.
19.	Orange	1284384	May 17, 2004.	Accepted for advertisement.
20.	Elina	1349717	April 8, 2005	Advertised pending registration
21.	Chefs Choice*	1178401	February 26, 2003	Advertised pending acceptance.
22.	Lovely label	799245	April 20, 1998.	Accepted for advertisement.
23.	Paripurna**	1123361	August 1, 2002	Advertised pending acceptance.
24.	Dawaat Devaaya	1421838	February 16, 2006.	Pending new application
25.	Daawat Bestow	1421839	February 16, 2006.	Pending new application
26.	Daawat Tadka	1421840	February 16, 2006.	Pending new application.
27.	ELTE***	802633	May 18, 1998.	Advertised pending registration
28.	ELTE Brand Sella***	1178400	February 26, 2003.	Advertised pending registration

* Opposition number 198974 against the registration of this mark has been filed by M/s Radhika Food Products. We have filed a reply to the said opposition challenging the said opposition. The matter is pending before the Registrar of Trade Marks, New Delhi.

** Opposition no. 17842 against the registration of this mark has been filed by M/s Sachdeva & Sons Industries Private Ltd. In a separate application filed before the Registrar of Trade Marks, New Delhi, against the registration of the mark "Paripurna" to M/s Sachdeva & Sons Industries Pvt. Ltd., we have contended inter alia, that our Company is the prior user and adopter of the mark "Paripurna" and that M/s Sachdeva & Sons Industries Pvt. Ltd., have, claiming false user of the said mark since 1990 fraudulently obtained the registration of the mark "Paripurna". The matter is pending before the Registrar of Trade Marks, New Delhi. However, pursuant to a memorandum of understanding dated September 27, 2006 between our Company and Sachdeva and Sons Industries Private Limited, our Company has agreed to stop usage of the mark "Paripurna" within three (3) months from the date of the memorandum of understanding. Additionally, we have agreed to withdraw the application filed in relation the mark "Paripurna" that was being opposed by Sachdeva and Sons Industries Private Limited.

*** We have filed an application dated March 21, 2005 with the Registrar of Trade Marks, New Delhi for withdrawing the application filed in relation to the mark "LT Brand" pursuant to a consent order of the Tis Hazari Courts, New Delhi, dated March 1, 2005, wherein our Company has agreed that it shall not in relation to its business/services/goods/products use the mark "LT" or any other deceptively similar name or mark. As a result of this application, we have withdrawn our application in respect of the mark "ELTE" and "ELTE Brand Sella".

(ii) **International Trademarks**

Foreign Registered Trademarks:

Sr. No.	Mark	Country of registration	Registration Number	Date of Application	Status
1.	Daawat	United States of America	1,943,638	December 26, 1995	Renewed until December 26, 2015.
2.	Daawat	Canada	TMA 550,552	September 10, 2001	Valid until September 10, 2016.
3.	Surbhi	Mauritius	Register A-46 Folio 66 under the number 130	October 14, 1999.	Valid until October 14, 2006. ¹
4.	Daawat	United Arab Emirates	25481	November 11, 1999.	Valid until November 24, 2009.
5.	Daawat	Saudi Arabia	527/97	June 02, 1999	Valid until February 05, 2009.
6.	Daawat	New Zealand	317066	September 28, 1999.	Valid until September 28, 2009.
7.	Daawat	Australia	847563	August 24, 2000.	Valid until August 24, 2010.
8.	Daawat	Kingdom of Bahrain	26541	November 21, 1999.	Valid until November 21, 2009.
9.	Daawat	Community Trade Mark	002746725	March 17, 2004	Valid until March 17, 2014.
10.	Daawat	United Kingdom	2157041	February 02, 1998.	Valid until February 02, 2008.
11.	Fiza	Mauritius	00043/2004	April 19, 2002.	Valid until April 19, 2012.
12.	Heritage	Mauritius	A 34 No. 570	January 24, 1996	Renewed until January 24, 2013.
13.	Al- Tarif	Saudi Arabia	660141	December 18, 2002	Valid until December 17, 2012.
14.	Daawat	South Africa	2001/00106	January 2, 2001	Valid until January 2, 2011.
15.	Daawat	Oman	24335	December 10, 2000	Valid until December 10, 2010.
16.	Daawat	Singapore	T0404034F	March 12, 2004	Valid until March 12, 2014
17.	Daawat	Mauritius	Register. A/45 Folio 107 No. 213	Date of Registration – July 20, 1999	Renewed until July 20, 2016
18.	Daawat	Qatar	23437	August 8, 2000	Valid till August 8, 2010
19.	Daawat & Device	Republic of Yemen	27250	May 14, 2005	Valid till May 14, 2015

¹ Our Company is in the process of renewing the registration of this trademark and has on October 17, 2006 remitted a sum of Pounds Sterling 230 through Indian Overseas Bank towards renewal charges. The renewal receipt and renewed registration certificate for the same are awaited.

Unregistered Foreign Trademarks

Sr. No.	Mark	Country	Application Number	Date of Application	Status
1.	Dawah	Pakistan	178031	May 23, 2002	Application filed
2.	Devaaya	Canada	1289977	February 15, 2006	Application filed
3.	Devaaya	Australia	1112536	May 9, 2006	Application filed
4.	Daawat	Pakistan	178030	May 23, 2000	Application filed

Our Company has also filed various oppositions in relation to applications for registration of trademarks of other persons and entities. For the details of these oppositions, please refer to Page 183 of this Red herring Prospectus

B. Copyrights

S.No.	Subject of Copyright	Registration Number	Date of Grant	Status
1.	Daawat Brown Label	A-71274/05	April 24, 2005	Registered
2.	Daawat Organic Label	A-71267/05	April 24, 2005	Registered
3.	Daawat Super	A-71265/05	April 24, 2005	Registered
4.	Daawat Select	A-71269	April 24, 2005	Registered

C. Patents

S.No.	Patent Subject Matter	Application Number	Date of Application	Status
1.	Apparatus for coating flavours on rice	968/DEL/2001	September 19, 2001	Vide letter dated October 18, 2005, the Patent Office, Delhi has confirmed that the application for patent has been found in order for grant and letter patent will be issued only after disposal of pre-grant opposition, if any.
2.	A continuous cooker for parboiled rice	967/DEL/2001	September 19, 2001.	Pending
3.	A process and apparatus for continuous pressure steaming of rice and other grains	2082/DEL/2006	September 21, 2006	Pending

LOAN AGREEMENTS

A. WORKING CAPITAL FACILITIES

Working capital consortium agreement

We have entered into a working capital consortium agreement ("**Consortium Agreement**") dated March 23, 2006 with the Oriental Bank of Commerce, Indian Overseas Bank, Corporation Bank and Punjab National Bank ("**Consortium**") for availing fund based facilities for Rs. 14,781 lakhs and non-fund based facilities for Rs. 19,281 lakhs. Oriental Bank of Commerce has been appointed as the lead bank for the Consortium. The key terms of this Consortium Agreement have been set out below:

- The rate of interest payable depends upon the Consortium and may change from time to time.
- The Consortium has a first charge by way of hypothecation/pledge of our Company's current assets, which are stocks of raw material, semi finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bill receivables and book debts and all other movables of our Company, and also by a first mortgage and charge ranking *pari passu* on our Company's movable and immovable properties, both present and future in a form acceptable to the banks.
- The banks have the liberty at their sole discretion and without any previous notice and without assigning any reason, to cease to accept the security from our Company and/or to cease making advances against the same.
- The facilities granted by the bills including deferred payment guarantees and indemnities prescribe that our Company must indemnify the Consortium against any claims that may arise due to the above, and admit compromise, pay or submit to arbitration any dispute or resist any claim or demand made against the Consortium.
- Our Company is not permitted take any loan or credit facility from any other bank without the prior written approval of the Oriental bank of Commerce.
- During the currency of the working capital facilities, our Company cannot, without the prior written consent of the Oriental Bank of Commerce, declare any dividend on its share capital in the case of default of any moneys payable to the Consortium. The Company cannot change its accounting policy without prior approval of the lead bank.
- Our Company has to inform the Consortium about any changes that might affect its future earnings, or might have any effect on its business.
- Our Company has to inform the Consortium in case it wishes to issue any new share capital, or place calls in respect of its shares.
- In the event any default is committed by our Company towards repayment of the credit facilities or if any circumstances occur, which in the opinion of the banks are prejudicial to the security created in their favour, all amounts standing at the foot of the cash credit accounts with the said banks shall forthwith become payable at the option of the banks.
- During the subsistence of the liability of our Company under this Consortium Agreement, the banks shall have the right to appoint and/or remove from time to time, a director or directors, not exceeding two (2) in numbers, on the Board of our Company. Such directors shall not be liable to retire by rotation and need not possess any qualification shares.
- For all or any of the purposes under the Consortium Agreement, we have constituted the banks as our true and lawful attorney to do *inter alia* any of the following acts or deeds:
 - o To take over and carry on our business;
 - o To sell, transfer, assign, or deal with any goods and other movables;
 - o If considered proper, to wind up our business;

- o To tender contract of purchase, accept, sign and transfer into the name of our Company any securities;
- o To apply for and accept allotment of any securities and to sell, endorse, negotiate, transfer and assign any securities which shall stand in the name of our Company or which our Company may be entitled to demand; and
- o To appoint a proxy to represent the Company during voting at meetings of companies, or any other body corporate.

Vide a sanction letter dated October 25, 2006, Oriental Bank of Commerce has approved enhanced credit facilities on behalf of the Consortium from the existing limit Rs. 14,781 lacs to Rs. 18,400 lacs and has sanctioned their share of 50% out of this amount. Our Company has applied to the other members of the Consortium for sanctioning the remainder of the facilities.

These enhanced facilities comprise:

- (a) Cash credit of Rs. 6.70 crores;
- (b) Working capital drawdown limits of Rs. 26.80 crores;
- (c) Bill discounting of Rs. 0.50 crores;
- (d) Packing credit of Rs. 44.50 crores;
- (e) Foreign documentary bills purchase of Rs. 13.50 crores;
- (f) Import/Inland letter of credit/Guarantee of Rs. 30 crores and sub-limit if s. 7.50 crores for purchase of capital goods; and
- (g) Bank guarantee (Rs. 30 crores) as a sub-limit of letter of credit facility

JOINT DEED OF HYPOTHECATION

Our Company has executed a joint deed of hypothecation dated March 23, 2006 ("**Deed of Hypothecation**") in favour of the Consortium in pursuance of the Consortium Agreement that provides for a first charge on all the current assets of the Company. For the purposes of the Deed of Hypothecation, current assets means stocks of raw material, semi finished and finished goods, stores and spares not related to plant and machinery (consumable stores and spares), bills receivable, book debts and other movables, save what has been expressly excluded by the Consortium ("**Current Assets**").

The key terms of the Deed of Hypothecation have been set out hereunder:

- In case of sale of any of the Current Assets, our Company shall, on any and every such sale or on receipt of document or sale proceeds thereof deliver the documents or pay the net proceeds of the sale in satisfaction (so far as the same shall extend) of the balances then due and owing on the account of the Consortium.
- The Company cannot sell any of the Current Assets that the Consortium forbids it to.
- The Company cannot dismantle any of the Current Assets except with the permission of the Consortium.
- In the event, our Company commits a default with respect to its payment obligations under the Consortium Agreement, the banks shall have the right to do all such acts, deeds or things as deemed necessary to , inspect, value, take charge of and to seize and recover and take possession of all or any of the Current Assets.
- Under the Deed of Hypothecation, we have appointed the banks as our true and lawful attorney and have authorized them to act for and in our name in the exercise of any of the powers conferred upon them under the Deed of Hypothecation.

DEED OF GUARANTEE

Pursuant to the Consortium Agreement, the following persons - Mr. V.K. Arora, Mr. Ashwani Arora, Mr. Ashok Arora, Mr. Surinder Arora, Mr. Gurucharan Dass, Mrs. Vandana Arora, Mrs. Ranju Arora, Mrs. Sakshi Arora and Mrs. Anita Arora ("**Guarantors**") have executed a deed of guarantee dated March 23, 2006 ("**Guarantee**") in favour of the Oriental Bank of Commerce, Indian Overseas Bank, Corporation Bank and Punjab National Bank.

The key terms of the Guarantee have been set out hereunder:

- On any default made by our Company under the Consortium Agreement, the Guarantors are liable to pay the balance amount, and also have to indemnify the Consortium against all losses and expenses of the Consortium in account of any legal proceedings that are conducted by the Consortium against the Company for the recovery of the same. A joint suit, in case of default, will be invoked, against the Guarantors and the Company.
- The Consortium is allowed to modify or vary the terms of the original Consortium Agreement or release any security provided by the Company without the prior consent of the Guarantors. This variation will not affect the liability of the Guarantors. Furthermore, this Guarantee will remain enforceable against the Guarantors, even if the security provided in the Guarantee are lost, unrealized or outstanding.
- The Consortium may sell, mortgage or release any of the assets of the Company or transfer the said assets to any sister concern or affiliate without the prior consent of the Guarantors.
- The Guarantors, shall not, without the prior written consent of the banks, receive any security or commission from our Company, for providing the guarantee, so long as monies remain due and payable to the banks under the Consortium Agreement.
- In case of liquidation of the Company, the Guarantors cannot compete with the Consortium during liquidation proceedings.

The following properties have been provided as security in relation to the Guarantee:

- Equitable mortgage of Flats A-21 Green Park (First Floor), Aurobindo Marg, New Delhi. (This property is in the name of Mrs. Ranju Arora, Mrs. Sakshi Arora and Mrs. Anita Arora).
- Equitable mortgage of the office flat situated at A-21 Green Park (Second Floor), Aurobindo Marg, New Delhi. (This property is in the name of the Company)
- Equitable mortgage of Flat no. 807, Type C-1, Asian Games Village Complex, Siri Fort Road, New Delhi (This property is in the name of Sh. V.K. Arora and Smt. Ranju Arora).
- Equitable mortgage of residential property at Plot No. 974, Sector 14 Sonapat (This property is in the name of Shri Gurucharan Dass)
- Equitable mortgage of Office Flat A-21, First Floor, Green Park (Rear Portion), Aurobindo Marg, New Delhi. (This property is in the name of Smt. Vandana Arora)
- Equitable mortgage of land along with the Godown at village Hamidpur, Delhi. (This property is in the name of Company)
- Equitable mortgage of factory land and building at Phoola Road, Bhikwind, Amritsar owned by M/s Raghunath Agro Industries.
- Equitable mortgage of factory land at Phoola Road, Bhikwind, Amritsar and building in the name of M/s R.S. Rice and General Mills.
- Equitable mortgage of factory land and building at Phoola Road, Bhikwind, Amritsar in the name of M/s R.S. Rice and General Mills, M/s Raghunath Agro Industries and Shri Ashok Arora.
- Fixed Deposits of Rs. 25 lakhs with the Oriental Bank of Commerce.
- 2nd charge over the Company's fixed assets at the Bahalgarh Unit at Sonapat.

Inter Se Agreement

An inter se agreement dated March 23, 2006 was executed between the Oriental Bank of Commerce, Indian Overseas Bank, Corporation Bank and Punjab National Bank. This agreement has been entered into between the said banks for the sake of operational convenience with a view to define their inter se rights in the Consortium.

B. TERM LOANS

Term Loan Arrangements with Oriental Bank of Commerce

- (i) We have entered into three (3) term loan agreements with the Oriental Bank of Commerce (“OBC”) dated October 26, 2005 under which we have been granted a term loan facility for Rs. 2,50,00,000, Rs. 2,00,00,000 and Rs. 2,20,00,000.

In the event any default is committed by us in respect of with respect to our repayment obligations under the loan agreement OBC shall be entitled to charge penal interest at the rate of 2% per annum over and above the normal rate of interest. As security for the loan we have created an equitable mortgage/hypothecation charge over our Bahalgarh unit and all machinery, vehicles, goods, items, furniture, fixtures thereto on a pari passu basis with other term lenders. Until the entire dues to OBC are paid in full, by our Company, our Company is not permitted to remove or cause the removal of any assets from the Bahalgarh unit of the Company.

Under the loan agreements OBC has been given the absolute discretion to enhance/reduce/stop/cancel the aforesaid term loan facilities without notice to our Company.

Any event of default committed by our Company under the Agreements, which includes, *inter alia*, a change in our constitution, promoter directors or in our core management without the prior written consent of OBC; undertaking a merger, amalgamation, acquisition without the prior written consent of OBC; creating a mortgage, lien, charge, pledge, hypothecation or encumbrance on the assets which is the subject of OBC’s security under the loan arrangements without the prior written consent of OBC; declaration of any dividend without the prior consent of the consent of OBC; alteration of our capital structure without the prior consent of OBC; undertaking of a new project or any expansion activity without the prior written consent of OBC or availing of fund/non-fund based credit facilities from other financial institutions without the prior written consent of OBC, shall entitle OBC to enforce the security created pursuant to the agreements and realize the amount of the loan and all monies payable thereunder.

- (ii) We have also entered into a term loan arrangement dated December 27, 2001 with OBC pursuant to which we have been granted a term loan facility of Rs. 7,50,00,000.

In the event any default is committed by us in respect of with respect to our repayment obligations under the loan agreement OBC shall be entitled to charge penal interest at the rate of 17% per annum or such other penal rate without prior intimation to our Company. As security for the loan we have created an equitable mortgage/hypothecation of assets over our factory situated at village Joshi Chauhan, Sonapat, Haryana. Until the entire dues to OBC are paid in full, by our Company, our Company is not permitted to remove or cause the removal of any assets from the Bahalgarh unit of the Company.

Under the loan agreements OBC has been given the absolute discretion to enhance/reduce/stop/cancel the aforesaid term loan facilities without notice to our Company.

Any event of default committed by our Company under the Agreements, which includes, *inter alia*, creating a mortgage, lien, charge, pledge, hypothecation or encumbrance on the assets which is the subject of OBC’s security under the loan arrangement, or availing of fund/non-fund based credit facilities from other financial institutions without the prior written consent of OBC, shall entitle OBC to enforce the security created pursuant to the arrangement and realize the amount of the loan and all monies payable thereunder.

- (iii) Vide a sanction letter dated October 25, 2006, OBC has sanctioned a fresh term loan of Rs. 5,00,00,000 in favour of our Company. The key terms on which this fresh term loan has been sanctioned are as follows:

- Repayment: 20 Equal quarterly installments with effect from March 2009;
- Rate of Interest: Prime Lending Rate– 2%, i.e. 9.50% per annum;
- Security- Equitable mortgage of the following:
 - Flats A-21 Green Park (First Floor), Aurobindo Marg, New Delhi
 - Office flat situated at A-21 Green Park (Second Floor), Aurobindo Marg, New Delhi
 - Flat No. 807, Type C-1, Asian Games Village Complex, Siri Fort Road, New Delhi

- Plot No. 974, Sector 14, Sonapat
- Office Flat, A-21, First Floor, Green Park (Rear Portion), Aurobindo Marg, New Delhi
- Land along with the Godown at village Hamidpur, Delhi.
- Factory land and building at Phoola Road, Bhikiwind, Amritsar in the name of M/s Raghunath Agro Industries
- Factory land at Phoola Road, Bhikiwind, Amritsar in the name of M/s R.S. Rice and General Mills
- Factory land and building at Phoola Road, Bhikiwind, Amritsar in the name of M/s Raghunath Agro Industries, M/s R.S. Rice and General Mills, and Mr. Ashok Arora
- 2nd charge over the Company's fixed assets at the Bahalgarh Unit at Sonapat;
- Personal guarantee of Mr. V.K. Arora, Ashok Arora, Surinder Arora, Ashwani Arora and others; and
- Pledge over Fixed Deposits of Rs. 25 lakhs with the Oriental Bank of Commerce

Term Loan Arrangements with Punjab National Bank

- (i) We have entered into a term loan arrangement dated November 12, 2005 with the Punjab National Bank pursuant to which we have been granted a term loan facility of Rs. 4,00,00,000. As security for the loan we have created a 1st pari passu charge on our Bahalgarh Unit and hypothecated all our moveable assets that form part of our fixed and block assets.

Under this arrangement, we are not permitted to dispose off the hypothecated assets without the prior written consent of the bank and in the event we fail to make a timely repayment of any amount due to the lending bank, the bank shall have the right to forthwith and without any notice to our Company, either by public auction or private contract, absolutely sell or otherwise dispose off all or any of the security and apply the net proceeds of such sale towards the liquidation due by our Company to the bank.

- (ii) We have also entered into a term loan arrangement with Punjab National Bank dated April 26, 2004, pursuant to which we have been granted a term loan facility of Rs. 3,12,50,000. As security for the loan we have created a 1st pari passu charge over the land, plant and machinery located at our Bahalgarh unit at Sonapat.

Under this arrangement, we are not permitted to dispose off the hypothecated assets without the prior written consent of the bank and in the event we fail to make a timely repayment of any amount due to the lending bank, the bank shall have the right to forthwith and without any notice to our Company, either by public auction or private contract, absolutely sell or otherwise dispose off all or any of the security and apply the net proceeds of such sale towards the liquidation due by our Company to the bank. Further, the bank has been given the right to stop making advances at any time without previous notice and without assigning any reason, even if the said limit has not been availed by our Company.

Term Loan Arrangement with Corporation Bank

We have entered into a term loan arrangement with Corporation Bank dated March 27, 2006 pursuant to which we have been granted a term loan facility of Rs. 5,00,00,000. As security for the loan we have created a 1st pari passu charge on the entire fixed assets of the plant and machinery of our Bahalgarh Unit.

Under this arrangement, we are not permitted to create any charge, lien or other encumbrance on the security created in favour of the bank without the prior written consent of the bank. In the event we commit any default under the loan arrangement, which *inter alia* includes, our Company going into liquidation; our Company ceasing or threatening to cease carrying on its business; our Company entering into an arrangement with its creditors the Bank shall have the right to forthwith enforce the security created in its favour to enforce repayment of the amounts due to it by our Company under the loan arrangement.

Term Loan Arrangements with Indian Overseas Bank

- (i) We have entered into a term loan arrangement dated March 1, 2002 with Indian Overseas Bank pursuant to which we have been granted a term loan facility of Rs. 3,12,50,000.

As a security for the loan we have created a 1st parri passu charge on the Company's block assets and a 1st pari passu charge on the Company's current assets. In terms of the loan arrangement we are required to conspicuously display on name boards in places where the securities are stored/fixed, that the said securities are under hypothecation to the bank.

Under this arrangement, we are not permitted to create any charge, lien or other encumbrance on the security created in favour of the bank, except in such manner as may be prescribed by the bank. Further, we are not permitted *inter alia*, to alter the capital structure of our Company; effect any scheme of amalgamation or reconstruction, declare any dividend, except when the installments due to the bank are regularly paid; implement a scheme of expansion; borrow credit facilities from any other banks, without the prior written consent of the bank.

In the event we fail to make timely repayments of the amounts due under the loan arrangement or commit a breach of our obligations under the arrangement, the bank shall be entitled to enforce its security immediately upon such event.

- (ii) We have entered into two (2) term loan arrangements dated July 19, 2004 with Indian Overseas Bank pursuant to which we have been granted term loan facilities of Rs. 3,12,50,000 and Rs. 6,83,00,000.

As a security for the term loan facility for Rs. 3,12,50,000 we have created a 1st parri passu charge on the godowns to be constructed in the factory premises at Bahalgarh and a 1st pari passu charge on the entire block assets of the Company at the Bahalgarh unit. As a security for the term loan facility for Rs. 6,83,00,000 we have created a 1st charge on all the machineries and other fixed assets of our Company. In terms of these loan arrangements we are required to conspicuously display on name boards in places where the securities are stored/fixed, that the said securities are under hypothecation to the bank.

Under these arrangements, we are not permitted to create any charge, lien or other encumbrance on the security created in favour of the bank, except in such manner as may be prescribed by the bank. Further, we are not permitted *inter alia*, to alter the capital structure of our Company; effect any scheme of amalgamation or reconstruction, declare any dividend, except when the installments due to the bank are regularly paid; implement a scheme of expansion; borrow credit facilities from any other banks, without the prior written consent of the bank.

In the event we fail to make timely repayments of the amounts due under the loan arrangement or commit a breach of our obligations under the arrangement, the bank shall be entitled to enforce its security immediately upon such event.

Term Loan Arrangements with ICICI Bank

- (i) We have entered into a loan agreement dated December 26, 2005 under which, ICICI Bank has granted our Company a loan for an amount of Rs. 4,87,50,000. This loan is to be used by our Company towards the acquisition of commercial premises situated at DLF South Court, Saket. For the details of these premises please refer to Page 62 of this Red Herring Prospectus.

The premises at DLF South Court, Saket have been kept as security against the loan agreement and we have agreed not to sell, exchange, merge, amalgamate, partition, mortgage, lease or in any manner dispose off the premises until such time as our liability under the loan agreement is paid in full such discharge is confirmed in writing by ICICI Bank Limited. Further, we will use the premises as a commercial and shall not change such use of the premises without the prior written consent of ICICI Bank.

Under the loan agreement we are required to notify ICICI Bank in advance of any change in our business, profession or employment. In the event any default is committed by us under the loan agreement, ICICI Bank shall forthwith be entitled to enforce the security created pursuant to the loan agreement and recover the loan amount along with interest and all other additional amounts under the loan agreement.

- (ii) We have entered into a short term loan arrangement dated August 4, 2005 with ICICI Bank pursuant to which we have been granted a short term loan facility of Rs. 20,00,00,000. Under this arrangement we are not permitted to *inter alia*, undertake or permit any merger, de-merger, consolidation, or arrangement with our creditors, shareholders; declare any dividend, unless all dues in relation to the term loan facility are paid in full up to the date on which the dividend is proposed.

This short term loan facility has been secured by an unconditional and irrevocable joint and several guarantee(s) from Mr. V.K. Arora, Mr. Ashwani Arora, Mr. Ashok Arora, Mr. Surinder Arora, Mr. Gurucharan Dass, Mrs. Ranju Arora, Mrs. Sakshi Arora and Mrs. Anita Arora in favour of ICICI Bank for the due repayment of the short term loan facility and all monies and interest pursuant thereto. Further, if at any time during the subsistence of the loan arrangement, if in the opinion of the bank, the security provided by our Company is inadequate to cover the short term loan facility, our Company is required to furnish to the satisfaction of the bank, such additional security as may be acceptable to the bank to cover such deficiency.

The loan arrangement further provides that in the event we commit an event of default, ICICI Bank shall have the right to terminate the short term loan facility and call upon our Company to repay all dues in respect of the said facility. In addition, the bank will also have the right to appoint a nominee on the Board of our Company.

- (iii) We have entered into a short term loan arrangement dated September 20, 2006 with ICICI Bank pursuant to which we have been granted a short term loan facility of Rs. 25,00,00,000. We are required to repay this facility by June 30, 2007. Under this arrangement we are not permitted to *inter alia*, undertake or permit any merger, de-merger, consolidation, or arrangement with our creditors, shareholders; declare any dividend, unless all dues in relation to the term loan facility are paid in full up to the date on which the dividend is proposed.

This short term loan facility has been secured by an unconditional and irrevocable joint and several guarantee(s) from Mr. V.K. Arora, Mr. Ashwani Arora, Mr. Ashok Arora, Mr. Surinder Arora, Mr. Gurucharan Dass, Mrs. Ranju Arora, Ms. Vandana Arora, Mrs. Sakshi Arora and Mrs. Anita Arora in favour of ICICI Bank for the due repayment of the short term loan facility and all monies and interest pursuant thereto. Further, if at any time during the subsistence of the loan arrangement, if in the opinion of the bank, the security provided by our Company is inadequate to cover the short term loan facility, our Company is required to furnish to the satisfaction of the bank, such additional security as may be acceptable to the bank to cover such deficiency.

The loan arrangement further provides that in the event we commit an event of default, ICICI Bank shall have the right to terminate the short term loan facility and call upon our Company to repay all dues in respect of the said facility. In addition, the bank will also have the right to appoint a nominee on the Board of our Company.

- (iv) We have entered into two (2) loan agreements dated July 14, 2006 under which, ICICI Bank has granted our Company two loans for amounts of Rs. 45,00,000 each. The loans are to be used by our Company towards the acquisition of residential premises situated at Fresco Complex, Gurgaon. For the details of these premises please refer to Page [●] of this Red Herring Prospectus.

The premises at Fresco Complex have been kept as security against the loan agreements. Under the loan agreement we agreed not to sell, exchange, partition, mortgage, give on hire, lease or in any manner dispose off the premises until such time as our liability under the loan agreements are paid in full and such discharge is confirmed in writing by ICICI Bank Limited. We are required to notify ICICI Bank Limited in advance of any change in our business, profession, or employment. In the event of any default is committed by us under the loan agreement, ICICI Bank shall forthwith be entitled to terminate the loan agreement or enforce the security created pursuant to the loan agreement and recover the loan amount along with interest and all other additional amounts under the loan agreement. Further, if at any time during the subsistence of the loan agreement, if in the opinion of ICICI Bank Limited, the security provided by the Company is inadequate to cover the loan, our Company will be required to furnish to the satisfaction of the bank, such additional security as may be acceptable to the bank to cover such deficiency.

Further, under the loan agreements we have agreed not to undertake or permit any merger, demerger, consolidation, reorganization, scheme of arrangement or compromise with our creditors or shareholders or effect any scheme of amalgamation or reconstruction including creation of any subsidiary without the prior consent of ICICI Bank Limited. We have also agreed not to amend our Memorandum and Articles of Association or alter our capital structure without the prior consent of ICICI Bank Limited.

D. Unsecured Loans

Loan Agreement with Lord Krishna Bank

Demand loan agreement with Lord Krishna Bank Limited

We have entered into a loan agreement dated August 25, 2006 with Lord Krishna Bank Limited (“**LKBL**”), for a demand loan of Rs. 4,75,00,000. The purpose of the loan is for procurement of paddy for the ensuing Kharif crop season. The loan is an unsecured loan, but a guarantee of repayment has been given by Mr. Vijay Kumar Arora, Mr. Surinder Arora and Mr. Ashwani Arora and a demand promissory note of Rs 4,75,00,000 along with interest at the rate of 10% per annum has been executed by our Company in favour of LKBL. We are required to repay the loan in lump sum at the end of six (6) months.

Any event of default which *inter alia* includes making any change in their constitution without the prior consent of LKBL, shall entitle LKBL to recall the whole advance or the balance thereof outstanding at any time.

Material Agreements entered into by the Company

1. Consulting agreement with Mr. Kaizar Colombowala

We have entered into a consulting agreement with Mr. Kaizar Colombowala (“**Consultant**”) having his place of business at 10011 Overbrook Lane, Houston, TX 77042 USA, dated March 29, 2006. Mr. Colombowala has done his Chemical Engineering from University Of California, Berkeley. In 1974 he joined Uncle Ben’s, Inc (Masterfoods USA, a Division of Mars Incorporated). He has held several positions in Engineering, R&D, and Manufacturing during his 27-year stint with Mars group. After retiring from Mars group in 2000, he was involved as a consultant for group companies of Mars till 2005. Under this agreement the Consultant has agreed to render us certain services such as product development, liaising with third party suppliers, review of processes and procedures and the like for which our Company pays the consultant an agreed fee. The agreement is valid till December 31, 2006 and may be terminated by either party without cause upon prior written notice of fourteen (14) days. Vide an addendum to this agreement dated April 5, 2006 the Consultant has agreed to render its services exclusively to our Company and will not render such services to any other basmati rice millers or processors in India while this agreement continues to remain in force. However, our Company is free to enter into arrangements with other parties for obtaining services similar to the ones rendered by the Consultant.

2. Joint Venture Agreement with Phoenix Agri Silica Corporation

We have entered into a joint venture agreement with Phoenix Agri Silica Corporation (“**PASC**”), a company organized and existing under the laws of Canada and having its registered office at 18 Bentley Avenue, Ottawa, Ontario K2E 6T8, Canada dated March 26, 2002 for the purpose of installing a torbed reactor to incinerate rice husk. The agreement is for a term of twenty (20) years. In terms of this agreement the ownership of the torbed reactor is to vest with PASC for a period of ten (10) years from the date of commencement of operations of the torbed reactor after which the title will pass to our Company, for which our Company will pay a sum of USD 1 to PASC. However, an option has been created in favour of our Company to purchase the reactor at the expiry of five (5) years from the said date, at 50% of the actual cost of the torbed reactor. PASC has been given a right to terminate this agreement and remove the torbed reactor by giving our Company a prior notice of one (1) week, in the event our Company fails to pay the installation expenses to PASC within one (1) week from the time when the torbed reactor is put into operation. In the event our Company commits any default under the agreement, it is liable to punitive damages worth USD 5 million.

3. Exclusive Distribution Agreement with Quality Natural Foods Limited

We have executed an exclusive distribution agreement with Quality Natural Foods Limited (“**QNFL**”), a corporation incorporated, registered and existing under the laws of Canada, whose principal place of business is located at 91 Select Avenue, Scarborough, Ontario M1V 4A8 Canada dated November 14, 2005. Under this agreement our Company has appointed QNFL as the exclusive distributor for the territory of Canada for a period of five (5) years from the date of dispatch of the first order to QNFL by the Company. In terms of this agreement we have agreed that we will not sell “Daawat Select Brand Basmati Rice” to any competitors of QNFL in the Canadian trade during the term of this agreement. Under the terms of the agreement each party has the right at any time during the thirty (30) day period following each anniversary date of the effective date of the agreement to terminate the agreement

without cause upon a prior written notice of ninety (90) days. Further, the Company has been given the right to terminate the agreement upon a prior written notice of two (2) months in the event the sales targets as mutually agreed are not achieved.

4. **Distributor Agreement with House of Spices**

Formed in the year 1970 in USA, House of Spices deals in Indo Ethnic foods, Spices and Provisions. It owns distribution centers in New York, Washington D.C., Houston, Chicago, San Francisco and Dallas.

We have entered into a distributor agreement dated April 1, 2005 with House of Spices (“HOS”) having their principal place of business at 2411, United Lane, Elk Grove Village, IL 60007 USA, under which HOS has been appointed as the sole distributor for all brands using the “Daawat” trade name for a term of ten (10) years ending on April 1, 2015. In terms of the agreement, in the event HOS has achieved the agreed sales targets by April 1, 2010 and continues to achieve the agreed sales targets through 2015, despite which the Company chooses to terminate the agreement after March 31, 2015, the Company shall pay a penalty of USD 250,000 to HOS.

5. **Agreement for succession of business with Lal Chand Tirath Ram Rice Mills**

We have entered into agreement for succession of business dated March 26, 1999 with Lal Chand Tirath Ram Rice Mills (“LCTRM”), a partnership firm formed under the Indian Partnership Act, 1934 and having its rice mill at Kakroi Road, Sonapat, Haryana, and its administrative office at A-21, Green Park Extension, Aurobindo Marg, New Delhi, under which our Company succeeded LCTRM in the business of processing and marketing of rice carried on by it as a going concern for a net consideration of Rs. 4,60,00,000. This consideration was satisfied by our Company by issuing to the partners of LCTRM, equity shares at par in the equity share capital of the Company credited as fully paid-up in the proportion to which their capital accounts stood at the date of succession of the business. For details of the allotment of such shares, please refer to page 17 of this Red Herring Prospectus.

Pursuant to the above mentioned agreement, we have executed a deed of assignment with LCTRM dated July 25, 2003, through which all the trade marks, copyrights, design rights, patents and good will associated with the business of LCTRM has been assigned in our favour. In consideration of such assignment, our Company had allotted certain shares to the partners of LCTRM. For the details the allotment of such shares, please refer to page 17 of this Red Herring Prospectus.

LCTRM was formed as a partnership vide partnership deed dated September 18, 1989 executed between Mr. Vijay Arora, Mr. Ashok Kumar Arora, Mr. Surinder Arora, Mr. Ashwani Arora, Mr. Gurucharan Dass, Mr. Sukh Chain Chawla and Mr. Dilbagh Rai for the purpose of carrying on the business of rice shellers, sale and purchase of paddy, rice bran, bardana etc. and other allied activities as mutually decided by the partners from time to time.

This partnership was reconstituted vide partnership deed dated April 1, 1992 under which *inter alia* it was decided that the partners constituting LCTRM would share profits and losses in the following ratio:

- (a) Mr. Vijay Arora – 10%;
- (b) Mr. Ashok Kumar Arora – 10%;
- (c) Mr. Surinder Arora – 15%;
- (d) Mr. Ashwani Arora – 20%;
- (e) Mr. Gurucharan Dass – 15%;
- (f) Mr. Sukh Chain Chawla – 15%; and
- (g) Mr. Dilbagh Rai – 15%

The firm of LCTRM was further reconstituted vide a supplementary partnership deed dated April 1, 1995 wherein *inter alia* it was decided that the following partners would receive a monthly remuneration:

- (a) Mr. Sukh Chain Chawla – Rs. 12,000 per month (maximum);
- (b) Mr. Surinder Arora – Rs. 10,000 per month (maximum);
- (c) Mr. Gurucharan Dass – Rs. 7,000 per month (maximum)

6. Agreements with Cargill International Trading Pte. Limited

Cargill is a privately owned company founded by William Wallace Cargill in 1865 as a grain warehousing and merchandising business. The company is an international marketer, processor and distributor of agricultural, food, financial and industrial products and services. It started its Singapore operations in 1974.

Our Company has entered into two (2) agreements with Cargill International Trading Pte. Limited, having its place of business at 300 Beach Road, # 23-01, The Concourse, Singapore – 199555 dated December 20, 2005 (“**Agreement 1**”) and February 23, 2006 (“**Agreement 2**”) respectively. Under these agreements we have agreed to sell rice, soya bean and other agricultural commodities to Cargill International Pte. Limited. The term of shipment under Agreement 1 is up to November 26, 2006 and the term of shipment under Agreement 2 is up to January 24, 2007.

As per the terms of the agreed to between the parties, Cargill has agreed to prepay (i.e. pay in advance) an amount of USD 2,000,000 (Agreement 1) and an amount of USD 1,000,000 (Agreement 2). As a condition precedent to prepayment by Cargill International Trading Pte. Limited, our Company is required to issue bank guarantees for the prepayment amounts under both the agreements. These guarantees are intended to be a security on the part of our Company for due performance of our obligations.

Pursuant to these provisions we have entered into an arrangement with the Oriental Bank of Commerce, New Delhi who have irrevocably guaranteed our performance under Agreement 1 vide a bank guarantee for the sum of USD 2,000,000 issued by them bearing number – GU/LTO/0217000010105 and also an arrangement with Punjab National Bank who have irrevocably guaranteed our performance under Agreement 2 vide a bank guarantee for the sum of USD 1,000,000 issued by them bearing number – 2254FLG000406.

Under the agreements if Cargill International Trading Pte. Limited, at anytime in its sole discretion, determines that there has been an adverse change in our financial condition or events have occurred that affect our ability to perform our obligations, Cargill International Trading Pte. Limited has the right to cancel the agreements with immediate effect and claim from us, the outstanding prepayment amount advances, plus any increased value pursuant to any bank guarantee issued by us. Cargill International Trading Pte. Limited also has the right claim any outstanding prepayment amount under the bank guarantees issued by us, in the event any winding up, reorganization, bankruptcy or insolvency proceedings are instituted in respect of our Company.

7. Agreement with Bunge S.A.

Founded in the year 1818, Bunge is a agribusiness and food company with operations cover the globe, stretching from farm field to retail shelf.

We have entered into an agreement with Bunge S.A., having its principal place of business at 13 Route de Florissant, CH – 1211, Geneva 12, Switzerland, dated May 2, 2006. Under this agreement we have agreed to sell rice in bulk and other agricultural commodities as agreed to between us and Bunge S.A. The term of shipment under the agreement is up to May 2007.

As a condition to the prepayment by Bunge S.A, our Company is required to issue bank guarantees for the prepayment amount under the agreement. The prepayment amount under amount under this agreement an amount of USD 1,250,052. This guarantee is intended to be a security on the part of our Company for due performance of our obligations.

8. Exclusivity Arrangement with Satake Corporation

Satake Corporation, Japan was founded in 1896 and manufactures a comprehensive range of equipments and instruments from cultivation, harvesting, milling to processing for both the rice and wheat segments.

Satake Corporation, having its principal place of business at 2-30, Saijo-Nishihonmachi, Higashi-Hiroshima-Shi 7398602, Japan, vide their letter dated June 16, 2006 have confirmed to our Company that they shall exclusively provide us with equipment and technical assistance for the manufacture of steamed rice from India for a period of 24 months and that during such period they will neither sell nor offer for sale any equipment or technical assistance to anyone else other than our Company.

9. Warehouse Management Agreement Relogistics (West Bengal) Private Limited

Relogistics is an integrated network of companies, promoted by Reliance Logistics Limited (a Reliance group company), each operating in an independent region as the extended execution arms of Reliance Logistics, to facilitate complete transportation solutions to the local Customers. All Relogistics companies work as an integrated network of offices for Reliance Logistics Limited. Today, there are 16 Relogistics companies servicing 21 states and 5 Union territories of India.

Our Company has entered into a warehouse management agreement with Relogistics (West Bengal) Private Limited ("RWPL"), a company incorporated under the Companies Act, 1956, having its place of business at 60A, JL Nehru Road, 3rd Floor, Kolkata – 700 020 with respect to management of a warehouse in Kolkata, located at JL-29, NH-6, Ankurhati, Mouza – Prasastha, PO – Andul, Howrah, to be used for storage of our products. The commencement date of the agreement was October 1, 2006 and the agreement is valid till March 31, 2007. Under the agreement, we have undertaken the obligation to maintain an adequate insurance cover with respect to the products stored in the warehouse. We are also required to make payments to RWPL within a period ten (10) working days of receipt of the bills raised by RWPL. Under the agreement, either party has the right to terminate the agreement without assigning reason by giving the other party a prior written notice of three (3) months.

10. Warehouse Management Agreement Relogistics (Delhi) Private Limited

Our Company has entered into a warehouse management agreement with Relogistics (Delhi) Private Limited ("RWPL"), a company incorporated under the Companies Act, 1956 and having its place of business at A-4 WHS Kirti Nagar, New Delhi – 110 015 with respect to management of a warehouse in Delhi, located at Village Hamidpur, Delhi to be used for storage of our products. The commencement date of the agreement was September 1, 2006 and the agreement is valid till March 31, 2007. Under the agreement, we have undertaken the obligation to maintain an adequate insurance cover with respect to the products stored in the warehouse. We are also required to make payments to RWPL within a period ten (10) working days of receipt of the bills raised by RWPL. Under the agreement, either party has the right to terminate the agreement without assigning reason by giving the other party a prior written notice of three (3) months.

11. Shareholders Agreement between our Company, our Promoters and Bennett, Coleman and Co. Limited

Our Company and its promoters have entered into a shareholders agreement dated July 5, 2006 with Bennett, Coleman and Co. Limited ("BCCL"), a company incorporated under the Companies Act, 1956 and having its corporate office at Times House, 7 Bahadurshah Zafar Marg, New Delhi – 110 002. BCCL is *inter alia* engaged in the business of publishing various newspapers, periodicals and other literary and print publications. Under the agreement, BCCL had agreed to subscribe to 7,14,286 equity shares of our Company at a price of Rs. 70 per share for a total consideration of Rs. 5,00,00,020. For more details regarding the allotment of shares to the BCCL and the current shareholding of BCCL in our Company, please refer to Page 17 of this Red Herring Prospectus.

In terms of the agreement, BCCL has an anti-dilution right under in terms of which, our Company has agreed that if at anytime prior to the initial public offering of the Company, our Company proposes to issue any equity shares or convertible security (other than allotment of equity shares pursuant our ESOP plan) to any person, below the issue price at which equity shares were issued to BCCL, BCCL shall have the irrevocable right to acquire such number of equity shares of our Company at par value so that the average issue price of all equity shares held by BCCL after such further allotment, is equal to the issue price of the equity shares proposed to be allotted by our Company to other proposed investor.

Under this agreement we have agreed that till such time (upto the allotment of equity shares issued in the Initial Public Offering) as BCCL holds not less than 2% of the equity share capital of our Company any decision relating to:

- Any matter which requires a special resolution under the Companies Act, 1956;
- Any matter having a bearing on the rights of BCCL under this agreement; and
- Affecting the shareholding or share capital of the Company

Whether taken by the Board, or the shareholders or the Promoters shall be taken after intimating BCCL in writing.

In terms of this agreement, till the allotment of equity shares issued in the Initial Public Offering, we have undertaken to send a notice with the agenda of every Board meeting to BCCL at least seven (7) days before the date of the relevant Board meeting, and we have further agreed that no business (save and except business which is normal in the course of our Company's business), other than what has been set out in such agenda shall be transacted, unless the same is informed to BCCL at least seven (7) days in advance.

Till the allotment of equity shares issued in the Initial Public Offering, any decision taken by our Board, shareholders our Promoters in violation of the provisions of this agreement will not be given effect to and implemented. We have also undertaken to ensure that our Memorandum and Articles of Association are, till the allotment of equity shares issued in the Initial Public Offering, in consistent with the provisions of this agreement and that our Articles of Association incorporate the provisions of this agreement. Further, we have also agreed that if at anytime, till the allotment of equity shares issued in the Initial Public Offering, our Articles of Association conflict with the provisions of this agreement, the provisions of this agreement will prevail in so far as the Promoters and BCCL are concerned. Additionally, in the event of any such conflict, we have agreed that our Articles of Association will be duly amended to resolve such conflict.

Our Promoters have agreed that they will not, except with the prior written consent of BCCL:

- Pledge, mortgage, charge or otherwise encumber any of their equity shares, options or warrants or any interest in any such shares, options or warrants;
- Transfer, dispose, or grant an option or interest over any of their equity shares, options or warrants;
- Enter into any agreement in respect of the votes attached to any of their equity shares, options or warrants.

In terms of the agreement and subject to any lock-in provisions under the SEBI Guidelines, BCCL has been given the following exit options in the following sequence:

- Exit through an initial public offering of the Company for listing of its equity shares *inter alia* on NSE, within a period of twenty four (24) months from the date on which BCCL become a shareholder in the Company. Subsequent to the listing of its equity shares, the Company will be under no obligation to offer any other exit to BCCL;
- Prior to such public offering, BCCL shall have the right to transfer its shareholding in our Company to any person to the extent of 2,85,714 and 4,28,572 equity shares after twelve (12) and twenty four (24) months respectively from the date on which BCCL became a shareholder in our Company. However, prior to transferring such equity shares, BCCL shall provide a "right of first refusal" to our Promoters, on terms acceptable to BCCL;
- In the event an initial public offering of our Company does not happen within twenty four (24) months from the date on which BCCL became a shareholder in our Company, our Company has agreed that the Promoters will buy back BCCL's equity shares at a price arrived at by a jointly appointed third party consultant. In the event such exit does not occur, BCCL will have the right to transfer its equity shares to any willing buyer.

Any transfer of shares by our Promoters, whether through a private sale or through the stock exchange will be subject to tag along rights in favour of BCCL, as a result of which BCCL shall have the right to participate in the sale and transfer of equity shares to such third party on a proportionate basis.

Under the agreement, we have also agreed that during the subsistence of the agreement, (which is till the allotment of equity shares issued as Initial Public Offering), our Promoters will not enter into any business with any other person which directly or indirectly competes with the business of the Company.

The agreement may *inter alia* be terminated by mutual agreement, if BCCL ceases to hold any equity shares in the Company or if a breach of any term of this agreement is not remedied by the defaulting party within fifteen (15) days of the service of notice from the party requesting the breach to be remedied.

12. Advertisement Agreement with BCCL

Our Company has entered into an advertisement agreement dated July 5, 2006 with BCCL with respect to advertising of our Company's products in BCCL print publications for the next three (3) years. In terms of the our Company has

agreed to release advertisements of the total value of Rs. 5,00,00,000, which amount has been paid to BCCL as an advance upon execution of the agreement, primarily in BCCL's print publications between the period August 1, 2006 and July 31, 2009. Under the agreement, we have agreed not to trade in advertising space contracted under this agreement with any third party. The term of the agreement is from August 1, 2006 to July 31, 2009. Co-branded advertisements will only be allowed, if our Company's brand assumes a position of importance.

13. Memorandum of Understanding with Sachdeva & Sons Industries Private Limited

Our Company has entered into a memorandum of understanding September 27, 2006 with Sachdeva and Sons Industries Private Limited, a company incorporated under the Companies Act, 1956 and having its place of business at 17, Amritsar Cantt., Amritsar pursuant to which both parties have agreed to withdraw all pending litigations and trade mark proceedings against each other. For more details in relation to this understanding please refer to Intellectual Property on page 66 of this Red Herring Prospectus and Outstanding Litigations on page 178 of this Red Herring Prospectus.

Insurance

Our Company has taken out various insurance policies in respect of its business, its assets such as its stocks, machinery, buildings, furniture and its employees for our different office and factory locations. The various insurance policies obtained by us are in the usual course of our business and are currently valid and in full force.

KEY INDUSTRY REGULATION

Companies whose main business is the production, processing, storage and sale of rice are subject to the following regulations:

The Punjab Scheduled Roads and Controlled Area's Restriction of Unregulated Development Act, 1963

This statute regulates development activities to avoid haphazard and sub-standard development along certain roads and in certain area's listed in the schedule to the legislation. In order to construct any building in the scheduled areas, an application must be filed to the Director of Town and Country Planning in Haryana. Construction can only take place once permission from the abovementioned authority is obtained. Similarly, any change in land use can only be performed, once a license has been obtained from the above authority.

The Punjab Agricultural Produce Markets Act, 1961

This legislation seeks to protect agricultural producers from middlemen and profiteers, and regulates the sale and purchase of agricultural produce including rice. The provisions of this statute requires that anyone intending to sell, purchase, store or process such agricultural produce must apply for a license from the Market Committee of that particular market area.

The Export (Quality Control and Inspection) Act, 1963

This legislation read with the Export of Basmati Rice (Quality Control and Inspection) Rules 2003 insures that products that are exported from India, including basmati rice met certain threshold standards. An exporter intending to export a consignment of Basmati rice shall register the contract with Agricultural and Processed Food Products Export Development Authority and shall give intimation in writing to the agency furnishing therein details of the quantity, the grade and the destination along with specific requirement of the importer of importing country including contractual specifications, if any.

The Factories Act, 1948

The Factories Act, 1948 is a social legislation and it provides for the health, safety, welfare, working hours, leave and other benefits for workers employed in factories. It was enacted primarily with the object of protecting workers from industrial and occupational hazards. Under this statute, an approval must be granted prior to the setting up of the factory and a license must be granted post the setting up of the same, by the Chief Inspector of Factories.

The Indian Boilers Act, 1923

The Indian Boilers Act, 1923 and the rules made thereunder are meant to regulate and ensure proper design, manufacture, operation and maintenance of boilers, in order to prevent safety hazards. This legislation requires that any boiler in use, in India, must be certified or registered, and that no boiler may function without the same.

The Petroleum Act, 1934

This statute divides petroleum into three classes, A, B and C based upon the flash point of the same, and regulates the import, storage, transport, production, refining and blending of petroleum based upon the same. For the import, transport and storage of petroleum, a license is required, and the provisions in the license as well as the rules made under the Petroleum Act, 1934 must be complied with.

Service Tax

Chapter V of the Finance Act 1994 (as amended), and Chapter V-A of the Finance Act 2003 requires that where provision of certain listed services, whole taxable services exceeds Rs. 4 (Four) Lakhs a service tax with respect to the same must be paid. Every person who is liable to pay service tax must register himself for the same, by applying to the Superintendent of Central Excise.

Foreign Trade (Development and Regulation) Act, 1992

This statute seeks to increase foreign trade by regulating the imports and exports into and from India. This legislation read with the Indian Foreign Trade Policy 2004 provides that no person can make any imports or exports, except under the Importer-Exporter Code Number granted by the Director General of Foreign Trade, or by any officer authorized by him.

Standards of Weights and Measures Act, 1956

This legislation and the rules made thereunder applies to any packaged commodity that is sold or distributed. It provides for standardization of packages in specified quantities or numbers in which the manufacturer, packer or distributor shall sell, distribute or deliver some specified commodity to avoid undue proliferation of weights, measures or number in which such commodities may be packed. Any person intending to pre-pack or import any commodity for sale, distribution or delivery has to make an application to the Director of Legal Metrology for registration.

VAT Acts

Value Added Tax, or VAT, is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each State that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register themselves and obtain a registration number from the Excise Tax Officer of that respective State.

The Water (Prevention and Control of Pollution) Act, 1974

This legislation seeks to prevent and control the level of water pollution and sets up a board to monitor the same. This statute provides that prior permission from the relevant State Pollution Control Board is required for the setting up of any industry, which is likely to discharge effluents.

The Air (Prevention and Control of Pollution) Act, 1981

This statute seeks to prevent and abate the level of air pollution and grants certain powers to the State Pollution Control Board to ensure the same. Under the provisions of this legislation, every facility has to obtain a consent order from the relevant State Pollution Control Board in order to carry on its industrial operations.

The Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 and the Rules made thereunder provides for ambient standards in respect of noise for different categories of areas (residential, commercial, and industrial) and silence zones have been notified. Noise limits have been prescribed for automobiles, domestic appliances and construction equipment at the manufacturing stage. The Noise Pollution Rules 2000 (as amended in 2002) provides that the owner of any diesel generator set with upto 1000 KVA requires an acoustic chamber and must have a conformance certificate.

The Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 seeks to regulate the working conditions of the contract labour and to provide for its abolition in certain cases. This Act provides that any employer seeking to employ contract labour must register his establishment to the appropriate authority, which is the Joint Labour Commissioner of that particular state.

The Employee's State Insurance Act, 1948

The Employees State Insurance Act, 1948 is applicable to all factories and to such establishments as the Central Government may notify, unless a specific exemption has been granted. The employers in such factories and establishments are required to pay contributions to the Employees State Insurance Corporation, in respect of each employee at the rate prescribed by the Central Government. Companies which are controlled by the Government are exempt from the aforesaid requirement if the employees are receiving benefits which are similar or superior to the benefits prescribed under the Employees State Insurance Act, 1948.

Sales Tax

The tax on sale of movable assets within India is governed by the provisions of the Central Sales Tax Act, 1956, or the state legislations depending upon the movement of goods pursuant to such sale. If the goods move inter-state pursuant to a sale arrangement, then the taxability of such sale is determined by the Central Sales Tax Act 1956. On the other hand, then the taxability of an arrangement of sale of movable assets which does not contemplate movement of goods outside the state where the sale is taking place is determined as per the local sales tax legislations in place within the states.

Employee's Provident Funds and Miscellaneous Provisions Act, 1952

Under the Employee's Provident Funds and Miscellaneous Provisions Act, 1952, an establishment employing more than 20 persons, either directly or indirectly, in any capacity whatsoever, is either required to constitute its own provident fund or subscribe to the statutory employee's provident fund. The employer of such establishment is required to make a monthly contribution to the provident fund equivalent to the amount of the employee's contribution to the provident fund, subject to a minimum contribution of 10% of the basic wages, dearness allowance and retaining allowance, if any payable to each of the employee's.

Payment of Gratuity Act, 1972

An employee, who after having completed at least 5 continuous years of service in an employee, resigns, retires, or is disabled due to an accident or disease, is eligible to receive gratuity up to a maximum of Rs. 350,000. To meet this liability, employers of all establishments to which the legislation applies are liable to contribute towards gratuity.

The Income Tax Act, 1961

The Income Tax Act provides that any company deducting tax must apply to the assessing officer for the allotment of a tax deduction account number. Furthermore, the Act requires every tax payer to apply to the assessing officer for a personal account number

The Agricultural Produce (Grading and Marking) Act , 1937

The Central Government provides certain grade designations for certain articles. These grade designations indicate the quality of the article. These articles, which include rice, must be marked, according to the appropriate grading. The Central Government authorizes an officer to grade the article and mark it accordingly.

The Agricultural and Processed Food Products Export Cess Act, 1986

This Act requires that any company that exports certain agricultural products including rice, need to pay a custom duty (not exceeding 3% ad valorem), which is in addition to any other cess that might be payable on the same. Every exporter of rice needs to obtain a registration from the Agricultural and Processed Food Products Export Development Authority as per the provisions of the Agricultural and Processed Food Products Export Development Authority Act, 1985.

OUR HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as LT Overseas Private Limited on 16th October 1990 having registered office at 532/4, Naya Bazaar, Delhi. Consequent to conversion to public limited company, the name of the Company was changed to LT Overseas Limited vide fresh Certificate of Incorporation dated 03rd May 1994.

We started our operations in the year 1993 using certain processing facilities of Lal Chand Tirath Ram Rice Mills (LCTRRM), an associate concern, on lease. We got our registration as manufacturer exporter in 1993 from APEDA

In 1994-95 we filed our draft prospectus with SEBI and Stock Exchanges in Mumbai, Delhi, Jaipur and Ahmedabad. The object of the Issue was to part finance the expansion programme for setting up a milling plant with a capacity of 2 MTPH. We received the observation letter from SEBI but we did not take the matter forward on account of the then prevailing poor conditions in the capital markets. However, we completed the expansion plan through term loan from Banks

We set up milling capacity (paddy to rice) of 4 MTPH in the year 1995, at Kakroi Road Sonapat. We have been making investments in plant and machineries and other assets in a bid to upgrade and modernize its production processes to meet the consistent quality requirements of customers.

In pursuance of succession agreement dated March 26, 1999, we took over the business of Lal Chand Tirath Ram Rice Mills having milling capacity of 6 MTPH, thus making the total milling capacity available with the Company at 10 MTPH.

In the year 1999-2000, we started setting up a new manufacturing facility at Bahalgarh, Haryana. The commercial production commenced in December, 2000. This factory increased our manufacturing capacity by 4 MTPH. However, our total milling capacity remained same i.e. 10 MTPH due to obsolescence of some machineries at Kakroi Road Factory. Between 2002-2005 we increased our capacity to 18 MTPH and in the year 2005, we disposed off our Kakroi Road unit (which had a capacity of 6 MTPH) thereby reducing our available capacity to 12 MTPH at the end of 2005-2006. However with increase in capacity during 2006-07, our current owned capacity stands at 27 MTPH.

Major Events/Milestones

Year	Event
1990-91	<ul style="list-style-type: none"> • Incorporation of our Company as a Private Limited Company
1993-94	<ul style="list-style-type: none"> • Converted into a Public Limited Company
1994-95	<ul style="list-style-type: none"> • Set up our own milling capacity of 4 TPH
1995-96	<ul style="list-style-type: none"> • Certificate of merit was awarded by APEDA for significant contribution in the export of Indian Long Grain rice • Registered the brand 'DAAWAT' in United States of America
1997-98	<ul style="list-style-type: none"> • Awarded 'APEDA Export award' for outstanding contribution to promotion of agricultural and processed food products during the year 1996-97.
1998-99	<ul style="list-style-type: none"> • Took over the business of Lal Chand Tirath Ram Rice Mill having capacity of 6 TPH
1999-2000	<ul style="list-style-type: none"> • Recognised as Star Trading House by Government of India • Registered and launched the brand 'DAAWAT' in Mauritius, Saudi Arabia and New Zealand
2000-01	<ul style="list-style-type: none"> • Started the processing facility at Bahalgarh Unit of 4 TPH • Registered and launched the brand 'DAAWAT' in Australia
2001-02	<ul style="list-style-type: none"> • Registered and launched the brand 'DAAWAT' in Canada • Obtained ISO 9001:2000 certification • Obtained HACCP certification • Obtained certification of SQF (Safe Quality Food) 2000CM for comprehensive food safety and Quality management systems

2002-03	<ul style="list-style-type: none"> Received the right to use APEDA certification mark “Quality Produce of India” for exports Enhanced the capacity in Bahalgarh unit from 4 TPH to 10 TPH, making the total capacity to 16 MTPH.
2003-04	<ul style="list-style-type: none"> Award from APEDA for export promotion and quality development of Basmati Rice
2004-05	<ul style="list-style-type: none"> India Star Award from Indian Institute of Packaging Enhanced the capacity in Bahalgarh unit from 10 TPH to 12 TPH, making the owned capacity to 18 MTPH.
2005-06	<ul style="list-style-type: none"> Awarded ‘Udyog Ratna’ by PHD Chamber of Commerce and Industry presented by Shri Bhupinder Singh Hooda Hon’ble Chief Minister, Haryana for valuable contribution to Economic Development of Haryana
2006-07	<ul style="list-style-type: none"> Inauguration of Silos Complex Increase in capacity from 18 MTPH to 27 MTPH

Change in Name and constitution of our Company since inception

Previous Name	Change in name/constitution	Date of Certificate of Incorporation	Reason for change in name
LT Overseas Private Limited	LT Overseas Limited	03 rd May 1994	Conversion into a limited company

Changes in the Registered Office of our Company

Our registered office is situated at: A-21, Green Park, Main Aurobindo Marg, New Delhi – 110 016

Place of Registered Office	Shifted to	Date of change	Reason
532/4, Naya Bazaar, Delhi	107, 1 st floor, Indra Prakash Building, Barakhamba Road, New Delhi	10 th October 1992	Bigger Premises
107, 1 st floor, Indra Prakash Building, Barakhamba Road, New Delhi	A-21, Green Park, Main Aurobindo Marg, New Delhi – 110 016	01 st April 1996	Premises with better infrastructure facilities

The Main objects

- To carry on the business(s) as buyers, sellers, importers, exporters, distributors, agents, Aartia, brokers, factors, stockists, dealers of :-
 - All kinds of foods products and agriculture products.
 - All kinds of handloom, hand-woven natural silk, fabrics handicrafts machine made readymade garments, carpets, rugs, ruggets, artificial silk fabrics, cotton, woollen cloth and apparels, dress materials, cosmetics, wigs, belts, whether raw or processed such as rice, wheat, pulses, sugarcane, oil seeds, spices, grams, maize, gum and gum products, alcohol, beverages, tea and coffee, sugar, mollasses and oil, engineering goods such as machine tools, hand tools, small tools, metals, alloys, iron and steel, metal scrap, iron and steel scrap, brass scrap, copper and copper scrap, aluminium and aluminium scrap, pipes and pipe fittings, nuts and bolts, bicycles and accessories thereof, automobile parts, steel and stainless steel and iron products, iron ore and scraps, metallurgical residues, hides, skins, leather goods, furs, bristles, tobacco (raw and manufactured) hemp, seeds, oils and cakes, edible oils and lubricants, wood and timber, bones, crushed and uncrushed industrial diamonds, coal and charcoal, glue, gums and resins, ivory, lac, shellac manures, pulp or wood, rags, rubber and rubber goods, tanning substances, wax, quartz, crystal, chemicals and chemical preparations, chemical alkalies and reagents, precious and semi precious stones, ornaments, jewelleryes, pearls, drugs and medicines, soaps, detergents, cosmetics, paints, plastic and linoleum articles, glass and glassware, handicrafts, handlooms, toys, machinery and mill work and parts, paper stationery, duplicating and cyclostyling paper, sports goods, textiles made readymade garments, carpets, rugs, druggets, artificial silk fabrics, cotton, woollen cloth and apparels, dress materials, cosmetics wigs, belts, cinematograph films (exposed or bland), telecommunication equipments and devices, gramophone records, audio and video cassettes tapes

(blank or recorded) plastic goods, starch, surgical and musical instrument, marble and hardware items, book and manuscripts, electronic products, gadgets and appliances, inventors and converters, uninterrupted power supplies, emergency lights, electronic mosquitos repellants, sanitaryware and fittings, cellulosic products, nylon and synthetic and polyester fibre and yarns, hosiery and mixed fabrics, natural silk fabrics and garments, fish and fish products, fodder, gases and industrial chemicals, scents indian and foreign and aggarbatis, fertilizer, pesticides and herbicides.

2. To act as commission agents, selling agents, traders, exporters and importers for the business referred to in sub clause (1) above.
3. To sale import, export, improve, prepare, process, manufacture, and market and to carry on the business of canners, preservers, growers, processors of and dealers in fruits, vegetables, herbs, medicines, flowers, drinks fluids and other fresh and preservable products and to carry on the manufacturing and trading in jams, jellys, pickles, cider, chutney, marmalades, vinegars, ketchups, juices, squashes, syrups powders, (edible) drink, crystals custard powder and ice-cream powder, co-conut shell powder, beverages gelatines, essences, meat, sausages, porkpies, prawn, pottend meats, table delicacias and other eatables.
4. To undertake, set up, establish, acquire, carry on, associate, deal in, as growers, cultivators, millers, manufacturers, processors, refiners, job workers, packers, labeling, assembling, brokers, activities related or incidental therein and thereto of foodstuffs, food products including rice, paddy, rice bran, rice bran oil , all varieties of vegetable oil, whether edible or non edible butter, ghee, extract oil from rice bran, copra, soyabean, cotton seeds, linseeds, castor seed, sal seed, ground nut, sugar, sugarcane, sugar beet , molasses, syrups, tea, snacks, fruit, fruit juices, dehydrated preserved or processed vegetable fruit oils, coffee, seeds, floriculture , dairy farms and product nuts, cashewnuts, cereals, grains, pulses, species, beverages and other food products.
5. To set up, establish, acquire, carry on business as importers and exporters in or of all commodities, goods, things, articles, wares, products, components, intellectual property or rights therein and to vary out all activities or to do things as may be expedient or necessary or desirable in connection with this object.

Our subsidiaries

For details of subsidiary and group companies/ concern please refer to section titled “Our subsidiary and group companies/ concern” on page 100 of this Red Herring Prospectus.

Shareholders’ Agreement

Our Company does not have any subsisting shareholder’s agreement as on the date except with the BCCL. Please refer the section titled “Our Business” on page 80 of this Red Herring Prospectus for details of our shareholders agreement with BCCL.

Agreement

Please refer to section titled “Our Business” on page 50 of this Red Herring Prospectus.

Strategic Partners/ financial Partners

The Company does not have any strategic partners or financial partners.

OUR MANAGEMENT

Board of Directors

As per our Articles of Association, we cannot have less than three or more than twelve Directors. We currently have six Directors. Our current board consists of 3 independent and three whole time (executive) directors.

The following table sets forth details regarding our Board of Directors.

Name, Age, Fathers Name, Designation, Address & Occupation of Director and Nationality	Other directorships/ partnerships	Date of Appointment
Mr. Vijay Kumar Arora (48) S/o Late Sh. Raghunath Arora Chairman & Managing Director 807, Asiad Village, New Delhi Occupation: Business Nationality: Indian DIN: 00012203	<ul style="list-style-type: none"> • Daawat Foods Private Limited • Nature Bio-Foods Limited • LT International Ltd. • Sona Global Limited • Nice International FZE • RS Rice and General Mills (Partnership Firm) 	First Director Re-appointed on September 29, 2004
Mr. Ashwani Arora (41) S/o Late Sh. Raghunath Arora Whole Time Director C-4/60, 2 nd floor, Safdarjung Development Area, New Delhi - 110016 Occupation: Business Nationality: Indian DIN: 00012290	<ul style="list-style-type: none"> • Daawat Foods Private Limited • Nature Bio-Foods Limited • LT International Ltd. • Sona Global Limited • Nice International FZE 	First Director Re-appointed on September 29, 2004
Mr. Surinder Arora (43) S/o Late Sh. Raghunath Arora Whole Time Director House No. 1310, Sector – 14, Sonapat, Haryana – 131001, Occupation: Business Nationality: Indian DIN: 00012420	<ul style="list-style-type: none"> • Nature Bio-Foods Limited • Raghunath Agro Industries (Partnership Firm) 	August 31, 2000, Re-appointed on October 4, 2005
Mr. Suparas Bhandari (60) S/o Mr. Manchandass Bhandari Independent Director 848, Khelgaon, New Delhi - 110049 Retired Government Official Nationality: Indian DIN: 00159637	<ul style="list-style-type: none"> • J.K. Cement Limited • Oswal Chemical & Fertilizer Limited 	February 17, 2006
Mr. Satish Bal (61) S/o Late Mr. Krishna Bal Independent Director Flat B-141, IIT Kharagpur, Kharagpur, Midnapore West, West Bengal– 721302 Occupation: Professor Nationality: Indian DIN: 00198140	Nil	January 5, 2006
Mr. Pramod Bhagat (54) S/o Mr. Gopal Das Bhagat Independent Director Bhagatpura, Old DC Road, Sonapat Occupation: Lawyer Nationality: Indian DIN: 0041812	<ul style="list-style-type: none"> • The Sonapat Urban Co-operative Bank Limited 	February 17, 2006

Brief Biography of our Directors

Vijay Kumar Arora is the Chairman and Managing Director of our Company. Subsequent to completing his Bachelors in Science, Mr. Arora joined the family business in the year 1978. Mr. Arora has also attended the management development programme conducted by the Administrative Staff College, Hyderabad. He has been a promoter director of our Company since inception. His key areas of responsibility are international marketing, strategic planning, finance and business development.

Mr. Arora is currently the Vice President of the All India Rice Exporters Association. He was also the Co-Chairman of Agro Processing Committee constituted by PHD Chamber of Commerce and a member of the "Task Force on Food Grain Sector" constituted by the Ministry of Food Processing. He is a Paul Harris Fellow of the Rotary International.

Ashwani Arora is a whole time Director of our Company. A commerce graduate, he has also attended the management development programme conducted by the Administrative Staff College, Hyderabad. He has been a promoter director of our Company since inception and his key areas of responsibility are marketing and brand promotion of our Company's products in the domestic market.

Surinder Arora is a whole time director of the Company. A matriculate, he joined the partnership firm (LCTR) consisting of family members and has been associated with the Company right since its inception. He has vast experience in procurement, production and plant operation. He is one of the promoters of our Company and has been a director of our Company since the year 2000. His key areas of responsibility are production and procurement.

Suparas Bhandari was appointed as a director on 17th February 2006. He is a graduate in science and law. He has 40 years of experience in general insurance and the agriculture industry. He was the founder Chairman cum Managing Director of Agriculture Insurance Company of India Limited. He was also the director of the Oriental Insurance Company Limited. He is currently on the board of Jodhpur Engineering College and Jodhpur Pharmacy College.

Satish Bal was appointed as a director on 05th January 2006. He has degree in B Tech. (Hons) from IIT Kharagpur, MS in Agricultural Engineering from Louisiana State University USA and a PhD degree from IIT Kharagpur. He is a professor of Agricultural and Food Engineering at IIT, Kharagpur. He has over 37 years of experience and has been actively involved in execution of sponsored R&D projects. He has worked as a UNDP consultant with the Paddy Marketing Board in Sri Lanka and has been a senior consultant to the Agricultural Finance Corporation, New Delhi.

Pramod Bhagat was appointed as a director on 17th February 2006. An advocate by profession, he has over 32 years of experience in the legal field. He is on the panel of several insurance companies and he has represented and worked with several corporates such as Pepsi Foods, Escotel, Atlas Cycle Industries etc. He is also on the board of the Sonapat Urban Co-operative Bank Limited.

Details of Borrowing Powers

Vide a resolution passed at the Extraordinary General Meeting of the Company held on January 5, 2005, the consent of the Company has been accorded to the Board of Directors to borrow monies from time to time, even though the monies so borrowed exceed the aggregate paid up capital of our Company, provided however that the total amount of such borrowings shall not exceed the sum of Rs. 450 crores.

Corporate Governance

The provisions of the listing agreement to be entered into with NSE and BSE, including with respect to corporate governance will be applicable to us immediately upon listing of our Equity Shares on the stock exchanges and we are in compliance with the provisions of the listing agreements with these stock exchanges especially relating to corporate governance, broad basing of management and setting up necessary committees like the Audit Committee and the Shareholders'/ Investors' Grievance Committee. We are in compliance with Clause 49 of the listing agreement in respect of corporate governance specially with respect to broad basing of the Board, constituting the committees such as shareholding/ investor grievance committee details of which are provided herein below. We have constituted the following committees of our Board of Directors for compliance with corporate governance requirements:

- Audit Committee;
- Remuneration Committee;
- Share Transfer Committee/ Investor Grievance Committee.

Composition of Board of Directors:

Sr. No.	Name of the Director	Designation	Nature of Directorship	Date of Expiry of Terms
1.	Mr. V.K. Arora	Chairman & Managing Director	Executive Director	28 th September 2009
2.	Mr. Ashwani Arora	Wholetime Director	Executive Director	28 th September 2009
3.	Mr. Surinder Arora	Wholetime Director	Executive Director	03 rd October 2009
4.	Mr. Suparas Bhandari	Director	Independent Director	Retirement by rotation
5.	Mr. Satish Bal	Director	Independent Director	Retirement by rotation
6.	Mr. Pramod Bhagat	Director	Independent Director	Retirement by rotation

Audit Committee

The Audit Committee was constituted vide a resolution passed by the Board at its meeting held on 17th February 2006. The terms of reference of the Audit Committee covers the matters specified under Section 292A of the Companies Act, 1956. The Committee is responsible for effective supervision of the financial operations and ensuring that financial, accounting activities and operating controls are exercised as per the laid down policies and procedures.

The terms of reference of the Audit Committee comply with the requirements of Clause 49 of the listing agreement, which will be entered into with the stock exchanges in due course. The Audit Committee consists of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Suparas Bhandari	Chairman	Independent Director
Mr. Satish Bal	Member	Independent Director
Mr. Pramod Bhagat	Member	Independent Director

Shareholders' / Investors' Grievance Committee

The Company has formed a Shareholders' / Investors' Grievance Committee pursuant to Clause 49 of the Listing Agreement for looking into the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet etc. The Shareholders' / Investors' Grievance Committee was constituted vide a resolution passed by the Board at its meeting held on 17th February 2006. The composition of the Shareholders' / Investors' Grievance Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Pramod Bhagat	Chairman	Independent Director
Mr. Satish Bal	Member	Independent Director
Mr. Ashwani Arora	Member	Whole Time Director

Remuneration Committee

The Company has constituted a Remuneration Committee pursuant to the requirement of Schedule XIII of the Companies Act, 1956 for approving minimum remuneration to the Executive Directors in the event of absence or inadequacy of profits in any year. This Remuneration Committee, while approving minimum remuneration under Schedule XIII, takes into account the financial position of the Company, trends in industries, Director's qualifications, experience, past performance, past remuneration etc. The Remuneration Committee was constituted vide a resolution passed by the Board at its meeting held on February 17, 2006. The composition of the Remuneration Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Satish Bal	Chairman	Independent Director
Mr. Pramod Bhagat	Member	Independent Director
Mr. Suparas Bhandari	Member	Independent Director

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

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

Ms. Monika Chawla Jaggia – Company Secretary and Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the prevention of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Shareholding of the Directors

Our Articles of Association do not require our Directors to hold any qualification shares. The following table details the shareholding of our Directors in their personal capacity and either as sole or first holder, as at the date of this Red Herring Prospectus.

Name of the Director	Number of Equity Shares	% of Pre-Issue Paid-up Share Capital
Mr. Vijay Kumar Arora	20,87,054	14.42%
Mr. Ashwani Arora	20,66,520	14.28%
Mr. Surinder Arora	20,86,534	14.42%
Total	62,40,108	43.12%

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association. Mr. Vijay Kumar Arora, Mr. Ashwani Arora and Mr. Surinder Arora are entitled to receive remuneration. For further details see “Our Management- Remuneration of Directors” given below.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and Promoters. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated above and transactions disclosed in “Related Party Transactions” on page 131 of this Red Herring Prospectus, our Directors do not have any other interest in our business.

Except as stated otherwise in this Red Herring Prospectus and above, we have not entered into any contract, agreement or arrangement during the preceding 2 years from the date of this Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Remuneration of our Directors

Mr. Vijay Kumar Arora

In terms of the minutes of the EGM held on April 1, 2006, the remuneration payable to Mr. Arora which includes the gross salary and perquisites subject to the limits contained in Schedule XIII of the Companies Act, 1956 has been increased. The gross salary and perquisites payable to him are set out below:

Gross Salary	:	Rs. 1,75,000 per month
Perquisites	:	<ul style="list-style-type: none"> • L.T.C for self and family as per company's rules once a year for anywhere in India or otherwise • Club Fees – maximum two clubs (admission and life membership fees allowed) • Medical reimbursements for self and family subject to a ceiling of 1 months salary in one year or three month's salary in three years • Conveyance – Car facility partly for private and partly for official use • Telephone for official use • Contribution to provident fund, superannuation fund or annuity funds to the extent these either singly or put together is not taxable under the Income Tax Act, 1961 • Earned leave as per the Company's rules • Return holiday passage once in a year by economy class or once in two years by first class to children studying outside India or family staying abroad

Mr. Ashwani Arora

In terms of the minutes of the EGM held on April 1, 2006, the remuneration payable to Mr. Arora which includes the gross salary and perquisites subject to the limits contained in Schedule XIII of the Companies Act, 1956 has been increased. The gross salary and perquisites payable to him are set out below:

Gross Salary	:	Rs. 1,50,000 per month
Perquisites	:	<ul style="list-style-type: none"> • Rent free accommodation • L.T.C for self and family as per Company's rules once a year for anywhere in India or otherwise • Club Fees – maximum two clubs (admission and life membership fees allowed) • Medical reimbursements for self and family subject to a ceiling of 1 months salary in one year or three month's salary in three years • Conveyance – Car facility partly for private and partly for official use • Telephone for official use • Contribution to provident fund, superannuation fund or annuity funds to the extent these either singly or put together is not taxable under the Income Tax Act, 1961 • Earned leave as per the Company's rules • Return holiday passage once in a year by economy class or once in two years by first class to children studying outside India or family staying abroad

Mr. Surinder Arora

In terms of the minutes of the EGM held on April 1, 2006, the remuneration payable to Mr. Arora which includes the gross salary and perquisites subject to the limits contained in Schedule XIII of the Companies Act, 1956 has been increased. The gross salary and perquisites payable to him are set out below:

Gross Salary	:	Rs. 1,50,000 per month
Perquisites	:	<ul style="list-style-type: none"> • L.T.C for self and family as per company's rules once a year for anywhere in India or otherwise • Club Fees – maximum two clubs (admission and life membership fees allowed) • Medical reimbursements for self and family subject to a ceiling of 1 months salary in one year or three month's salary in three years • Conveyance – Car facility partly for private and partly for official use • Telephone for official use • Contribution to provident fund, superannuation fund or annuity funds to the extent these either singly or put together is not taxable under the Income Tax Act, 1961 • Earned leave as per the Company's rules • Return holiday passage once in a year by economy class or once in two years by first class to children studying outside India or family staying abroad

Mr. Suparas Bhandari

Mr. Suparas Bhandari is a director and is paid a sitting fee of Rs. 5,000 per meeting. He is not paid any salary by the Company.

Mr. Satish Bal

Mr. Satish Bal is a director and is paid a sitting fee of Rs. 5,000 per meeting. He is not paid any salary by the Company.

Mr. Pramod Bhagat

Mr. Pramod Bhagat is a director and is paid a sitting fee of Rs. 5,000 per meeting. He is not paid any salary by the Company.

Changes in the Board in the last three years

Name	Date of Appointment	Date of Resignation	Reasons for change
Ashok Arora	September 30, 1993	September 30, 2003	Retired by rotation and not re-appointed
Sukhchain Chawla	August 31, 2000	September 29, 2004	Retired by rotation and not re-appointed
Satish Bal	January 5, 2006	—	Appointed as additional directors (Independent Director for complying with clause 49 pertaining to Corporate Governance).
Suparas Bhandari	February 17, 2006	—	
Pramod Bhagat	February 17, 2006	—	

Brief Profile of our Key Managerial Personnel

Delhi

M.D. Vanjani, President, International Trading Division

Mr. Vanjani, aged 53 years, is a commerce graduate from Delhi University and is also a qualified Chartered Accountant and Company Secretary. He has had 29 years of experience in the commercial and financial sector, 10 of which were spent within the company. He joined our Company in 1996, prior to which he was a director and the CEO of Crownstar

Corporation, London for a period of 3 years. Presently, Mr. Vanjani heads the trading and logistics divisions of the Company. The gross salary drawn by Mr. Vanjani in the last fiscal was Rs. 7,53,000.

Shakti Kumar Salhotra, Chief Financial Controller

Mr. Salhotra, aged 52 years is a commerce graduate from Delhi University, a qualified Chartered Accountant and a Certified Associate of the Indian Institute of Bankers and also has a diploma in finance from the Institute of Chartered Financial Analysts of India. He has had 29 years of experience in the field of finance and banking. Prior to joining the company, Mr. Salhotra worked at the Punjab National Bank as a senior manager. He has been with our Company since 1998 and currently supervises the Finance Department of the Company. The gross salary drawn by Mr. Salhotra in the last fiscal was Rs. 3,96,440.

Naresh C. Gupta, Executive Vice President

Mr. Gupta, aged 41 years, is a commerce graduate and has obtained a post graduate diploma from IIM, Ahmedabad, as well as a diploma in the management development programme from XLRI, Jamshedpur. He has 20 years of experience in FMCG and prior to joining the Company in February 2006, Mr. Gupta has worked in Goodricke Group, Duncan's Tea Ltd. and Brooke Bond (Lipton) India amongst other reputed FMCG brands. He is currently in charge of the domestic operations. The gross salary drawn by Mr. Gupta in the last fiscal was Rs. 2,62,858.

Som Chopra, Vice President, Accounts and Taxation

Mr. Chopra, aged 38 years, is a commerce graduate from Guru Nanak Dev University, Amritsar and also a qualified chartered account. He has thirteen (13) years of experience in the field of taxation and audit. He recently joined our Company on September 1, 2006 as Vice President – Accounts and Taxation. Mr. Chopra is currently drawing a gross salary of Rs. 9,00,000

Monika Chawla Jaggia, Head (Human Resources) and Company Secretary

Ms. Jaggia, aged 28 years, is a commerce graduate from Delhi University and a qualified Company Secretary. Ms. Jaggia has 8 years of experience in the secretarial, insurance and legal sector. She has been with the Company for 8 years and currently heads the Legal, Secretarial, Human Resources and Insurance Departments of the Company. The gross salary drawn by Ms. Jaggia in the last fiscal was Rs. 2,22,720.

Sonepat

Vijay Malik, Vice President (Procurement and Export).

Mr. Malik, aged 46 years is a commerce graduate and has 25 years of experience in the commercial sector. Prior to his appointment in 2000, he was with United Riceland Limited, Kurukshetra for fourteen years. Mr. Malik has been with the company for 6 years and is in charge of the export and procurement divisions of the Company. The gross salary drawn by Mr. Malik in the last fiscal was Rs. 6,89,915.

Tapan Ray, Head (Organic Division)

Mr. Ray, aged 34 years is a Microbiologist, with a Bachelors degree in Agricultural Sciences and a Masters degree in Agricultural Microbiology from the University of Agricultural Sciences, Bangalore. Mr. Ray has 9 years of experience and prior to joining the Company Mr. Ray was the Organic Project in Charge at the Indian Organic Food and also served as quality control inspector (Agricultural Products) at the Institute of Marketology. Mr. Ray heads the Organic Division at the Company. The gross salary drawn by Mr. Ray in the last fiscal was Rs. 4,34,994.

Amritsar

Ashok Arora, President – Punjab Operations

Mr. Ashok Arora, younger brother of our promoter, Mr. V.K. Arora, aged 47 years is a Bachelor in Arts and has been with our Company since 1993 as a director till his resignation in 2003, after which, he took over as President – Punjab Operations. He has 20 years experience in the rice industry and is presently looking after our Punjab unit covering all the areas i.e. production, distribution, packaging etc and all other operations of the company. The gross salary drawn by Mr. Arora in the last fiscal was Rs. 1,44,000.

Shareholding of the Key Managerial Employees

The following table details the shareholding of our key managerial employees, as at the date of this Red Herring Prospectus:

Name	Number of Equity Shares	Percentage of shareholding
M.D. Vanjani	200	0%
Ashok Arora	21,07,640	14.57%
Total	21,07,840	14.57%

Bonus or Profit Sharing Plan for our Key Managerial Employees

There is no bonus or profit sharing plan for our key managerial employees.

Changes in the Key Managerial Personnel during last three years

Sr. No.	Name & Designation	Date of joining	Date of leaving	Reason for change
1.	Mr. NC Gupta	February 1, 2006	Continuing	Appointment as Domestic head
2.	Mr. S Ghosh Roy	April 1, 1998	April 1, 2004	Resignation
3.	Arvind Yadav	September 1, 1997	June 7, 2006	Resignation
4.	Munishwar Vasudeva	January 1, 2001	June 30, 2006	Resignation
5.	Som Chopra	September 1, 2006		Appointed as Vice President – Accounts and Taxation

Payment or benefit to officers of our Company

As part of total compensation, the key managerial personnel are offered a comprehensive and competitive benefit package. Basic coverage includes health care for employees and their families, life insurance, time off to assist in balancing professional and personal needs.

Medical

Our Company has taken Mediclaim Insurance Policy for all our employees and their families. Our Company has tried to cover even the pre existing disease of the employees with the cash less facility.

Leave

The employees are given 12 days casual leave and 15 days earned leave.

Accidental benefits

Our Company has taken a Personal Accidental policy for all the employees to cover up their short term and long term disability.

Gratuity, Provident Fund F and ESI coverage

Our Company has covered all its employees under the provisions of the Gratuity Act, Provident Fund Act and Employees State Insurance Act.

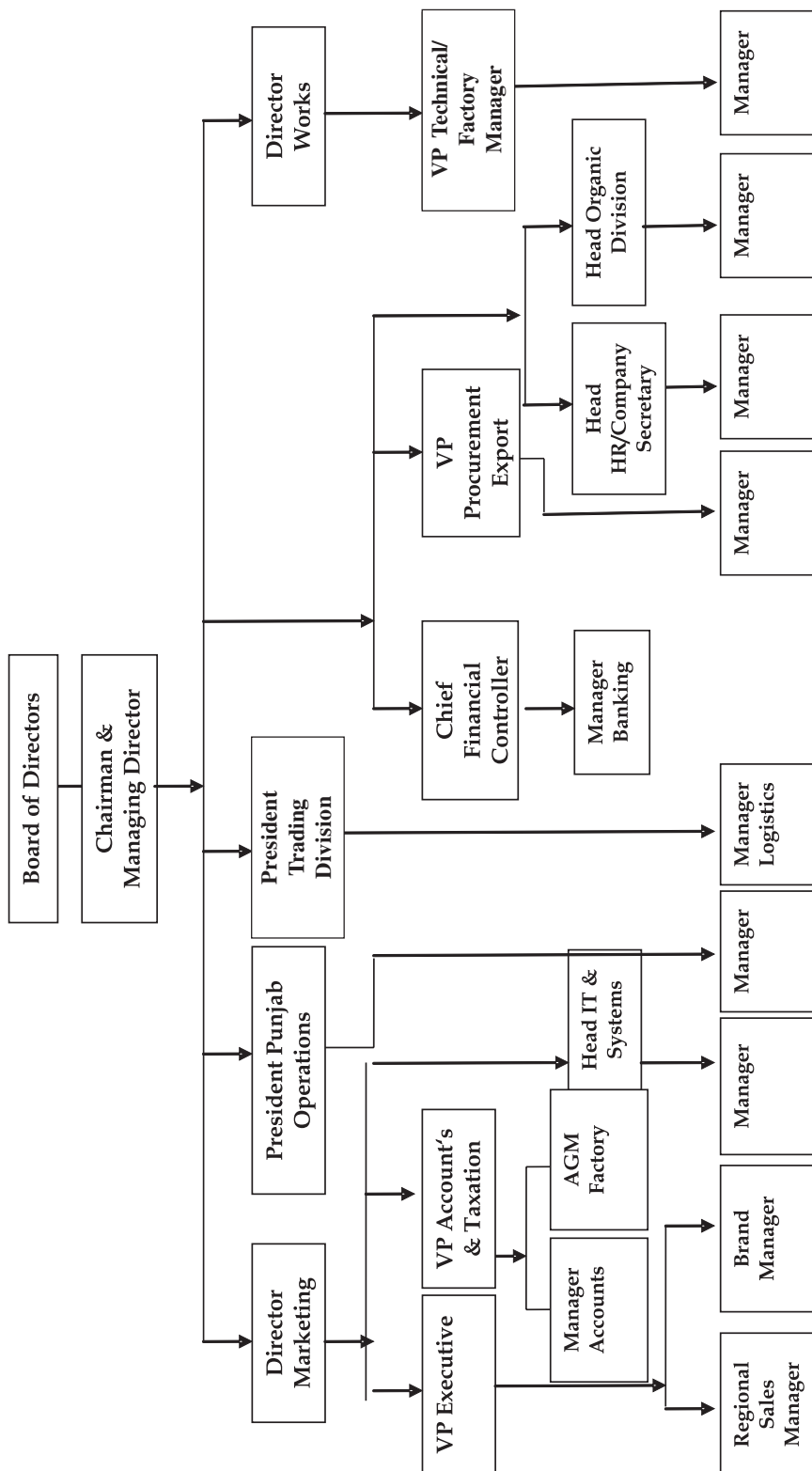
Performance linked incentives

Our Company believes in efficiency and on the basis of the same, an incentive scheme is being followed in the Company for all the departments.

Notes

- All the Key Managerial Personnel are permanent employees of our Company.
- There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
- The Key Managerial Personnel above are not the same as defined in AS-18, Related Party Disclosure, issued by the Institute of Chartered Accountants of India.

Management Organization Chart



OUR PROMOTERS AND THEIR BACKGROUND

The promoters of our Company are Mr. Vijay Kumar Arora, Mr. Ashwani Kumar Arora and Mr. Surinder Kumar Arora.



Mr. Vijay Kumar Arora, aged 48 years, is the Chairman and Managing Director of our Company. After completing his Bachelors in Science, Mr. V.K. Arora joined the family business in the year 1978. Mr. Arora has attended the management development programme conducted by the Administrative Staff College, Hyderabad. He has been a promoter director of our Company since inception. His key areas of responsibility are international marketing, strategic planning, finance and business development.

Mr. Arora is currently the Vice President of the All India Rice Exporters Association. He was also the Co-Chairman of Agro Processing Committee constituted by PHD Chamber of Commerce and a member of the "Task Force on Food Grain Sector" constituted by the Ministry of Food Processing. He is a Paul Harris Fellow of the Rotary International.

Driving License No.: 2348/SSD

Voter ID No: Not available

Passport No: Z-1346337

Pan No.: AAAHV4083J

Bank Account No.: 002901005817 with ICICI Bank, Hauz Khas, New Delhi - 49



Mr. Ashwani Arora, aged 41 years, is a whole time Director of the Company. He is a commerce graduate and has also attended the management development programme conducted by the Administrative Staff College, Hyderabad. He has been a promoter director of our Company since inception and his key areas of responsibility are marketing and the brand promotion of our Company's products in India.

Driving License No.: 2848/SSD

Voter ID No: Not available

Passport No: E2160765

Pan No.: AAAHA5396R

Bank Account No.: 002901005818 with ICICI Bank, Hauz Khas, New Delhi - 49



Surinder Arora is a whole time director of the Company. A matriculate, he joined the partnership firm (LCTR) consisting of family members and has been associated with the Company right since its inception. He has vast experience in procurement, production and plant operation. He is one of the promoters of our Company and has been a director of our Company since the year 2000. His key areas of responsibility are production and procurement.

Driving License No.: 21985/S

Voter ID No: Not available

Passport No: A-1386480

Pan No.: AABHS0880F

Bank Account No.: Savings Bank A/C no. SB-8542 with Oriental Bank of Commerce, Mission Chowk, Sonapat - 131001

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the above Promoters have been submitted to the BSE and NSE at the time of filing the Draft Red Herring Prospectus.

Common Pursuits

Our subsidiary companies, Nature Bio Foods Limited, LT International Limited, Sona Global Limited and Nice International FZE are in similar line of business. Being subsidiaries, these shall not affect business/Profitability of our Company and there is no scope for any conflict of interest.

Further our group Companies Daawat Foods Private Limited and group firm, R.S. Rice and General Mills are in the similar line of business, where our promoters are associated and these entities have leased their manufacturing facilities to our company.

Payment of benefits to the Promoters

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

Interest of Promoters

All our Promoters are interested in the Promotion of our Company and are also interested to the extent of their shareholding, for which they are entitled to receive the dividend declared, if any, by our Company. Our Promoters are also deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them under the Articles.

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

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

One of our group concerns R.S. Rice and General Mills, wherein one of our promoters Mr. V.K. Arora is a partner, have leased out factory premises to our Company. For the details of this lease, please refer to Page 62 of this Red Herring Prospectus.

Sales or Purchase between companies in the Promoter Group

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

Related party transactions

The details of related party transactions have been disclosed as a part of the Auditors Report. For details, please refer page 131 of this Red Herring Prospectus.

OUR SUBSIDIARY AND GROUP CONCERNS

Subsidiary company:-

Name of company: Nature Bio Foods Limited

The company was incorporated on November 11, 2005 with the registration no.U15134DL2005PLC143017. The registered office is situated at A-21, Green Park, New Delhi -110016 and the company is engaged in organic agro products.

Board of Directors

S.No	Directors
1	Mr V.K.Arora
2	Mr Ashwani Arora
3	Mr. Surinder Arora

Shareholding Pattern

Shareholder	No. of Shares held	% shareholding
LT Overseas Ltd.	49,994	99.988%
Vijay Arora	1	0.002%
Surinder Arora	1	0.002%
Ashwani Arora	1	0.002%
Sudarshana Arora	1	0.002%
Vandana Arora	1	0.002%
Sakshi Arora	1	0.002%
Total	50,000	100.00%

Financial Performance

(Rs. in million)

Particulars	FY 2006
Equity capital	0.5
Reserves	-0.02
Sales	0
Profit After Tax	-0.02
Earning per Share(Rs)	0.00
Net Asset Value (Rs)	9.34

Nature Bio Foods Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

Name of company: LT International Limited

The company was incorporated on January 12, 1999 with the registration no.U74899DL1999PLC097892. The registered office is situated at A-807 Asiad Village, New Delhi and the company is merchant exporters and traders.

Board of Directors

S.No	Directors
1	Mr. V.K.Arora
2	Mr. Ashwani Arora
3	Mr. M D Vanjani

Shareholding Pattern

Shareholder	No. of Shares held	% shareholding
LT Overseas Ltd.	1,799,581	90%
Vijay Arora	42,372	2%
Ashwani Arora	49,495	2%
Parvesh Rani	46,711	2%
Surinder Arora	61,821	3%
Manoj Setia	10	0.00050%
M. D. Vanjani	10	0.00050%
Total	2,000,000	100.00%

Financial Performance for the last three years

(Rs. in million)

Particulars	FY 2004	FY 2005	FY 2006
Equity capital	8.92	8.92	20
Reserves	-0.6	-2.17	-2.13
Income	0.01	7.74	96.85
Profit After Tax	-1.52	-1.53	0.004
Earning per Share(Rs)	-	-	0.02
Net Asset Value (Rs)	6.66	6.34	8.93

LT International Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

Name of Company: Sona Global Limited

Sona Global Limited is a wholly owned subsidiary of LT Overseas Limited. The Company has been formed vide Certificate of Registration no. 1027 dated 19.03.2005 with the object to do general trading. The company is in operation as on date. The registered office is situated office No. 15-117, Jebel Ali Free Zone, Dubai, U.A.E

Board of Directors

S.No	Directors
1	Mr. V.K.Arora
2	Mr. Ashwani Arora

Shareholding Pattern

Shareholder	No. of Shares held	% shareholding
LT Overseas Ltd.	10000	100

Financial Performance for the last three years

(Rs. in million)

Particulars	FY 2006
Equity capital	12.15
Reserves	-
Sales	-
Profit After Tax	(0.15)
Earning per Share(Rs)	(15.00)
Net Asset Value (Rs)	12.00

Sona Global Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

Name of company: Nice International FZE

The company was incorporated on April, 2005 with the License no. 6116. The registered office is situated at Office No. 21-121, Jebel Ali Free Zone Dubai and the company is start commercial operations. The company is wholly owned subsidiary of Sona Global Limited a subsidiary of Our Company. The Company is being managed by Manager Mr. Rajesh Vadhwan. The Company is engaged in general trading

Shareholding Pattern

Shareholder	No. of Shares held	% shareholding
Sona Global Limited	1	100%

Financial Performance

(Rs. million)

Particulars	31.12.05
Equity capital	12.15
Reserves	-
Sales	-
Profit After Tax	(0.64)
Earning per Share(Rs)	(0.64)
Net Asset Value (Rs)	11.51

Nice International FZE is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

Name of Firm: Raghunath Agro Industries

The firm was formed on May 6, 1993 with the registration no.372. The office is situated at Poolha Road, Bhikhiwind District, Amritsar, Punjab. The firm owns a Rice milling and processing unit with a capacity of 24,000 MT of paddy.

Partners

Name of Partner	% of Partnership
Ashok Arora	1.00 %
Munish Arora	1.00 %
Surinder Arora	1.00 %
Parvesh Rani	1.00 %
LT Overseas	96.00 %
Total	100.00 %

Financial Performance for the last three years

(Rs. in million)

Particulars	FY 2004	FY 2005	FY 2006
Partner 's capital A/c	18.76	20.83	38.51
Sales	488.44	502.05	496.04
Profit After Tax	1.10	1.08	1.32

Group Company

Name of company Daawat Foods Private Limited

The company was incorporated on May 14, 2005 a with the registration no.U15209DL2005PTC135838. The registered office is situated at A-21, Green Park, New Delhi - 110016 and the company is engaged food products trading and processing. The company has leased its facility to our company.

Board of Directors

S.No	Directors
1	Mr. V.K.Arora
2	Mr. Ashwani Arora
3	Mr. Abhinav Arora

Shareholding Pattern

Name of Shareholders	No. of Shares held	% shareholding
Mr.V.K. Arora	5,000	0.50%
Sh.Ashwani Arora	5,000	0.50%
Smt. Parvesh Rani	240,000	24%
Sh.Surinder Arora	250,000	25%
Ashok Arora	250,000	25%
Hare Krishana Trading Company	10	0.0010%
Sumer Chand & Co	10	0.0010%
Manish Arora	250,000	25%
Naresh Trading Company	10	0.0010%
Rama Krishna Trading Company	10	0.0010%
Joginder Singh	10	0.0010%
Total	1,000,050	100.00%

Financial Performance

(Rs. in million)

Particulars	FY 2006
Equity capital	10.00
Reserves	-0.06
Sales	-
Profit After Tax	-0.06
Earning per Share(Rs)	-
Net Asset Value (Rs)	9.69

Daawat Foods Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

Name of Firm: R S Rice & General Mills

The firm was incorporated on January 18, 1978 with the registration no.3620. The office is situated at Poolha Road, Bhikhiwind District, Amritsar, Punjab. The firm owns a Rice milling and processing unit with a capacity of 24,000 MT of paddy. The firm has leased the said unit to our Company.

Partnership Pattern

Name of Partners	% share in profit & Loss
Raghunath Arora (HUF)	26.00
Gurucharan Dass (HUF)	20.00
Vijay Arora	27.00
Ashok Arora	27.00
Total	100.00

Financial Performance for the last three years

(Rs .in million)

Particulars	FY2004	FY 2005	FY 2006
Partner capital A/c	1.74	1.22	1.08
Sales	-	0.20	0.70
Profit After Tax	0.08	0.10	0.06

Companies from whom promoters have disassociated

Name of company : **Sona International Limited**

The company was incorporated on November 7, 1997 by Mr. V.K. Arora and Ashwani Arora with registration no 03462695. The registered office was situated at 150 Strand London, WC2R1JA and the company was dissolved on September 30, 2003 as company was not operating since incorporation.

CURRENCY OF PRESENTATION

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

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

DIVIDEND POLICY

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

(Rs. in million)

PARTICULARS	For the period ended 31 st March				
	2006	2005	2004	2003	2002
Equity Shares(Face value 10/- each)	7,234,550	6,894,550	6,894,550	6,894,550	6,894,550
Rate of Dividend	25%	0%	0%	0%	0%
Amount of Dividend	18.09	0.00	0.00	0.00	0.00
Corporate Dividend tax	2.54	Nil	Nil	Nil	Nil

SECTION VII - FINANCIAL INFORMATION

Financial Statements of our Company

Auditor's Report

The Board of Directors
LT Overseas Limited
A-21, GREEN PARK,
MAIN AUROBINDO MARG,
NEW DELHI- 110016

Subject: Your Proposed Public Issue

Dear Sirs,

1. We have examined the Financial Statement of M/s L.T. Overseas Limited for the past five accounting years ended on 31-3-2002, 31-3-2003, 31-03-2004, 31-03-2005 and 31-03-2006 and for the period ended on 30.06.2006, being the last date up to which the accounts of the Company have been made up and audited by us. At the date of signing this report, we are not aware of any material adjustment, which would affect the result shown by these accounts in accordance with the requirement of Part II of Schedule II to the Companies Act, 1956.
2. In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act 1956 (the Act), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (SEBI Guidelines) and our terms of reference with the Company dated 24.10.2006 requesting us to make this report for the purpose of the Offering Documents in connection with the public issue of Equity Shares being fresh issue of Equity Shares through book building process, we have examined and report that:
 - (a) The restated assets and liabilities of the Company as at 31-3-2002, 31-3-2003, 31-3-2004, 31-3-2005, 31.03.2006 and 30-6-2006 are as set out in **Annexure-I** to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in **Annexure III** and significant accounting policies given in **Annexure-IV** to this report.
 - (b) The restated profits of the Company for the accounting years ended 31-3-2002, 31-3-2003, 31-3-2004, 31-3-2005, 31.03.2006 and 30-6-2006 are as set out in **Annexure II** to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in **Annexure III** and Significant Accounting Policies given in **Annexure-IV** to this report.
 - (c) The 'Significant Accounting Policies' adopted by the Company are enclosed as **Annexure-IV**.
 - (d) The 'Cash Flow Statement' of the Company for the years ended 31-3-2002, 31-3-2003, 31-3-2004, 31-3-2005, 31.03.2006 and 30-06-2006 are enclosed as **Annexure-V**.
 - (e) The rates of dividend paid by the company in respect of accounting year ended 31-3-2002, 31-3-2003, 31-3-2004, 31-3-2005, 31.03.2006 and 30-6-2006 are as shown in **Annexure-VI** of the report.
 - (f) We have examined the following financial information relating to the Company prepared by the management and approved by the Board of Directors for the purpose of inclusion in the Offer document:-
 - i. Statement on Book Debts in **Annexure-VII** to this report.
 - ii. Accounting Ratios as appearing in **Annexure VIII** to this report.
 - iii. Capitalization Statement as appearing in **Annexure-IX** to this report
 - iv. Statement of tax shelters as appearing in **Annexure-X** to this report.

- v. Statement of Contingent Liabilities in **Annexure-XI** to this report.
- vi. Statement of Related Party in **Annexure-XII** to this report.
- vii. Statement of Segment Reporting in **Annexure-XIII** to this report.
- viii. Statement of Secured and Unsecured Loans as on 30.06.2006, in **Annexure-XIV** to this report.
- ix. Statement on Auditors' Qualification in **Annexure-XV** to this report.

In our opinion the above financial information of the Company read with Notes to adjustment carried out in restated Financial Statement attached in **Annexure-III** and Significant Accounting Policies attached in **Annexure-IV** to this report, after making adjustments and re-grouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.

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

Thanking you,

For **Tilak Chandna & Co.**
Chartered Accountants

(Umed Singh Chaudhary)
Partner
Membership No. 094028

Place : Delhi
Date : 25.10.2006

Summary of Assets and Liabilities as restated

Annexure –I
(Rs. in million)

S.No.	Particular	Schedule	As On	AS On 31st March,				
			30.6.2006	2006	2005	2004	2003	2002
A.	Fixed Assets(A)	1						
	Gross Block		643.37	632.06	647.20	587.23	549.67	391.15
	Less: Depreciation		288.10	274.88	275.02	217.61	160.31	116.15
	Net Block		355.27	357.18	372.18	369.62	389.36	275.00
	Capital work in progress		243.11	162.73	7.73	9.50	2.48	30.73
	Total (A)		598.38	519.91	379.91	379.12	391.84	305.73
B.	Investments(B)	2	81.63	75.78	12.33	8.80	6.23	8.56
	Current Assets							
C.	Loans & Advances(C)							
	Inventories	3	1,827.48	1820.52	1714.94	1446.71	1328.55	1017.97
	Sundry Debtor	4	296.87	445.82	614.45	524.11	457.17	392.51
	Cash & Bank	5	73.82	91.27	56.07	82.48	41.32	20.31
	Loans & Advances	6	207.36	169.05	59.79	116.83	114.47	91.86
	Other Current Assets		20.88	22.49	63.06	66.12	48.11	21.77
	Total (C)		2,426.41	2549.15	2508.31	2236.25	1989.62	1544.42
D.	Liabilities & Provisions							
	Secured Loans	7	2,077.39	2035.70	1788.87	1565.86	1565.99	1215.78
	Unsecured Loan	8	15.24	200.00	209.04	107.11	0.00	0.00
	Current Liabilities & Provisions	9	410.57	327.99	411.78	499.46	412.53	295.15
	Deferred Tax Liabilities	10	32.22	31.95	27.51	25.24	19.89	0.00
	Total (D)		2,535.42	2595.64	2437.20	2197.67	1998.41	1510.93
E.	Tangible Net Worth (A+B+C-D)		571.00	549.20	463.35	426.50	389.28	347.78
F.	REPRESENTED BY:							
	Equity Shares	11	144.69	72.35	68.95	68.95	68.95	68.95
	Reserve & Surplus	12	485.79	531.51	435.62	385.88	331.80	290.91
	Total (F)		630.48	603.86	504.57	454.83	400.75	359.86
	Misc.Expenditure upto the extent not W/off (G)		55.13	52.43	41.22	28.33	11.47	12.08
	Share Issue Expenses		4.35	2.23	0.00	0.00	0.00	0.00
	Tangible Net Worth(F-G)		571.00	549.20	463.35	426.50	389.28	347.78

Summary of Profit & Loss as restated
**Annexure –II
(Rs. in million)**

S.No.	Particular	Schedule	Period Ended 30.6.2006	For the period ended 31st March,				
				2006	2005	2004	2003	2002
A.	INCOME							
	Sale	13						
	Of Products manufactured by the company		723.34	3745.06	2876.27	2951.49	2684.46	1449.96
	Of Products traded by the company		59.20	263.26	730.97	669.78	145.01	344.72
	Total (A)		782.54	4008.32	3607.24	3621.27	2829.47	1794.68
B.	Other Income	14	4.37	37.36	54.12	81.67	63.77	21.29
C.	Accretion / Decretion to stock	15	310.74	-9.96	-54.74	-2.56	166.23	-20.03
D.	TOTAL		1,097.65	4035.72	3606.62	3700.38	3059.47	1795.94
E.	EXPENDITURES							
	Material Consumed/Purchases	16	872.31	3090.95	2716.92	2845.74	2342.74	1271.11
	Staff cost	17	12.60	50.52	44.72	41.45	33.28	25.50
	Manufacturing Expenses	18	22.79	131.22	145.43	109.30	94.63	48.09
	Administrative Expenses	19	20.57	36.38	44.74	40.20	36.81	47.43
	Selling & Distribution Expenses	20	72.29	378.68	381.90	396.84	301.08	204.16
	Deferred Revenue Exps. written off		3.56	11.02	7.04	3.05	2.58	1.21
	Preliminary Exps. Written off		-	-	-	-	0.00	0.00
	Loss on sale of unit		-	6.97	-	-	-	-
	Provision for Bonus Liability not provided for by company		-	1.81	-	1.15	1.35	1.08
	Provision for doubtful debts/recoveries		5.62	9.08	-	-	-	-
	Excess Provisions for Earlier Year Written Back		-	-	(2.23)	(0.88)	(0.62)	-
	TOTAL (E)		1,009.74	3716.63	3338.52	3436.85	2811.85	1598.58
F	Profit Before Interest, Depreciation & Income Tax		87.91	319.09	268.10	263.53	247.62	197.36
G	Interest & Financial Charges	21	43.50	143.62	139.33	143.32	139.56	123.21
H	Depreciation		13.62	57.20	64.26	58.12	48.28	35.16
I	Net Profit Before Tax & Extraordinary Items		30.79	118.27	64.51	62.09	59.78	38.99
J	Taxation							
	- Current Tax		3.50	10.00	12.50	4.00	4.00	2.00
	- Earlier Year Tax		-	0.00	0.00	0.00	0.00	0.57
	- Fringe Benefit Tax		0.40	2.00	-	-	-	-
	- Deferred tax		0.27	4.44	2.27	5.35	7.29	-
	- Excess Provision Earlier Year Written Back		-	(9.51)	-	(1.34)	-	-
K	Net Profit Before Extraordinary Items		26.62	111.34	49.74	54.08	48.49	36.42
L	EXTRA ORDINARY ITEMS		-	-	-	-	-	-
M	Profit After Tax & Extra Ordinary Items		26.62	111.34	49.74	54.08	48.49	36.42

SCHEDULE – 1

(Rs. In Million)

Particulars	GROSS BLOCK			DEPRECIATION					NET BOOK	
	As at April 1 2001	Additions	Sales/ Adj during the period	As at March 31, 2002	As at March 31, 2001	Written off/ written back	Dep. For the Year	Upto March 31, 2002	As at March 31, 2002	As at March 2001
Land	15.51	8.96	0.00	24.47	0.00	0.00	0.00	0.00	24.47	15.51
Building	91.56	13.69	0.00	105.25	8.63	0.00	8.19	16.82	88.43	82.93
Plant & Machinery	183.25	20.75	6.18	197.82	58.14	3.30	21.52	76.36	121.46	125.11
Furniture & Fixtures	5.38	0.21	0.00	5.59	3.22	0.00	0.42	3.64	1.95	2.16
Office Equipments	7.49	0.96	0.00	8.45	3.51	0.00	1.06	4.57	3.88	3.98
Vehicles	16.09	4.06	1.07	19.08	8.65	0.91	2.45	10.19	8.89	7.44
Brand Equity	30.00	0.00	0.00	30.00	3.00	0.00	1.50	4.50	25.50	27.00
Goodwill	0.49	0.00	0.00	0.49	0.05	0.00	0.02	0.07	0.42	0.44
Total	349.77	48.63	7.25	391.15	85.20	4.21	35.16	116.15	275.00	264.57

(Rs. In Million)

Particulars	GROSS BLOCK			DEPRECIATION					NET BOOK	
	As at April 1 2002	Additions	Sales/ Adj during the period	As at March 31, 2003	As at March 31, 2002	Written off/ written back	Dep. For the Year	Upto March 31, 2003	As at March 31, 2003	As at March 2002
Land	24.47	1.72	0.00	26.19	0.00	0.00	0.00	0.00	26.19	24.47
Building	105.25	12.02	0.00	117.27	16.82	0.00	8.74	25.56	91.71	88.43
Plant & Machinery	197.82	142.29	6.64	333.47	76.36	3.70	33.13	105.79	227.68	121.46
Furniture & Fixtures	5.59	2.02	0.00	7.61	3.64	0.00	0.37	4.01	3.60	1.95
Office Equipments	8.45	3.61	0.00	12.06	4.56	0.00	1.50	6.06	6.00	3.89
Vehicles	19.08	4.22	0.72	22.58	10.19	0.41	3.01	12.79	9.79	8.89
Brand Equity	30.00	0.00	0.00	30.00	4.50	0.00	1.50	6.00	24.00	25.50
Goodwill	0.49	0.00	0.00	0.49	0.07	0.00	0.03	0.10	0.39	0.42
Total	391.15	165.88	7.36	549.67	116.14	4.11	48.28	160.31	389.36	275.01

(Rs. In Million)

Particulars	GROSS BLOCK			DEPRECIATION					NET BOOK	
	As at April 1 2003	Additions	Sales/ Adj during the period	As at March 31, 2004	As at March 31, 2003	Written off/ written back	Dep. For the Year	Upto March 31, 2004	As at March 31, 2004	As at March 2003
Land	26.19	4.94	0.00	31.13	0.00	0.00	0.00	0.00	31.13	26.19
Building	117.27	7.92	0.00	125.19	25.56	0.00	8.71	34.27	90.92	91.71
Plant & Machinery	333.47	21.58	1.85	353.20	105.79	0.54	43.84	149.09	204.11	227.68
Furniture & Fixtures	7.61	0.03	0.00	7.64	4.01	0.00	0.66	4.67	2.97	3.60
Office Equipments	12.06	3.77	0.00	15.83	6.06	0.00	2.03	8.09	7.74	6.00
Vehicles	22.58	1.79	0.62	23.75	12.79	0.28	2.88	15.39	8.36	9.79
Brand Equity	30.00	0.00	0.00	30.00	6.00	0.00	0.00	6.00	24.00	24.00
Goodwill	0.49	0.00	0.00	0.49	0.10	0.00	0.00	0.10	0.39	0.39
Total	549.67	40.03	2.47	587.23	160.31	0.82	58.12	217.61	369.62	389.36

(Rs. In Million)

Particulars	GROSS BLOCK			DEPRECIATION					NET BOOK	
	As at April 1 2004	Additions	Sales/ Adj during the period	As at March 31, 2005	As at March 31,2004	Written off/ written back	Dep. For the Year	Upto March 31, 2005	As at March 31, 2005	As at March 2004
Land	31.13	9.38	0.00	40.51	0.00	0.00	0.00	0.00	40.51	31.13
Building	125.19	13.46	0.00	138.65	34.27	0.00	8.89	43.16	95.49	90.92
Plant & Machinery	353.20	37.30	9.35	381.15	149.09	5.87	48.37	191.59	189.56	204.11
Furniture & Fixtures	7.64	0.14	0.00	7.78	4.67	0.00	0.55	5.22	2.56	2.97
Office Equipments	15.83	6.42	0.00	22.25	8.09	0.00	2.31	10.40	11.85	7.74
Vehicles	23.75	3.74	1.12	26.37	15.39	0.98	2.62	17.03	9.34	8.36
Brand Equity	30.00	0.00	0.00	30.00	6.00	0.00	1.50	7.50	22.50	24.00
Goodwill	0.49	0.00	0.00	0.49	0.10	0.00	0.02	0.12	0.37	0.39
Total	587.23	70.44	10.47	647.20	217.61	6.85	64.26	275.02	372.18	369.62

(Rs. In Million)

Particulars	GROSS BLOCK			DEPRECIATION					NET BOOK	
	As at April 1 2005	Additions	Sales/ Adj during the period	As at March 31, 2006	As at March 31,2005	Written off/ written back	Dep. For the Year	Upto March 31, 2006	As at March 31, 2006	As at March 2005
Land	40.51	6.55	8.96	38.10	0.00	0.00	0.00	0.00	38.10	40.51
Building	138.65	7.00	22.20	123.45	43.16	10.31	7.98	40.83	82.62	95.49
Plant & Machinery	381.15	62.36	76.31	367.20	191.59	43.59	40.99	188.99	178.21	189.56
Furniture & Fixtures	7.78	1.63	0.70	8.71	5.22	0.41	0.52	5.33	3.38	2.56
Office Equipments	22.25	2.55	0.89	23.91	10.40	0.50	2.49	12.39	11.52	11.85
Vehicles	26.37	3.40	4.07	25.70	17.03	2.53	2.97	17.47	8.23	9.34
Brand Equity	30.00	0.00	0.00	30.00	7.50	0.00	1.50	9.00	21.00	22.50
Goodwill	0.49	14.50	0.00	14.99	0.12	0.00	0.75	0.87	14.12	0.37
Total	647.20	97.99	113.13	632.06	275.02	57.34	57.20	274.88	357.18	372.18

(Rs. In Million)

Particulars	GROSS BLOCK			DEPRECIATION					NET BOOK	
	As at April 1 2006	Additions	Sales/ Adj during the period	As at June 30, 2006	As at March 31,2006	Written off/ written back	Dep. For the Year	Upto June 30, 2006	As at June 30, 2006	As at March 2006
Land	38.10	-	-	38.10	-	-	-	0.00	38.10	38.10
Building	123.45	0.51	-	123.96	40.83	-	1.76	42.59	81.37	82.62
Plant & Machinery	367.19	7.95	1.63	373.51	188.99	0.40	9.85	198.44	175.07	178.20
Furniture & Fixtures	8.72	0.39	-	9.11	5.33	-	0.16	5.49	3.62	3.39
Office Equipments	23.91	2.00	-	25.91	12.39	-	0.64	13.03	12.88	11.52
Vehicles	25.70	2.09	-	27.79	17.47	-	0.64	18.11	9.68	8.23
Brand Equity	30.00	-	-	30.00	9.00	-	0.38	9.38	20.62	21.00
Goodwill	14.99	-	-	14.99	0.87	-	0.19	1.06	13.93	14.12
Total	632.06	12.94	1.63	643.37	274.88	0.40	13.62	288.10	355.27	357.18

SCHEDULE -2

(Rs. in million)

PARTICULARS	AS ON	AS ON 31st MARCH				
	30.6.2006	2006	2005	2004	2003	2002
INVESTMENT(At Cost)						
TRADE INVESTMENT						
(i) Subsidiary Company						
- L.T. International Ltd. (Long Term)	18.00	18.00	6.00	6.00	6.00	6.00
- Nature Bio Foods Ltd.(Long Term)	0.50	0.50	0.00	0.00	0.00	0.00
- Sona Global Ltd. Dubai (Long Term)	11.94	11.94	0.00	0.00	0.00	0.00
- Daawat Foods Pvt. Ltd. (Long Term)	4.90	0.00	0.00	0.00	0.00	0.00
(ii) INVESTMENT IN GROUP VENTURES						
- M/s Raghunath Agro Industries (Long Term)	35.44	34.99	0.00	0.00	0.00	0.00
(iii) KEYMAN INSURANCE POLICIES						
- Keyman Insurance Policy (Long Term)	9.12	9.12	5.76	2.23	0.00	0.00
OTHER INVESTMENT						
(a) Fully Paid-up Equity Shares (Quoted)						
- Emmsons India Ltd. (Long Term)	0.20	0.20	0.20	0.20	0.20	0.20
- Andhra Bank Ltd. (Long Term)	0.02	0.02	0.02	0.02	0.02	0.02
- Indian Overseas Bank (Current)	-	0.00	0.34	0.34	0.00	0.00
- Punjab National Bank (Current)	-	0.00	0.00	0.00	0.00	2.33
(Share Application Money)						
(b) Fully Paid-up Equity Shares (Unquoted)						
- India International Marketing Ltd.(Long Term)	0.01	0.01	0.01	0.01	0.01	0.01
(c) Mutual Fund (Unquoted)						
Principal Large Cap Fund (Current)	1.00	1.00	0.00	0.00	0.00	0.00
Franklin Temp.Equity Income Fund (Current)	0.50	0.00	0.00	0.00	0.00	0.00
Total	81.63	75.78	12.33	8.80	6.23	8.56

SCHEDULE -3

(Rs. in million)

PARTICULARS	AS ON	AS ON 31st MARCH				
	30.6.2006	2006	2005	2004	2003	2002
INVENTORIES						
(As taken, valued & Certified by Management)						
(Valued at cost or net relisable value whichever is lower)						
Raw Material	751.10	1048.35	932.13	632.37	513.39	360.63
Finished Goods	990.61	680.12	689.85	744.93	747.44	579.04
By Products	0.47	0.21	0.44	0.10	0.16	2.32
Others	85.30	91.84	92.52	69.31	67.56	75.98
Total	1827.48	1820.52	1714.94	1446.71	1328.55	1017.97

SCHEDULE –4
(Rs. in million)

PARTICULARS	AS ON	AS ON 31st MARCH				
	30.6.2006	2006	2005	2004	2003	2002
SUNDRY DEBTORS (Unsecured, Considered good)						
Debts Outstanding Over Six Months	18.69	15.96	16.47	13.60	47.59	24.88
Other Debts	278.18	429.86	597.98	510.51	409.58	367.63
Total	296.87	445.82	614.45	524.11	457.17	392.51

SCHEDULE –5
(Rs. in million)

PARTICULARS	AS ON	AS ON 31st MARCH				
	30.6.2006	2006	2005	2004	2003	2002
CASH AND BANK BALANCES						
Cash on Hand						
- In Indian Currency	2.22	2.54	0.40	0.68	1.20	0.97
- In Foreign Currency	0.01	0.01	0.01	0.00	0.04	0.16
Balances with banks						
- Scheduled Banks						
- Current Account	16.93	25.87	13.12	41.30	16.33	0.84
- Deposit/Margin Money Accounts	54.66	62.85	42.33	40.24	23.61	18.20
- Other Banks						
- Current Account						
ABN AMRO Bank	-	0.00	0.14	0.14	0.14	0.14
Cheque in Hand	-	0.00	0.07	0.12	0.00	0.00
Total	73.82	91.27	56.07	82.48	41.32	20.31

SCHEDULE –6
(Rs. in million)

PARTICULARS	AS ON	AS ON 31st MARCH				
	30.6.2006	2006	2005	2004	2003	2002
LOANS AND ADVANCES (Unsecured & Considered Good unless stated otherwise)						
Advances Recoverable in cash or in kind or value to be received.	203.74	133.08	47.70	105.57	104.36	88.90
Less : Provision for Doubtful Recoveries	12.83	9.08	0.00	0.00	0.00	0.00
	190.91	124.00	47.70	105.57	104.36	88.90
Security Deposit	2.90	2.63	2.12	3.10	2.97	2.70
Taxes Paid	10.61	8.91	8.54	6.03	0.81	0.26

(Rs. in million)

PARTICULARS	AS ON	AS ON 31st MARCH				
	30.6.2006	2006	2005	2004	2003	2002
Advances due from Subsidiaries and Firms/ company in which Directors are interested as partner/Director						
- L.T. International Ltd.	-	2.58	0.00	2.13	6.33	0.00
- Raghunath Agro Industries	5.05	20.74	0.75	0.00	0.00	0.00
- Nature Bio Foods Ltd.	0.89	0.03	0.00	0.00	0.00	0.00
- R.S. Rice & General Mills	-	0.00	0.20	0.00	0.00	0.00
- Sona Global Ltd.	-	0.00	0.48	0.00	0.00	0.00
- Nice International	0.77	0.00	0.00	0.00	0.00	0.00
Sub-Total	6.71	23.35	1.43	2.13	6.33	0.00
Forward Contract Receivable	(3.77)	10.16	0.00	0.00	0.00	0.00
Total	207.36	169.05	59.79	116.83	114.47	91.86

SCHEDULE -7

(Rs. in million)

PARTICULARS	AS ON	AS ON 31st MARCH				
	30.6.2006	2006	2005	2004	2003	2002
SECURED LOANS						
a) Rupee Working Capital Loans From Banks	1,503.22	1,498.13	860.47	697.43	954.52	1,071.28
b) Foreign Currency Working Capital Loans From Banks	121.88	160.66	794.43	775.82	469.82	-
c) Rupee Term Loans From Banks	256.45	243.08	122.44	62.36	92.25	76.43
From Financial Institutions & others	-	-	11.53	30.25	49.40	68.07
d) Other Loans & Advances	195.84	133.83	-	-	-	-
Total	2,077.39	2,035.70	1,788.87	1,565.86	1,565.99	1,215.78

SCHEDULE -8

(Rs. in million)

PARTICULARS	AS ON	AS ON 31st MARCH				
	30.6.2006	2006	2005	2004	2003	2002
UNSECURED LOANS						
a) Short Term Loan						
- From Banks (From ICICI Bank)	15.24	200.00	200.00	-	-	-
- From Others	-	-	9.04	107.11	-	-
b) Others	-	-	-	-	-	-
Total	15.24	200.00	209.04	107.11	0.00	0.00

SCHEDULE -9
(Rs. in million)

PARTICULARS	AS ON	AS ON 31st MARCH				
	30.6.2006	2006	2005	2004	2003	2002
CURRENT LIABILITIES AND PROVISIONS						
LIABILITIES:						
Sundry Creditors	163.16	118.73	140.10	77.41	149.92	240.60
Acceptances	117.19	165.90	159.68	118.95	0.00	0.00
Due to Subsidiary Company	83.87	9.67	4.78	20.37	0.34	10.51
Advances from Customers	8.70	4.61	52.06	10.50	6.71	3.92
Other Liabilities	2.56	3.23	17.69	241.33	234.10	33.86
Unclaimed Dividend	0.18	0.18	-	-	-	-
Sub-Total	375.66	302.32	374.31	468.56	391.07	288.89
PROVISIONS						
Provision for Taxation						
- Income Tax	13.50	10.00	12.50	4.00	4.00	2.00
- Fringe Benefit Tax	2.40	2.00	0.00	0.00	0.00	0.00
Provision for Expenses Payables	13.63	8.29	21.39	23.32	15.03	3.18
Provision for Bonus Liability	5.38	5.38	3.58	3.58	2.43	1.08
Sub-Total	34.91	25.67	37.47	30.90	21.46	6.26
Total	410.57	327.99	411.78	499.46	412.53	295.15

SCHEDULE -10
(Rs. in million)

PARTICULARS	AS ON	AS ON 31st MARCH				
	30.6.2006	2006	2005	2004	2003	2002
Deffered Tax Liability	32.22	31.95	27.51	25.24	19.89	0.00
TOTAL	32.22	31.95	27.51	25.24	19.89	0.00

SCHEDULE –11

(Rs. in million)

PARTICULARS	AS ON	AS ON 31st MARCH				
	30.6.2006	2006	2005	2004	2003	2002
CAPITAL						
Authorised						
25,000,000 (Previous Year:15000000 Equity shares of Rs. 10/- each) Equity Shares of 10/- each	250.00	250.00	150.00	75.00	75.00	75.00
	250.00	250.00	150.00	75.00	75.00	75.00
Issued, Subscribed & Paid-up						
7234550(Previous Year: 6894550 Equity Shares of 10/- each) Equity shares of Rs. 10/- each fully paid up	144.69	72.35	68.95	68.95	68.95	68.95
Total	144.69	72.35	68.95	68.95	68.95	68.95

Note:

The above includes:

- 1) 8,374,505 (Previous Year 1,139,955) equity shares issued of Rs. 10/- each as fully paid up by way of bonus shares by capitalisation of reserves & surplus.
- 2) 4,600,000 (Previous year 4,600,000) equity shares of Rs. 10 each have been issued for consideration other than cash.

SCHEDULE –12

(Rs. in million)

PARTICULARS	AS ON	AS ON 31st MARCH				
	30.6.2006	2006	2005	2004	2003	2002
RESERVE AND SURPLUS						
Profit & Loss Account						
Brought forward Profit from						
Previous year	501.43	423.22	373.48	319.40	283.51	247.09
Less : Accumulated Deferred Tax Liability	-	0.00	0.00	0.00	12.60	0.00
Less : Capitalised for Bonus Issue	72.34	0.00	0.00	0.00	0.00	0.00
	429.09	423.22	373.48	319.40	270.91	247.09
Current Year's Net Profit after appropriation	26.62	78.21	49.74	54.08	48.49	36.42
Profit & Loss Account Balance Carried over to Balance Sheet	455.71	501.43	423.22	373.48	319.40	283.51
Share Premium						
- Opening Balance	6.72	3.32	3.32	3.32	3.32	3.32
- Addition during the year	-	3.40	0.00	0.00	0.00	0.00
Sub-Total	6.72	6.72	3.32	3.32	3.32	3.32

(Rs. in million)

PARTICULARS	AS ON	AS ON 31st MARCH				
	30.6.2006	2006	2005	2004	2003	2002
Capital Reserve						
- Opening Balance	10.86	9.08	9.08	9.08	4.08	4.08
- Capital Subsidy						
- From Ministry of Food Processing Industry against New Milling Unit	-	0.00	0.00	0.00	5.00	0.00
- From Ministry of Agriculture under Grameen Bhandaran Yojna Scheme	-	1.26	0.00	0.00	0.00	0.00
- State Subsidy against Generator	-	0.52	0.00	0.00	0.00	0.00
Sub- Total	0.00	1.78	0.00	0.00	5.00	0.00
Sub-Total	10.86	10.86	9.08	9.08	9.08	4.08
General Reserve						
- Opening Balance	12.50	0.00	0.00	0.00	0.00	0.00
- Addition during the year	-	12.50	0.00	0.00	0.00	0.00
Sub-Total	12.50	12.50	0.00	0.00	0.00	0.00
Total	485.79	531.51	435.62	385.88	331.80	290.91

SCHEDULE -13
(Rs. in million)

PARTICULARS	Period ended	For the period ended 31st March				
	30.6.2006	2006	2005	2004	2003	2002
OF PRODUCTS MANUFACTURED BY THE COMPANY						
Export Sales	165.09	1,560.97	1,544.18	1,860.63	1,713.42	776.84
Domestic Sales	557.44	2,183.51	1,334.16	1,084.66	967.99	669.46
Exchange Difference	0.81	0.58	(2.07)	6.20	3.05	3.66
Sales of Products Traded By the Company##						
Export Sales	-	235.99	659.57	602.99	121.73	321.71
Domestic Sales	59.20	27.27	71.40	66.79	23.28	23.01
Total	782.54	4,008.32	3,607.24	3,621.27	2,829.47	1,794.68

The company has a Trading Division, which deals in trading, including export & import, of various items including Sugar, Wheat, Seeds, Pulses, Engineering & Electrical Goods, Chemicals, Pipes, Glass, Plastic Goods, Scrap etc. Therefore, the trading of various different items in previous five financial years, has been considered as normal trade of the company.

SCHEDULE –14

(Rs. in million)

PARTICULARS	Period ended	For the period ended 31st March				
	30.6.2006	2006	2005	2004	2003	2002
Details of Other Income						
Export Incentives	1.48	13.23	15.96	26.03	33.07	15.51
Income from Partnership Firm	0.45	1.38	-	-	-	-
Dividend	-	0.05	0.04	0.03	-	-
Income from sale of Current Non-Trade Investment	-	0.94	-	-	0.34	-
Interest	0.68	2.44	1.47	1.76	1.58	0.96
Profit on Sale of Fixed Assets	-	0.35	(0.43)	0.05	0.05	0.16
Commission	-	9.69	-	-	-	-
Profit on Exchange Fluctuation	-	3.71	5.97	48.05	14.95	-
Job Work Charges Received	-	-	16.14	-	11.98	-
Insurance Claim Received	-	1.09	6.74	3.84	0.10	1.41
Other Misc. Receipts	1.76	4.48	8.23	1.91	1.70	3.25
Total	4.37	37.36	54.12	81.67	63.77	21.29

SCHEDULE –15

(Rs. in million)

PARTICULARS	Period ended	For the period ended 31st March				
	30.6.2006	2006	2005	2004	2003	2002
INCREASE/ (DECREASE) IN STOCK						
Opening Stock						
- Finished Goods & By-Products	680.33	690.29	651.33	701.47	578.28	573.76
- Other Items	-	0.00	93.70	46.12	3.08	27.63
Less;- Closing Stock						
- Finished Goods & By-Products	991.07	680.33	690.29	651.33	701.47	578.28
- Other Items	-	0.00	0.00	93.70	46.12	3.08
Accretion/ Decretion to stock	310.74	-9.96	-54.74	-2.56	166.23	-20.03

SCHEDULE –16

(Rs. in million)

PARTICULARS	Period ended	For the period ended 31st March				
	30.6.2006	2006	2005	2004	2003	2002
CONSUMPTION						
Raw Material						
Opening Stock	1,102.93	985.34	673.39	557.70	416.63	235.44
Add;- Purchases	570.06	3208.54	3028.87	2961.43	2483.81	1452.30
Sub Total	1672.99	4193.88	3702.26	3519.13	2900.44	1687.74
Less;- Closing Stock	800.68	1102.93	985.34	673.39	557.70	416.63
Total	872.31	3090.95	2716.92	2845.74	2342.74	1271.11

SCHEDULE –17
(Rs. in million)

PARTICULARS	Period ended	For the period ended 31st March				
	30.6.2006	2006	2005	2004	2003	2002
EMPLOYEE COSTS						
Salaries, Wages & Bonus	9.41	36.76	33.42	30.94	23.50	19.29
Contribution to Provident fund and Other funds	0.83	3.96	1.87	2.00	1.50	1.23
Staff Welfare	0.69	5.05	4.09	4.73	2.62	1.53
Staff Recruitment & training Exp.	0.07	1.47	2.30	1.56	3.64	1.27
Managerial Remuneration	1.60	3.28	3.04	2.22	2.02	2.18
Total	12.60	50.52	44.72	41.45	33.28	25.50

SCHEDULE –18
(Rs. in million)

PARTICULARS	Period ended	For the period ended 31st March				
	30.6.2006	2006	2005	2004	2003	2002
OTHER MANUFACTURING EXPENSES						
Ware House/ Factory Rent	1.11	4.46	1.29	2.30	2.31	1.04
Sales Tax	-	1.57	1.00	1.10	3.52	4.14
Labour Charges	3.75	33.91	35.88	25.96	24.67	14.13
Repair & Maintenance Expenses	1.53	3.80	3.56	3.76	4.02	1.38
Job Work	3.78	2.15	3.94	14.08	15.07	1.26
Power & Electricity Charges	8.12	35.11	37.24	35.19	22.00	10.83
Security Services Expenses	0.49	2.47	2.84	1.77	1.21	1.03
Research & Development Exp.	0.04	0.85	0.12	0.00	0.35	0.01
Consumables Stores & Spares	3.97	46.90	59.56	25.14	21.48	14.27
Total	22.79	131.22	145.43	109.30	94.63	48.09

SCHEDULE –19
(Rs. in million)

PARTICULARS	Period ended	For the period ended 31st March				
	30.6.2006	2006	2005	2004	2003	2002
ADMINISTRATION EXPENSES						
Repair & Maintenance & Vehicle Running Exp.	1.33	3.15	7.14	7.84	5.46	5.50
Rent Rate & Taxes	1.00	5.54	10.12	5.16	4.61	10.84
Legal & Professional Expenses	0.73	8.81	6.04	6.32	5.10	2.97
Printing & Stationary	0.57	2.03	2.26	1.99	2.15	1.45
Membership and Subscription Exps.	0.06	0.51	0.23	0.06	0.04	0.25
Insurance	0.18	0.43	1.66	0.29	0.25	2.20
Office Expenses	0.11	0.66	0.74	5.51	3.63	0.21
Communication Expenses	1.22	5.08	5.47	4.48	4.45	3.68

(Rs. in million)

PARTICULARS	Period ended	For the period ended 31st March				
	30.6.2006	2006	2005	2004	2003	2002
Water & Electricity Exp.	0.38	0.80	0.52	0.86	0.70	0.43
Auditor's Remuneration						
– Audit Fees	0.17	0.67	0.33	0.24	0.23	0.15
– Other services	-	0.17	0.05	0.00	0.00	0.00
– Out of Pocket Expenses	-	0.05	0.00	0.00	0.02	0.03
– Company Law Matters	-	0.00	0.00	0.02	0.02	0.03
– Tax audit fees	-	0.00	0.00	0.00	0.02	0.03
– Taxation Matters	-	0.00	0.00	0.00	0.07	0.05
Security Service	-	0.00	0.00	0.21	0.15	0.00
Loss on sale of Current Non-Trade Investments	-	0.00	0.00	0.00	0.00	0.76
Donation	0.03	0.39	0.68	0.59	0.64	0.48
Miscellaneous Expenses	1.20	7.27	2.93	2.99	3.56	2.81
Loss on Exchange Fluctuation	13.45	0.00	0.00	0.00	0.00	12.42
Advertisement	0.14	0.82	6.57	3.64	5.71	3.14
Total	20.57	36.38	44.74	40.20	36.81	47.43

SCHEDULE –20

(Rs. in million)

PARTICULARS	Period ended	For the period ended 31st March				
	30.6.2006	2006	2005	2004	2003	2002
SELLING & DISTRIBUTION EXPENSES						
Selling & Distribution Expenses	18.69	55.16	49.62	54.12	40.00	18.31
Business Promotion	2.36	28.23	31.07	26.41	21.42	12.70
Testing & Fumigation Expenses	2.27	9.34	11.50	11.95	7.69	3.56
E.C.G.C. Charges	0.58	3.98	8.95	9.74	9.21	4.64
Traveling & Conveyance Exp. (Including Director's Foreign Travel)	2.80	14.99	17.51	13.65	14.39	10.65
Clearing & Forwarding & Frt. Charges	16.45	131.54	177.00	157.64	137.98	122.65
Packing Material Consumed	27.44	128.88	77.03	117.60	63.89	31.02
Market Development & Export Exp.	1.70	6.56	9.22	5.73	6.50	0.63
Total	72.29	378.68	381.90	396.84	301.08	204.16

SCHEDULE –21
(Rs. in million)

PARTICULARS	Period ended	For the period ended 31st March				
	30.6.2006	2006	2005	2004	2003	2002
INTEREST & FINANCIAL CHARGES						
Interest to Bank	35.07	114.26	79.05	84.70	98.65	89.16
Interest on Term Loan	4.28	10.70	15.86	15.62	20.31	15.31
Other Interest	-	0.09	18.47	27.72	10.65	9.86
Bank Charges	3.67	18.15	25.95	15.28	9.95	8.88
Premium on Forward Contract	0.48	0.42	0.00	0.00	0.00	0.00
Total	43.50	143.62	139.33	143.32	139.56	123.21

Annexure-III
Notes to Adjustment carried out in restated Financial Statements

Restated financial statement has been prepared in respect of five years commencing from the financial years ended 31.03.2002 to 31.03.2006 and for the period ended 30.06.2006. As a result of restatement of income and expenses amounts, the necessary adjustments have been made against the reserves.

Details of various items adjusted in re-stated accounts

The expenditure incurred towards the brand promotion, advertisement and market development incurred during the accounting period is disclosed under the head miscellaneous expenditure as benefit expected of the same are likely to extend beyond that year and amortized equally in next five years. There has been change in this accounting policy during the year 2005-06, as the expenditure till 31.3.2005 was capitalized under the head intangible asset (brand equity) and amortized equally in next five years. All the previous years' figures relating to Fixed Assets, Depreciation and Misc. Expenditures have also been re-grouped/recast to give the effect of change of this accounting policy. The change has not resulted in overstatement and/or understatement in the profitability of the company.

As per point no. 11 of 'Notes to Accounts' given in Annexure-Iv, the provision of Bonus has been made as per the decision of the Management and the computation of liability as per the Payment of Bonus Act, 1965 is not ascertained. The liability under the Payment of Bonus Act, 1965 has now been calculated and the year-wise difference between the bonus liability actually provided in the books of accounts and the bonus liability calculated as per act is as under:-

Year	Additional Liability of Bonus (Rs. in Million)
2001-02	1.07
2002-03	1.35
2003-04	1.15
2004-05	Nil
2005-06	1.81

ANNEXURE-IV

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE PERIOD 1st APRIL 2006 TO 30TH JUNE, 2006

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

The accompanying financial statements are prepared in accordance with India Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of Companies Act, 1956. These accounting policies have been consistently applied, except where newly issued accounting standard is initially adopted by the company. Management evaluates the effect of accounting standards issued on an on-going basis and ensures they are adopted as mandated by the ICAI.

2. Revenue Recognition

The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

3. Use of Estimates

The preparation of the financial statements in conformity with Accounting Standards & GAAP requires L.T. Overseas' management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include useful life of fixed assets, provisions for doubtful debts, income taxes, write-off of deferred revenue expenditures and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

4. Fixed assets and depreciation

- (a) Fixed assets are stated at cost less accumulated depreciation. All costs including financing cost till commencement of commercial production attributable to the fixed assets are capitalised.
- (b) Depreciation on fixed assets is provided on written down value method at the rate and in the manner prescribed in schedule XIV of the Companies Act, 1956.
- (c) Intangible Assets i.e. Goodwill and Brand Equity - Trade mark, acquired from outside, are Amortized over a period of 20 years.
- (d) Intangible Asset i.e. ERP Software License and Customization, acquired from outside, is amortized over a period of 10 years as the license is for the indefinite period in accordance with the Accounting Standard on "Intangible Assets" (AS-26) issued by the Institute of Chartered Accountants of India.

5. Investment

Trade Investments are the investment made to enhance the company business interest. Investments are either classified as Current or Long Term, based on management intention at the time of purchase. Current Investments are carried at the lower of cost and fair value. Cost of overseas investments comprises the Indian Rupee Value of the consideration paid for the investment.

Long Term Investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Dividends, if any, are recorded as income in the Profit & Loss Account. The amounts paid under Keyman Insurance Policies are considered as Investment.

6. Inventories

The inventories are valued at cost or net realizable value whichever is lower. Under this broad principle, the cost of the Raw Material is determined at FIFO basis and the cost of Finished Goods is ascertained on the basis of absorption costing method, which takes into account all direct and indirect expenses such as freight, direct labour, interest, direct manufacturing expenses but excluding administrative, selling and general expenses are. The inventories of consumables, packing material and bardana are valued on average cost.

7. Foreign Currency Transaction

Revenue from overseas clients and collections deposited in foreign currency bank account are recorded at the exchange rate as of the date of the respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Exchange difference are recorded when the amount is actually received on sales or actually paid when expenditure is incurred, is converted into Indian Rupees. The exchange difference arising on foreign currency transaction is recognized as income or expense in the period in which they arise.

Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of balance sheet. The resulting difference is also recorded in the profit and loss account.

The financial statement of integral foreign operations are translated on the principles stated above as if the transactions of the foreign operations had been those of reporting enterprise itself.

Forward Exchange Contract:

- (a) Entered into to hedge the foreign exchange fluctuations risk in respect of an existing asset/liability (i) the premium or discount arising at the inception of such forward contract is amortized as expense or income over the life of the contract (ii) exchange difference arising on such a contract is recognized in the statement of profit and loss in the reporting period in which the exchange rates change (iii) any profit or loss arising on cancellation or renewal of such a forward contract is recognized as income or exchange for the period.
- (b) Entered into in respect of firm commitments or highly probable forecast transactions (i) exchange difference arising on such contracts is recognized in the statement of the profit and loss in the reporting period in which the contracts are settled to the extent of difference in exchange rate on the date of transaction and date of settlement (ii) any profit or loss arising on cancellation or renewal of such contract is recognized as income or expense for the period computed by applying the exchange rate on the date of transaction and cancellation or settlement as the case may be.

8. Earning Per Share

In determining earning per share, the company considers the net profit after tax. The number of shares used in computing earning per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for deriving basic earning per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

9. Cash Flow Statement

Cash flow are reported using the indirect method, thereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing, and investing activities of the company are segregated.

10. Retirement benefits to employee

Gratuity

Payment for present liability of future payment of gratuity is made to an approved Gratuity Fund, which fully covers the same under Cash Accumulation policy of Life Insurance Corporation of India.

Provident Fund

Eligible employees receive benefits from a provident fund, which set a defined contribution plan. Both the employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary as per the Provident Fund Act, and the contributions are made to a Government administered provident fund.

Leave Encashment

The leave encashment payable to the employees are accounted for as and when paid.

11. Income Tax

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period, based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

12. Borrowing Costs

Borrowing Costs attributable to the acquisition, construction or production a qualifying assets are capitalized as part of the cost of that assets. Borrowing costs, which are not relatable to qualifying assets, are recognized as an expense in the period in which they are incurred.

13. Contingent Liabilities

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

14. Other Accounting Policies

These are consistent with the generally accepted accounting principles and practices.

Changes in Accounting Policies

The Change in accounting policies, if any, during preceding three years are disclosed as part of the auditors report.

Note:

Except as stated hereinabove, there are no other material notes to the auditor's report, which have bearing on the financial status of the Company. Further, all notes to the accounts, significant accounting policies as well as the auditor's qualifications, if any, have been incorporated in the Red Herring Prospectus.

CASH FLOW STATEMENT RESTATED

Annexure - V
(Rs. in million)

PARTICULARS	Period ended	For the period ended 31st March				
	30.6.2006	2006	2005	2004	2003	2002
CASH FLOW FROM OPERATING ACTIVITIES (I)						
- Profit After Tax	26.62	111.34	49.74	54.08	48.49	36.42
- Adjustments						
- Depreciation	13.62	57.20	64.26	58.12	48.28	35.16
- Interest and financial charges	43.50	143.62	139.33	143.32	139.56	123.21
- Income from Partnership Firm	-0.45	-1.38	0.00	0.00	0.00	0.00
- Dividend	0.00	-0.05	-0.04	-0.03	0.00	0.00
- Income from sale of Current Investment	0.00	-0.94	0.00	0.00	-0.34	0.00
- Interest	-0.68	-2.44	-1.47	-1.76	-1.58	-0.96
- Preliminary Exp. Written off	0.00	0.00	0.00	0.00	0.00	0.00
- Pre-Operative Exp. Capitalized	0.00	0.00	0.00	0.00	0.00	0.00
- Differed Revenue Exp. Written off	3.56	11.02	7.04	3.05	2.58	1.21
- Loss/(Profit) on sale of assets	0.70	-0.35	0.43	-0.05	-0.05	-0.16
- Provisions for Taxation	4.17	16.44	14.77	9.35	11.29	2.00
- Dividend	0.00	-20.62	0.00	0.00	0.00	0.00
- Loss on sale of Unit	0.00	6.97	0.00	0.00	0.00	0.00
- Provision for doubtful debts and recoveries	5.62	9.08	0.00	0.00	0.00	0.00
- Provision for Bonus	0.00	1.81	0.00	1.15	1.35	1.07
- Total Operating Cash flow before WC Changes	96.66	331.70	274.06	267.23	249.58	197.95
CHANGES IN WORKING CAPITAL (II)						
- Sundry Debtors	148.95	168.63	-90.34	-66.94	-64.66	-53.89
- Inventory	-6.96	-105.58	-268.23	-118.16	-310.58	-164.34
- Loans and advances	-43.93	-109.26	57.04	-2.36	-22.61	-69.56
- Other Current Assets	1.61	40.57	3.06	-18.01	-26.34	4.71
- Current Liabilities and provisions	78.68	-106.68	-100.19	81.79	112.04	65.43
- Total Working Capital Changes	178.35	-112.32	-398.66	-123.68	-312.15	-217.65
Net Cash From Operating Activities (I) + (II) (A)	275.01	219.38	-124.60	143.55	-62.57	-19.70
CASH FLOW FROM INVESTMENT ACTIVITIES						
- Purchase of Fixed Assets including CWIP	-93.32	-252.99	-68.67	-47.05	-137.27	-62.43
- Proceeds from disposal of fixed assets	0.53	49.17	3.19	1.70	3.30	3.19
- Decrease/(Increase) in Investments	-5.85	-63.45	-3.53	-2.57	2.33	-1.28
- Increase in Deferred Revenue Expenses	-6.26	-22.24	-19.92	-19.92	-2.35	-6.86
- Share issue Expenses	-2.12	-2.23	0.00	0.00	0.00	0.00

(Rs. in million)

PARTICULARS	Period ended	For the period ended 31st March				
	30.6.2006	2006	2005	2004	2003	2002
- Income from Partnership Firm	0.45	1.38	0.00	0.00	0.00	0.00
- Dividend	0.00	0.05	0.04	0.03	0.00	0.00
- Income from sale of Current Investment	0.00	0.94	0.00	0.00	0.34	0.00
- Interest	0.68	2.44	1.47	1.76	1.58	0.96
Total Cash Flow from Investment Activities (B)	-105.89	-286.93	-87.42	-66.05	-132.07	-66.42
CASH FLOW FROM FINANCING ACTIVITIES						
- Equity Share Capital	0.00	3.40	0.00	0.00	0.00	0.00
- Share Premium	0.00	3.40	0.00	0.00	0.00	0.00
- Increase/(Decrease) in Secured Loans	41.69	246.83	223.01	-0.13	350.21	211.65
- Increase/(Decrease) in Unsecured Loans	-184.76	-9.04	101.93	107.11	0.00	0.00
- Interest and financial charges	-43.50	-143.62	-139.33	-143.32	-139.56	-123.21
- Capital Subsidy	0.00	1.78	0.00	0.00	5.00	0.00
Total Cash Flow From Financing Activities (C)	-186.57	102.75	185.61	-36.34	215.65	88.44
Net cash inflow/(outflow) (During the Year) (A+B+C)	-17.45	35.20	-26.41	41.16	21.01	2.32
Cash & Bank Balance in the beginning of the year	91.27	56.07	82.48	41.32	20.31	17.99
Cash & Bank Balance at the end of the year	73.82	91.27	56.07	82.48	41.32	20.31

STATEMENT OF DIVIDEND PAID

Annexure - VI
(Rs. in million)

PARTICULARS	Period ended	For the period ended 31st March				
	30.6.2006	2006	2005	2004	2003	2002
Equity Shares (Face value 10/- each)	14,469,100	7,234,550	6,894,550	6,894,550	6,894,550	6,894,550
Rate of Dividend	Nil	25%	Nil	Nil	Nil	Nil
Amount of Dividend	Nil	18.09	Nil	Nil	Nil	Nil
Corporate Dividend tax	Nil	2.54	Nil	Nil	Nil	Nil

SUNDRY DEBTORS

Annexure - VII
(Rs. in million)

PARTICULARS	As at	As at 31st March				
	30.6.2006	2006	2005	2004	2003	2002
SUNDRY DEBTORS (Unsecured, Considered good)						
Debts Outstanding Over Six Months	18.69	15.96	16.47	13.60	47.59	24.88
Other Debts	278.18	429.86	597.98	510.51	409.58	367.63
Total	296.87	445.82	614.45	524.11	457.17	392.51

Note: The Debts outstanding from Directors/promoters and other related parties are Nil.

ACCOUNTING RATIO
**Annexure – VIII
(Rs. in million)**

PARTICULARS	As at	As at 31st March				
	30.6.2006	2006	2005	2004	2003	2002
Net Profit Before extraordinary items but after tax, as restated	26.62	111.34	49.74	54.10	48.49	36.43
Less: Preference dividend including tax on dividend	0	0	0	0	0	0
Net profit after preference dividend(B)	26.62	111.34	49.74	54.10	48.49	36.43
Net Worth excluding share application and revaluation reserve at the end of the year	571.00	549.21	463.35	426.50	389.28	347.78
Net Worth excluding share application and revaluation reserve and preference share capital at the end of the year	571.00	549.21	463.35	426.50	389.28	347.78
Weighted average number of equity shares outstanding during the year - Nos. (Before Bonus Issue)	14,469,100	7,143,262	6,894,550	6,894,550	6,894,550	6,894,550
Weighted average number of equity shares outstanding during the year - Nos. (After 7,234,550 Bonus Issue of Equity Shares of Rs. 10/- each fully paid-up.)	14,469,100	14,377,812	14,129,100	14,129,100	14,129,100	14,129,100
Total Number of Equity shares outstanding at the end of the year - Nos.	14,469,100	7,234,550	6,894,550	6,894,550	6,894,550	6,894,550
Earnings Per Share (Rs.)						
– Basic before Bonus Issue	7.38*	15.59	7.21	7.85	7.03	5.28
– Basic after Bonus Issue	7.38*	7.74	3.52	3.83	3.43	2.58
Return on Net Worth (%)	18.70**	20.27	10.73	12.69	12.46	10.47
Net Asset Value/ Book Value per share (Rs.)	39.46	75.91	67.21	61.86	56.46	50.44
Earning Per Share (Rs.)	Net Profit attributable to Equity Shareholders Weighted average number of Equity Shares outstanding during the period					
Return on Net worth (%)	Net Profit attributable to Equity Shareholders x 100 Net Worth excluding revaluation reserve at the end of the year					
Net asset Value per share	Net Worth excluding revaluation reserve at the end of the year Weighted average number of Equity Shares outstanding during the period					

*Annualised Earning Per Share. EPS for the Quarter ending 30.6.2006 is Rs. 1.84.

**Annualised Return on Net Worth. Return on Net Worth for the Quarter ending is 4.66%

CAPITALISATION STATEMENT

Annexure-IX
(Rs. In million)

PARTICULARS	PRE-ISSUE As on 30.06.2006	POST-ISSUE *
BORROWINGS		
Short Term Debts**	1836.18	
Long Term Debts***	256.45	
Total Debts	2092.63	
SHAREHOLDERS' FUNDS		
Share Capital##	144.69	
Reserves	485.79	
Less : Misc. Expenses	59.48	
Total Shareholders' Funds	571.00	
Total Capitalisation	2663.63	
Long Term-Debt/Equity Ratio	0.45	
Total Debt/Equity Ratio	3.66	

* The Post-Issue capitalisation cannot be determined till the completion of the Book-Building Process.

** Short Term Debts are loans taken from Banks/Financial Institutions for working capital requirement and are due within one year from the date of above statement.

***Long Term Debts are term loans taken from Banks/Financial Institutions for acquisition/purchase of Fixed Assets.

The shareholders accorded their approvals for issue of bonus shares in the ratio of 1:1 at their Extra ordinary General Meeting held on 1st April, 2006.

STATEMENT OF TAX SHELTER

Annexure – X
(Rs. in millions)

PARTICULARS	Period ended	For the period ended 31st March				
	30.6.2006	2006	2005	2004	2003	2002
Profit before tax as per Restated Summary Statement	30.70	118.27	64.51	62.09	59.78	38.99
Rate of Tax %	33.66	33.66	36.59	35.875	36.75	35.70
Notional Tax at Rate of Tax	10.36	39.81	23.61	22.27	21.97	13.92
Provision for Income Tax as per Restated Summary Statement	3.50	10.00	12.50	4.00	4.00	2.00
Difference (A)	6.86	29.81	11.11	18.27	17.97	11.92
Adjustments:						
Permanent differences: (B)						
Deduction u/s 80HHC of the Income Tax Act 1961.	0.00	0.00	0.00	(39.39)	(38.29)	(27.18)

(Rs. in millions)

PARTICULARS	Period ended	For the period ended 31st March				
	30.6.2006	2006	2005	2004	2003	2002
Deduction u/s 80IB of the Income Tax Act 1961.	(24.59)	(135.90)	(30.18)	(9.73)	0.00	0.00
Deduction u/s 80 G of the Income Tax Act 1961	0.00	0.00	(0.14)	(0.13)	(0.18)	(0.30)
Loss on sale of Fixed Assets	0.70	6.97	0.00	0.00	0.00	(0.16)
Donation	0.03	0.39	0.67	0.59	0.00	0.48
Keyman Insurance Premium	0.00	0.00	(3.33)	0.00	0.00	0.00
Others	(9.80)	0.00	(2.22)	(0.87)	(0.62)	0.00
Total (B)	(33.66)	(128.54)	(35.20)	(49.53)	(39.09)	(27.16)
Temporary differences: (C)						
Difference between Tax Depreciation and Book Depreciation	(.83)	7.17	(18.67)	(14.92)	(19.84)	(12.91)
Provision for Bonus	3.70	3.10	0.00	2.36	1.35	1.08
Total (C)	2.87	10.27	(18.67)	(12.56)	(18.49)	(11.83)
Net Adjustments (D = B + C)	(30.70)	(118.27)	(53.87)	(62.09)	(57.58)	(38.99)
Tax Saving on adjustment	(10.36)	(39.81)	(19.71)	(22.27)	(21.16)	(13.92)
Tax paid u/s 115JB of Income Tax Act	(3.45)	(10.10)	(1.16)	(1.77)	(0.94)	(0.80)
Short/(Excess) Provision of Income Tax	(0.05)	0.10	(7.44)	(2.23)	(2.25)	(1.20)
Total (E)	(6.86)	(29.81)	(11.11)	(18.27)	(17.97)	(11.92)

Annexure-XI
CONTINGENT LIABILITIES & CAPITAL COMMITMENT
(Rs. in millions)

	30.6.2006	2006	2005	2004	2003	2002
(a) Claims against the Company not acknowledged as debts :						
(i) Income-tax claims (Under appeals)	32.53	32.53	6.88	Nil	1.10	1.10
(ii) HRDF demand of Market Committee, Sonapat	16.67	16.67	7.57	7.57	7.57	7.57
(iii) Sales Tax	3.24	3.24	0.16	Nil	Nil	1.71
(iv) Recovery proceeding by Standard Chartered Bank	9.93	9.93	9.93	9.93	9.93	9.93
(v) Liability against EPCG License commitment	1.15	1.15	1.15	Nil	Nil	Nil
(vi) Suit filed by a firm for Damages for breach of contract and interest for supply of Goods.	3.89	3.89	Nil	Nil	Nil	Nil
(b) Capital Contracts Remaining to be executed on capital account and not provided for.	74.85	115.81	57.85	4.67	Nil	0.62
(c) Letter of Credits opened with bankers and remaining outstanding	36.83	88.17	392.77	120.47	35.00	109.32
(d) Guarantees given by Banks on behalf of the company	195.37	161.78	34.55	189.32	152.90	47.24
(e) Liability against Duty for Export Obligation under EPCG Licences	68.51	65.94	35.21	N.A	N.A	N.A

Related Party Disclosure

The Company has entered into the following related party transactions. As on 30th June, 2006 such parties and transactions are identified as per Accounting Standard 18 issued by Institute of Chartered Accountants of India:

a) Key Management Personnel:

- Sh.V.K.Arora - CMD
- Sh.Ashwani Arora - Whole Time Director
- Sh.Surinder Arora - Whole Time Director
- Sh. Ashok Arora - President-Punjab Operation

b) List of Persons Having Controlling Interest together with their relatives

Key Management Personnel	Mother	Wife	Brother	Sister	Son	Daughter	Associates
V.K.Arora	Parvesh Rani	Ranju Arora	Ashok Arora Ashwani Arora Surinder Arora	Neelu Grover	Abhinav Arora	Sona Arora	Swami Freight Arora Brokers R.S.Rice & General Mills Sona Franchisee
Ashwani Arora	Parvesh Rani	Vandana Arora	Ashok Arora V.K.Arora Surinder Arora	Neelu Grover	Ritesh Arora	Sanjana Arora	Raghunath Arora (HUF) Sona Franchisee
Surinder Arora	Parvesh Rani	Sakshi Arora	Ashok Arora V.K.Arora Surinder Arora	Neelu Grover	Anmol Arora	Isha Purva	
Ashok Arora	Parvesh Rani	Anita Arora	Ashwani Arora V.K.Arora Surinder Arora	Neelu Grover	Rahul Arora Suhail Arora		R.S.Rice & General Mills

c) Enterprises over which person having controlling interest in Company / Key Management personnel along with their relatives are able to exercise significant influence:

- M/s Swami Freight Brokers
- M/s R. S. Rice & General Mills
- M/s Sona Franchisee
- M/s Daawat Foods Pvt. Ltd.

d) Details of Transactions with related Party
(Rs. in millions)
DETAILS OF TRANSACTION WITH RELATED PARTIES

Related Party	Relationship	Nature of Transaction	June, 06	2005-06	2004-05	2003-04	2002-03	2001-02
V.K.Arora	Key Management Personnel	Remuneration	0.53	0.97	0.57	0.40	0.30	0.30
Ashwani Arora	Key Management Personnel	Remuneration	0.59	1.45	1.13	0.80	0.88	0.83
Surinder Arora	Key Management Personnel	Remuneration	0.45	0.52	0.52	0.30	0.30	0.27
Ashok Arora	Key Management Personnel	Remuneration	0.06	0.14	0.14	0.19	0.24	0.24
Abhinav Arora	Key Management Personnel	Remuneration	0.08	-	-	-	-	-
Sukhchain Chawla	Director	Remuneration	-	-	0.30	0.30	0.27	-
V.K.Arora	Key Management Personnel	Dividend	-	2.59	-	-	-	-
Ashwani Arora	Key Management Personnel	Dividend	-	2.56	-	-	-	-
Surinder Arora	Key Management Personnel	Dividend	-	2.04	-	-	-	-
Ashok Arora	Key Management Personnel	Dividend	-	2.10	-	-	-	-
Abhinav Arora	Key Management Personnel	Dividend	-	-	-	-	-	-
Abhinav Arora	Key Management Personnel	Training Expenses	-	1.28	2.22	1.47	1.10	1.23
Sakshi Arora	Wife of Key Management Personnel	Rent	0.36	0.36	0.36	0.15	0.15	0.15
Ranju Arora	Wife of Key Management Personnel	Rent	0.36	0.36	0.36	0.15	0.15	0.15
Vandana Arora	Wife of Key Management Personnel	Rent	0.36	0.36	0.36	0.15	0.15	0.15
Anita Arora	Wife of Key Management Personnel	Rent	0.36	0.36	0.36	0.16	0.16	0.16
Poonam Chawla	Wife of Director	Rent	-	-	-	0.11	0.11	0.11

SEGMENT REPORTING

a) Information about Primary Business Segments

(Amounts in Rs. Million)

		Rice & its Allied Items	Items Other than Rice	Total
1.	SEGMENTREVENUE			
	(a) External Sales	755.54 (3777.06)	27.00 (231.26)	782.54 (4008.32)
	(b) Inter-segment Sales	0.00 0.00	0.00 0.00	0.00 0.00
	© Total revenue	755.54 (3777.06)	27.00 (231.26)	782.54 (4008.32)
2.	Total Revenue of each segment as a percentage of total revenue of all segment	96.55 (94.23)	3.45 (5.77)	100.00 (100.00)
3.	SEGMENT RESULT (Profit / Loss)	27.29 (118.87)	3.49 (1.21)	30.78 (120.08)
4.	Combined Result of all Segment in profit	27.29 (118.87)	3.50 (1.21)	30.79 (120.08)
5.	Combined Result of all segment in loss	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
6.	Segment Result as a percentage of the greater of the totals arrived at 4 and 5 above in absolute amount	88.64 (99.00)	11.36 (1.00)	100.00 100.00
7.	SEGMENT ASSETS	3165.91 (3206.42)	0.00 (2.16)	3165.91 (3208.58)
8.	Segment assets as a percentage of total assets of all segments.	100.00 (99.93)	0.00 (0.07)	100.00 (100.00)

b) Information about Secondary Business Segments

	A. India	Outside India	Total
REVENUE:			
External	165.90 (2210.78)	616.64 (1797.54)	782.54 (4008.32)
Inter segment	Nil Nil	Nil Nil	Nil Nil
Total	165.90 (2210.78)	616.64 (1797.54)	782.54 (4008.32)
Carrying amount of Segment Assets	0.00 0.00	0.00 0.00	3165.91 (3208.58)
Addition to fixed assets	0.00 0.00	0.00 0.00	12.93 (97.98)

**The Assets used for earning revenue from geographical locations above are not maintained separately as the same is impractical and not feasible.

SECURED AND UNSECURED LOANS
Aneexure- XIV
I. SECURED LOAN
(Rs. in millions)

S. No	Particulars	Rate of Interest	Repayment Terms	Amt o/s as on 30.06.06
1	<u>WORKING CAPITAL LOAN</u>			
A	<u>PACKING CREDIT IN RS.</u>			
	Oriental Bank of Commerce	6.75%	One Year	557.33
	Punjab National Bank	6.75%	One Year	166.95
	Indian Overseas Bank	6.75%	One Year	227.62
	Corporation Bank	6.75%	One Year	223.36
B	<u>FOREIGN BILLS PURCHASED IN RS.</u>			
	Oriental Bank of Commerce	6.75%	One Year	137.98
	Punjab National Bank	7.00%	One Year	4.94
	Indian Overseas Bank	7.90%	One Year	2.83
	Corporation Bank	6.76%	One Year	2.78
C	<u>FOREIGN BILLS PURCHASED IN FOREIGN CURRENCY</u>			
	Indian Overseas Bank	LIBOR+.75%	One Year	
D	<u>FOREIGN CURRENCY LOAN</u>			
	Oriental Bank of Commerce	LIBOR+2%	6 Months	121.88
	Indian Overseas Bank	LIBOR+2.50%	6 Months	-
E	<u>CASH CREDIT</u>			
	Oriental Bank of Commerce	9.50%	One Year	33.58
	Punjab National Bank	9.50%	One Year	6.36
	Indian Overseas Bank	11.00%	One Year	11.21
	Corporation Bank	9.50%	One Year	15.28
F	<u>WORKING CAPITAL DEMAND LOAN</u>			
	Punjab National Bank	9.50%	One Year	35.08
	Indian Overseas Bank	11.00%	One Year	44.13
	Corporation Bank	9.50%	One Year	33.78
2	<u>TERM LOANS</u>			
	Oriental Bank of Commerce	9.00%	5 Years	64.11
	Oriental Bank of Commerce	10.50%	5 Years	10.63
	Punjab National Bank	9.00%	5 Years	37.65
	Punjab National Bank	10.75%	5 Years	17.98
	Indian Overseas Bank	10.75%	5 Years	61.74
	Corporation Bank	9.50%	4 Years	38.91
	ICICI Bank - Loan against Property	9.00%	5 Years	20.36

S. No	Particulars	Rate of Interest	Repayment Terms	Amt o/s as on 30.06.06
3.	<u>VEHICLE LOANS</u>			
A.	<u>ICICI Bank</u>			
	Honda VTEC	9.85%	5 Years	0.70
	Santro LS	11.00%	5 Years	-
	Wagon R - LX	10.05%	5 Years	0.21
	Tavera	8.07%	5 Years	0.57
	Getz	6.37%	5 Years	0.33
	Tuscon - SA	10.00%	5 Years	1.04
	Tuscon - AA	9.50%	3 Years	1.11
	Innova	11.75%	3 Years	0.83
B.	<u>HDFC Bank</u>			
	Maruti Alto	6.63%	3 Years	0.28
4	<u>Other Loans & Advances</u>			
	- Cargil International Trading PTE Ltd.	5.22%	One Year	138.24
	- Bunge S.A.	6.11%	One Year	57.60
	Total			2,077.38

II. UNSECURED LOANS

S. No	Particulars	Rate of Interest	Repayment Terms	Amt o/s as on 30.06.06
A.	<u>From Banks</u>			
	- ICICI Bank	8.48%	6 Months	15.24
	Total			15.24

Principal Terms of Secured Loans & Assets Charged as Security

Principal Security

- for PCL/PCFC = Hypothecation of Stock of Paddy and Rice meant for Export.
- For Bills purchased = All Export Documents including Bill of Lading evidencing shipment of goods.
- For BG = 10% Cash margin and counter guarantee from the company.

Collateral Securities:

1. Equitable mortgage of office flats at A-21, Green Park, New Delhi (Three title deeds) having M.V. of Rs One Crore. The super area of the property is 1337 sq. ft. and carpet area is 1003 sq. ft. standing in the name of Mrs. Ranju Arora, Mrs. Sakshi Arora and Mrs. Anita Arora. Equitable mortgage of flat A-21, Green Park, New Delhi (one title deed) standing in name of SMTP Vandana Arora.
2. Equitable mortgage of flat no. 807, type C-1, Asiad Village, New Delhi standing in the name of Mr. Vijay Arora and Mrs. Ranju Arora and having a market value of Rs 1.72 Crore as per valuation report dated 15.09.2001.
3. Equitable mortgage of residential property at 974, Sector-14, Sonapat admeasuring 250 sq. yds, standing in the name of Mr. Gurucharan Dass and having a market value of Rs 0.26 crore as per valuation report dated 22.04.2004.

4. Equitable mortgage and hypothecation of fixed assets of the company having a net book value of Rs 6.70 crore as at 31.03.05 (exclusive of fixed assets relating to Bahalgarh unit and those charged exclusively to other financial companies / pvt sector banks).
5. Equitable mortgage of 1908 sq. yds of land with godowns at village Hamidpur, Delhi having khasra no. 293 and 295 and having a market value of Rs 0.70 crore as per valuation report dated 25.09.2005.
6. First pari passu charge over fixed assets amounting to Rs 27.17 crore as on 31.03.05 of Bahalgarh unit alongwith term lenders to secure term loans/corporate loans. The consortium banks shall have second charge over the same to secure their working capital exposure. Second charge over the fixed assets of the company at Bahalgarh Unit is to secure working capital of the consortium banks.
7. Personal guarantee of directors and family members namely, Sh. Vijay Arora, Sh. Ashok Arora, Sh. Surinder Arora, Sh. Ashwani Arora, Smt Ranju Arora, Smt Anita Arora, Smt Sakshi Arora, Smt Vandana Arora and Sh. Gurucharan Dass Arora have been provided.
8. Equitable mortgage of factory land building standing in the name of M/s Raghunath Agro Industries, situated at Phoola Road, Bhikiwind, Amritsar and having market value of Rs. 1.40 Crore and realizable value of Rs. 1.10 crore.
9. Equitable mortgage of factory land building standing in the name of M/s R.S. Rice & General Mills, situated at Phoola Road, Bhikiwind, Amritsar and having market value of Rs. 2.50 Crore and realizable value of Rs. 2.0 crore.
10. Equitable mortgage of factory land building standing in the name of M/s R.S. Rice & General Mills, M/s Raghunath Agro Industries and Sh. Ashok Arora situated at Bhikiwind, Amritsar and having market value of Rs. 1.99 Crore and realizable value of Rs. 1.50 crore.

Annexure-XV

QUALIFICATIONS IN AUDITORS' REPORT

ACCOUNTING YEAR 2001-02

S.No.	Qualification
--------------	----------------------

- | | |
|----|--|
| 1. | Provision of Bonus has been made as per the decision of the Management and the computation of liability as per the Payment of Bonus Act, 1965 is not ascertained. As per policy of the company gratuity liability will be accounted for on payment basis and thus no provision has been made for gratuity. |
| 2. | Export Receivables due for a period of exceeding six months amounting to Rs. 14,695,371/- are considered doubtful recovery. |

ACCOUNTING YEAR 2002-03

S.No.	Qualification
--------------	----------------------

- | | |
|----|--|
| 1. | Provision of Bonus has been made as per the decision of the Management and the computation of liability as per the Payment of Bonus Act, 1965 is not ascertained. As per policy of the company gratuity liability will be accounted for on payment basis and thus no provision has been made for gratuity. |
|----|--|

ACCOUNTING YEAR 2003-04

S.No.	Qualification
--------------	----------------------

- | | |
|----|--|
| 1. | Provision of Bonus has been made as per the decision of the Management and the computation of liability as per the Payment of Bonus Act, 1965 is not ascertained. As per policy of the company gratuity liability will be accounted for on payment basis and thus no provision has been made for gratuity. |
|----|--|

ACCOUNTING YEAR 2004-05

S.No.	Qualification
-------	---------------

- | | |
|----|---|
| 1. | Provision of Bonus has been made as per the decision of the Management and the computation of liability as per the Payment of Bonus Act, 1965 is not ascertained. The company has taken group gratuity liability policies of Life Corporation for part of its employees and company has made contribution of Rs. 896,805/-. This scheme covering upto date liability of these employees. The gratuity liability of other employees is yet to ascertained and accounted for. |
| 2. | Claims like freight receivables of Rs. 11,622,585 are under settlement and likely variations shall be accounted for in Profit & Loss account in year of settlement. |
| 3. | Sum of Rs. 5,156,855/- have been shown as due from FCI under the head "Loans & Advances" which has not been accepted by the FCI. The company has filled a case against the FCI, which is pending before MRTPC. |
| 4. | Sum of Rs. 792,000/- have shown as due from PEC Ltd. under the head "Loans and Advances". The company had filed a case against the PEC Ltd. for the recovery of the same, before the MRTPC. The MRTPC has passed an order on 13.05.2003 and directed to PEC Ltd., to repay the said money to the company. The matter is reported to be carried to further in appeal by PEC Ltd. |
| 5. | The other current assets include Input Tax Receivable amounting to Rs. 21,165,215, as per return filed by the company under the Haryana VAT Act, which is subject to assessment by the Department, |

ACCOUNTING YEAR 2005-06

S.No.	Qualification
-------	---------------

- | | |
|----|---|
| 1. | Brand Promotion Expenditure The expenditure incurred towards the brand promotion, advertisement and market development incurred during the accounting period is disclosed under the head "Miscellaneous expenditure" as benefit expected of the same are likely to extend beyond that year and amortized equally in next five years. There has been change in this accounting policy during the year as the expenditure till 31.3.2005 was capitalized under the head intangible asset (brand equity) and amortized equally in next five years. The change has resulted in understatement of fixed assets-brand equity (Gross block) by Rs. 77,344,093/- and overstatement of miscellaneous expenditure (Gross) by that amount. Depreciation for the year is also understated by Rs. 11,020,452/-. And Misc. Expenses written off is overstated by Rs. 11,020,452/-.Miscellaneous expenditure to the extent not written off is overstated by Rs. 52,436,745/-.The previous year figures relating to Fixed Assets, Depreciation and Misc. Expenditures have also been re-grouped/recast to give the effect of change of this accounting policy. The change has not resulted in overstatement and/or understatement in the profitability of the company. |
| 2. | Provision of Bonus has been made as per the decision of the Management and the computation of liability as per the Payment of Bonus Act, 1965 is not ascertained. |

Financial Information of our Subsidiary

The Board of Directors

L.T International Ltd.

New Delhi

India

Dear Sirs,

As required for the purpose of certification of statement of accounts to be incorporated in the offer document proposed to be issued by L T Overseas Ltd., in connection with the initial offer of the Equity Shares, we state as follows:

1. We have audited the financial statements of L T International Limited, a subsidiary of L T Overseas Limited, for the five financial year ended March31,2002 to March 31, 2006 and 30th June ,2006 being the last date up to which the accounts have been made in those respective period in accordance with the auditing standards generally accepted India.
2. We certify that the figures included in the annexed statement of Profit and Loss Account of the five financial year ended March 31,2002 to March 31, 2006 , Quarter ended 30.06.2006 and the annexed statement of assets and liabilities as at the end of respective periods along with the significant accounting policies, are prepared from the audited financial statement of the L T International Ltd in accordance with accounting principle generally accepted in india.
3. This report is intended solely for your information and for inclusion in the offer Document inconnection with the proposed IPO of the holding company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

SHAILESH RATHI & ASSOCIATES

Chartered Accountants

(Shailesh Rathi,ACA)

Proprietor

Place : New Delhi

Date : 25.10.2006

L T INTERNATIONAL LTD
(SUBSIDIARY OF L T OVERSEAS LTD)
Summary of Assets and Liabilities as restated
(Rs. in million)

S.No.	PARTICULARS	AS ON	AS ON 31st MARCH				
		30.6.2006	2006	2005	2004	2003	2002
A	Fixed Assets(A)						
	Gross Block	0.78	0.78	0.47	0.47	0.47	0.47
	Less: Depreciation	0.50	0.44	0.31	0.31	0.31	0.25
	Net Block	0.28	0.34	0.16	0.16	0.16	0.22
	Capital work in progress	0.00	0.00	0.00	0.00	0.00	0.00
	Total (A)	0.28	0.34	0.16	0.16	0.16	0.22
B	Investments(B)	20.00	20.00	0.00	0.00	0.00	0.00
	Current Assets						
C	Loans & Advances(C)						
	Inventories	109.35	0.00	0.00	0.00	0.04	0.16
	Sundry Debtor	0.00	0.00	5.00	7.92	9.23	18.62
	Cash & Bank	1.36	0.09	0.08	0.20	3.82	0.95
	Loans & Advances	76.22	0.10	0.20	0.24	0.41	0.59
	Other Current Assets	0.00	0.00	0.26	0.26	0.89	1.41
	Total (C)	186.93	0.19	5.54	8.62	14.39	21.73
D	Liabilities & Provisions						
	Secured Loans	80.39	0.00	0.00	0.00	0.00	16.14
	Unsecured Loan	0.00	0.00	0.00	0.69	0.69	0.69
	Current Liabilities & Prov	109.12	2.67	0.05	2.16	7.66	1.05
	Deferred Tax Liabilities	0.02	0.08	0.01	0.01	0.01	0.00
	Total (D)	189.53	2.75	0.06	2.86	8.36	17.88
E	Tangible Net Worth (A+B+C-D)	17.68	17.78	5.64	5.92	6.19	4.07
F	REPRESENTED BY:						
	Equity Shares	20.00	20.00	8.92	8.92	8.92	8.92
	Reserve & Surplus	-2.32	-2.22	-2.19	-0.66	0.86	0.01
	Total (F)	17.68	17.78	6.73	8.26	9.78	8.93
	Misc.Expenditure upto the extent not W/off (G)	0.00	0.00	1.09	2.34	3.59	4.86
	Share Issue Expenses	0.00	0.00	0.00	0.00	0.00	0.00
	Tangible Net Worth (F-G)	17.68	17.78	5.64	5.92	6.19	4.07

Summary of Profit & Loss as restated
(Rs. in million)

S.No.	PARTICULARS	For the period ended 31st March					
		30.6.2006	2006	2005	2004	2003	2002
A.	INCOME						
	Sale						
	Of Products manufactured by the company	0.00	0.00	0.00	0.00	0.00	0.00
	Of Products traded by the company	0.00	96.85	7.73	0.00	68.63	24.69
	Total (A)	0.00	96.85	7.73	0.00	68.63	24.69
B.	Other Income	0.00	0.01	0.01	0.10	1.89	1.94
C.	Accretion / Decretion to stock	109.35	0.00	0.00	-0.04	-0.12	-0.01
D.	Total	109.35	96.86	7.74	0.06	70.40	26.62
E.	EXPENDITURES						
	Material Consumed/Purchases	109.03	93.63	7.51	0.00	60.65	15.35
	Staff cost	0	0.11	-	0.10	0.43	0.36
	Manufacturing Expenses	0	0.00	0.00	0.00	0.00	0.00
	Administrative Expenses	0.05	0.59	0.49	0.08	0.50	0.60
	Selling & Distribution Expenses	0	0.01	0.01	0.14	4.07	6.29
	Deferred Revenue Exps. written off	0	1.09	1.25	1.25	1.25	0.13
	Preliminary Exps. Written off	0	-	-	-	0.02	0.02
	Loss on sale of unit	0	0.00	-	-	-	-
	Provision for Bonus Liability not provided for by company	0	-	-	-	-	-
	Provision for doubtful debts/ recoveries	0	0.00	-	-	-	-
	Excess Provisions for Earlier Year Written Back	0	-	-	-	-	-
	Total (E)	109.08	95.43	9.26	1.57	66.92	22.75
F.	Profit Before Interest, Depreciation & Income Tax	0.27	1.43	-1.52	-1.51	3.48	3.87
G.	Interest & Financial Charges	0.36	1.25	0.01	0.01	2.51	0.94
H.	Depreciation	0.06	0.13	0.00	0.00	0.06	0.08
I.	Net Profit Before Tax & Extraordinary Items	-0.15	0.05	-1.53	-1.52	0.91	2.85
J.	Taxation						
	- Current Tax	0	0.01	0.00	0.00	0.00	0.00
	- Earlier Year Tax	0	0.00	0.00	0.00	0.00	0.00
	- Fringe Benefit Tax	0	0.00	-	-	-	-
	- Deferred tax	-0.06	0.07	0.00	0.00	-0.01	-
	- Excess Provision Earlier Year Written Back		-	-	-	0.05	-
K.	Net Profit Before Extraordinary Items	-0.09	-0.03	-1.53	-1.52	0.87	2.85
L.	Extra Ordinary Items	-	-	-	-	-	-
M.	Profit After Tax & Extra Ordinary Items	-0.09	-0.03	-1.53	-1.52	0.87	2.85

L T INTERNATIONAL LTD

Notes to Adjustment carried out in restated Financial Statements

1. Restated financial statement have been prepared in respect of five years commencing from the financial years ended 31.03.2002 to 31.03.2006 and quarter ended 30th June,2006. As a result of restatement of income and expenses amounts, the necessary adjustments have been made against the reserves.
2. The affect of AS-22 has been made in respect of timing difference in re-stated accounts .

SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation

The financial statements are prepared in accordance with Indian Generally Accounting Principles ("GAAP ") under the historical cost convention on the accrual basis of accounting and comply with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act,1956.

2. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of financial statements and the reported amount of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. Revenue Recognition

The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

4. Investments

Investments are either classified as Current or Long Term at the time purchase. Current Investments are carried at lower of cost and fair value and long term are carried at cost and provisions recorded to recognize any decline, other than temporary , in the carrying value of each investment.

5. Fixed Assets

Fixed Assets are stated at cost of acquisition as reduced by depreciation.

6. Depreciation

Depreciation on Fixed Assets is provided on written down value method at the rates specified in Schedule XIV to the companies Act 1956.

7. Amortization of Miscellaneous Expenditure

Preliminary expenses are amortized over a period of five years and Deferred Revenue Expenses are amortized over the period Six years .

8. Inventories

Stocks are valued at lower of the cost or market price.

9. Contingent Liabilities

All known liabilities are provided for in the accounts except liabilities of a contingent nature .

10. Foreign Currency Transaction

Foreign Exchange transactions in respect of export earnings are stated at the exchange rate prevailing at the date of Bill of Lading.

11. Other Accounting Policy

Other accounting policies are consistent with generally accounting principles and practices.

The Board of Directors**Nature Bio-Foods Ltd.**

New Delhi
India

Dear Sirs,

As required for the purpose of certification of statement of accounts to be incorporated in the offer document proposed to be issued by L T Overseas Ltd., in connection with the initial offer of the Equity Shares, we state as follows:

1. We have audited the financial statements of Nature Bio-Foods Ltd, as wholly owned subsidiary of L T Overseas Limited, for the financial year ended March 31, 2006 and 30th June,2006 being the last date up to which the accounts have been made in those respective period in accordance with the auditing standards generally accepted India.
2. We certify that the figures included in the annexed statement of Profit and Loss Account of the period ended March 31, 2006 , 30th June ,2006 and the annexed statement of assets and liabilities as at the end of respective periods along with the significant accounting policies, are prepared from the audited financial statement of the Nature Bio-Foods Ltd in accordance with accounting principle generally accepted in India .
3. This report is intended solely for your information and for inclusion in the offer Document in connection with the proposed IPO of the holding company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

SHAILESH RATHI & ASSOCIATES

Chartered Accountants

(Shailesh Rathi,ACA)
Proprietor

Place : New Delhi
Date : 25.10.2006

NATURE BIO - FOODS LTD

(WHOLLY OWNED SUBSIDIARY OF LT OVERSEAS LTD.)

Summary of Assets and Liabilities as restated

(Rs.In Million)

S.NO.	PARTICULAR	30.6.2006	As on 31ST MARCH ,2006
A.	Fixed Assets(A)		
	Gross Block	0.05	0.00
	Less: Depreciation	0	0.00
	Net Block	0.05	0.00
	Capital work in progress	0	0.00
	Total (A)	0.05	0.00
B	Investments(B)	0	0.00
	Current Assets		
C	Loans & Advances(C)		
	Inventories	0	0.00
	Sundry Debtor	0	0.00
	Cash & Bank	0.24	0.50
	Loans & Advances	0.28	0.00
	Other Current Assets	0	0.00
	Total (C)	0.52	0.50
D	Liabilities & Provisions		
	Secured Loans	0	0.00
	Unsecured Loan	0	0.00
	Current Liabilities & Prov	0.93	0.04
	Deferred Tax Liabilities	0	0.00
	Total (D)	0.93	0.04
E	Tangible Net Worth (A+B+C-D)	-0.36	0.46
F	REPRESENTED BY:		
	Equity Shares	0.5	0.50
	Reserve & Surplus	-0.04	-0.01
	Total (F)	0.46	0.49
	Misc.Expenditure upto the extent not W/off (G)	0.82	0.03
	Share Issue Expenses	0	0.00
	Tangible Net Worth (F-G)	-0.36	0.46

Summary of Profit & Loss as Restated for the period
(Rs.In Million)

S.NO.	PARTICULAR	30.6.2006	As on 31ST MARCH ,2006
A	INCOME		
	Sale		
	Of Products manufactured by the company	0.00	0.00
	Of Products traded by the company	0.00	0.00
	Total (A)	0.00	0.00
B	Other Income	0.00	0.00
C	Accretion / Decretion to stock	0.00	0.00
D	Total	0.00	0.00
E	EXPENDITURES		
	Material Consumed/Purchases	0	0.00
	Staff cost	0	0.00
	Manufacturing Expenses	0	0.00
	Administrative Expenses	0.03	0.01
	Selling & Distribution Expenses	0	0.00
	Deferred Revenue Exps. written off	0	0.00
	Preliminary Exps. Written off	0	0.00
	Loss on sale of unit	0	0.00
	Provision for Bonus Liability not provided for by company	0	0.00
	Provision for doubtful debts/ recoveries	0	0.00
	Excess Provisions for Earlier Year Written Back	0	0.00
	Total (E)	0.03	0.01
F	Profit Before Interest, Depreciation & Income Tax	-0.03	-0.01
G	Interest & Financial Charges	0	0.00
H	Depreciation	0.01	0.00
I	Net Profit Before Tax & Extraordinary Items	-0.04	-0.01
J	Taxation		
	- Current Tax	0	0.00
	- Earlier Year Tax	0	0.00
	- Fringe Benefit Tax	0	0.00
	- Deferred tax	0	0.00
	- Excess Provision Earlier Year Written Back	0	0.00
K	Net Profit Before Extraordinary Items	-0.04	-0.01
L	Extra Ordinary Items	0	0.00
M	Profit After Tax & Extra Ordinary Items	-0.04	-0.01

NATURE BIO-FOODS LTD

Notes to Adjustment carried out in restated Financial Statements

Restated financial statement have been prepared in respect of period ended 31.03.2006 and quarter ended 30th June,2006.As a result of restatement of income and expenses amounts., the necessary adjustments have been made where ever applicable.

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation

The financial statements are prepared in accordance with Indian Generally Accounting Principles ("GAAP ") under the historical cost convention on the accrual basis of accounting and comply with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act,1956.

2. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of financial statements and the reported amount of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. Amortization of Miscellaneous Expenditure

Preliminary expenses are amortized over a period of five years.

The Board of Directors**Sona Global Ltd.**

Dubai

Dear Sirs,

As required for the purpose of certification of statement of accounts to be incorporated in the offer document proposed to be issued by L T Overseas Ltd., in connection with the initial offer of the Equity Shares, we state as follows:

1. We have audited the restated financial statements of Sona Global Ltd, as wholly owned subsidiary of LT Overseas Limited registered in accordance with the Offshore Companies regulation of Jebel Ali Free Zone of 2003 under Registrar of Free Zone Company, Dubai, for the financial year ended March 31, 2006 and 30th June, 2006 being the last date up to which the accounts have been made in those respective period in accordance with the auditing standards generally accepted in Dubai.
2. We certify that the figures included in the annexed statement of Profit and Loss Account of the period from 19.3.2005 to March 31, 2006 ,30th June ,2006 and the annexed statement of assets and liabilities as at the end of respective periods along with the significant accounting policies, are prepared from the audited financial statement of the Sona Global Ltd in accordance with accounting principle generally accepted in Dubai. The Assets and Liabilities have been restated from AED to Rupee.
3. This report is intended solely for your information and for inclusion in the offer Document in connection with the proposed IPO of the holding company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

SHAILESH RATHI & ASSOCIATES

Chartered Accountants

(Shailesh Rathi, ACA)

Proprietor

Place : New Delhi

Date : 25.10.2006

SONA GLOBAL LTD

(WHOLLY OWNED SUBSIDIARY OF LT OVERSEAS LTD)

Summary of Assets and Liabilities as restated

(Rs.In Million)

S.NO.	PARTICULAR	30.6.06	31.03.2006
A	Fixed Assets(A)		
	Gross Block	0.0000	0.0000
	Less: Depreciation	0.0000	0.0000
	Net Block	0.0000	0.0000
	Capital work in progress	0.0000	0.0000
	Total (A)	0.0000	0.0000
B	Investments(B)	12.5470	12.1470
	Current Assets		
C	Loans & Advances(C)		
	Inventories	0.0000	0.0000
	Sundry Debtor	0.0000	0.0000
	Cash & Bank	0.1234	0.0008
	Loans & Advances	0.0508	0.0687
	Other Current Assets	10.3182	10.1093
	Total (C)	10.4924	10.1787
D	Liabilities & Provisions		
	Secured Loans	0.0000	0.0000
	Unsecured Loan	0.0000	0.0000
	Current Liabilities & Prov	10.6650	10.3250
	Deferred Tax Liabilities	0.0000	0.0000
	Total (D)	10.6650	10.3250
E	Tangible Net Worth (A+B+C-D)	12.3744	12.0008
F	REPRESENTED BY:		
	Equity Shares	12.5470	12.1470
	Reserve & Surplus	-0.1726	-0.1462
	Total (F)	12.3744	12.0008
	Misc.Expenditure upto the extent not W/off (G)	0.0000	0.0000
	Share Issue Expenses	0.0000	0.0000
	Tangible Net Worth (F-G)	12.3744	12.0008

Summary of Profit & Loss as restated for the period ended
(Rs.In Million)

S.NO.	PARTICULAR	30.6.06	31.03.2006
A	INCOME		
	Sale		
	Of Products manufactured by the company	0.0000	0.0000
	Of Products traded by the company	0.0000	0.0000
	Total (A)	0.0000	0.0000
B	Other Income	0.0000	0.0019
C	Accretion / Decretion to stock	0.0000	0.0000
D	Total	0.0000	0.0019
E	EXPENDITURES		
	Material Consumed/Purchases	0.0000	0.0000
	Staff cost	0.0000	0.0000
	Manufacturing Expenses	0.0000	0.0000
	Administrative Expenses	0.0202	0.1470
	Selling & Distribution Expenses	0.0000	0.0000
	Deferred Revenue Exps. written off	0.0000	0.0000
	Preliminary Exps. Written off	0.0000	0.0000
	Loss on sale of unit	0.0000	0.0000
	Provision for Bonus Liability not provided for by company	0.0000	0.0000
	Provision for doubtful debts/ recoveries	0.0000	0.0000
	Excess Provisions for Earlier Year Written Back	0.0000	0.0000
	Total (E)	0.0202	0.1470
F	Profit Before Interest, Depreciation & Income Tax	-0.0202	-0.1451
G	Interest & Financial Charges	0.0014	0.0011
H	Depreciation	0.0000	0.0000
I	Net Profit Before Tax & Extraordinary Items	-0.0216	-0.1462
J	Taxation		
	- Current Tax	0.0000	0.0000
	- Earlier Year Tax	0.0000	0.0000
	- Fringe Benefit Tax	0.0000	0.0000
	- Deferred tax	0.0000	0.0000
	- Excess Provision Earlier Year Written Back	0.0000	0.0000
K	Net Profit Before Extraordinary Items	-0.0216	-0.1462
L	Extra Ordinary Items	0.0000	0.0000
M	Profit After Tax & Extra Ordinary Items	-0.0216	-0.1462

SONA GLOBAL LTD

1. Notes to Adjustment carried out in restated Financial Statements

- 1.1 Restated financial statement have been prepared in respect of period ended 31.03.2006.and quarter ended 30th June,2006 As a result of restatement of income and expenses amounts., the necessary adjustments have been made where ever applicable.
- 1.2 Assets and Liabilities are restated by converting the AED currency into Indian rupee.

2. LEGAL STATUS AND BUSINESS ACTIVITY

- a) SONA GLOBAL LIMITED is a limited liability company registered as an offshore company under registration no. " O.F. 1027" formed in accordance to the offshore Companies Regulations of Jebel Ali Free zone of 2003.
- b) The company is fully owned subsidiary of L.T. Overseas Limited. The management of the company comprises of directors Mr. Vijay Kumar Arora and Mr. Ashwani Kumar ARORA, Mr. Vijay Kumar Arora is also secretary of the Company.
- c) The company's carries on the business of general trading, owning of properties, acquisition of shares in companies.

3. SIGNIFICANT ACCOUNTING POLICES

The financial statements are prepared under the historical cost convention and in accordance with international Financial Reporting Standards. The significant accounting policies adopted are as follows:-

a) Foreign currency transactions

Transactions in foreign currencies are translated into US Dollars at the rate of exchange ruling on the date of the transaction. The AED figures are converted in to AED at fixed rate of 3.67.

Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Gains or losses resulting from foreign currency transactions are taken to the income statement.

b) Cash and Cash equivalents

Cash and cash equivalents comprises cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

4. Investments

Nice International FZE 1,000,000 (AED)

5. Related Party Transactions

The entity enters into transactions with parties that falls within the definition of a related parties as contained in International standard 24 " Related party disclosures".

The company also provides funds to and receives funds from related parties as and when required as working capital facilities.

6. SHARE CAPITAL

Authorized and paid up share capital	1,000,000
10,000 shares of AED 100 each	

7. SHAREHOLDERS' CURRENT ACCOUNT

L.T. Overseas Ltd.	(822,360)
--------------------	-----------

8. **FINANCIAL INSTRUMENTS : CREDIT, INTEREST
RATE & EXCHANGE RATE RISK EXPOSURES**

Credit Risk

Financial assets which potentially expose the company to concentrations of credit risk comprise principally bank account and receivables. The company's bank accounts are placed with high credit quality financial institutions.

Receivables are stated net of the allowance for doubtful recoveries.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed.

9. **FINANCIAL INSTRUMENTS : FAIR VALUES**

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transactions. The fair values of the investments in unquoted shares are considered to be in excess of their carrying amounts. The fair values of the company's other financial assets and financial liabilities approximates to their carrying values.

10. **CONTINGENT LIABILITIES/CAPITAL COMMITMENTS**

There were no capital or purchase commitments of any significant amount as at the balance sheet date.

The Board of Directors

Nice International FZE

Dubai

Dear Sirs,

As required for the purpose of certification of statement of accounts to be incorporated in the offer document proposed to be issued by L T Overseas Ltd., in connection with the initial offer of the Equity Shares, we state as follows:

1. We have audited the restated financial statements of Nice International FZE, as wholly owned subsidiary of Sona Global Ltd and Fellow subsidiary of L T Overseas Ltd registered in accordance with the General Trading Licence by Commercial Registration Department, Dubai, for the financial year ended December 31, 2005 and 30th June, 2006 being the last date up to which the accounts have been made in those respective period in accordance with the auditing standards generally accepted in Dubai.
2. We certify that the figures included in the annexed statement of Profit and Loss Account of the period from 26.4.2005 to December 31, 2005 , 30th June , 2006 and the annexed statement of assets and liabilities as at the end of respective periods along with the significant accounting policies, are prepared from the audited financial statement of the International FZE in accordance with accounting principle generally accepted in Dubai. The Assets and Liabilities have been restated from AED to Rupee.
3. This report is intended solely for your information and for inclusion in the offer Document in connection with the proposed IPO of the holding company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

SHAILESH RATHI & ASSOCIATES

Chartered Accountants

(Shailesh Rathi, ACA)

Proprietor

Place : New Delhi

Date : 25.10.2006

NICE INTERNATIONAL FZE

(FELLOW SUBSIDIARY OF LT OVERSEAS LTD.)

Summary of Assets and Liabilities as restated As on

(Rs. in million)

S.NO.	PARTICULAR	30.6.06	31.12.2006
A	Fixed Assets(A)		
	Gross Block	0.1006	0.0921
	Less: Depreciation	0.0244	0.0115
	Net Block	0.0762	0.0806
	Capital work in progress	0.0000	0.0000
	Total (A)	0.0762	0.0806
B	Investments(B)	0.0000	0.0000
	Current Assets		
C	Loans & Advances(C)		
	Inventories	0.0000	0.0000
	Sundry Debtor	0.0000	0.0000
	Cash & Bank	1.5219	1.2482
	Loans & Advances	0.4297	0.2612
	Other Current Assets	10.6650	10.3250
	Total (C)	12.6165	11.8343
D	Liabilities & Provisions		
	Secured Loans	0.0000	0.0000
	Unsecured Loan	0.0000	0.0000
	Current Liabilities & Prov	0.7929	0.4065
	Deferred Tax Liabilities	0.0000	0.0000
	Total (D)	0.7929	0.4065
E	Tangible Net Worth (A+B+C-D)	11.8998	11.5084
F	REPRESENTED BY:		
	Equity Shares	12.547	12.1470
	Reserve & Surplus	-0.6471	-0.6386
	Total (F)	11.8998	11.5084
	Misc.Expenditure upto the extent not W/off (G)	0.0000	0.0000
	Share Issue Expenses	0.0000	0.0000
	Tangible Net Worth (F-G)	11.8998	11.5084

Summary of Profit & Loss as restated for the period
(Rs. in million)

S.NO.	PARTICULAR	30.6.06	31.12.2006
A	INCOME		
	Sale		
	Of Products manufactured by the company	0.0000	0.0000
	Of Products traded by the company	0.0000	0.0000
	Total (A)	0.0000	0.0000
B	Other Income	0.2004	0.0034
C	Accretion / Decretion to stock	0.0000	0.0000
D	Total	0.2004	0.0034
E	EXPENDITURES		
	Material Consumed/Purchases	0.0000	0.0000
	Staff cost	0.0000	0.0000
	Manufacturing Expenses	0.0000	0.0000
	Administrative Expenses	0.1755	0.6277
	Selling & Distribution Expenses	0.0000	0.0000
	Deferred Revenue Exps. written off	0.0000	0.0000
	Preliminary Exps. Written off	0.0000	0.0000
	Loss on sale of unit	0.0000	0.0000
	Provision for Bonus Liability not provided for by company	0.0000	0.0000
	Provision for doubtful debts/ recoveries	0.0000	0.0000
	Excess Provisions for Earlier Year Written Back	0.0000	0.0000
	Total (E)	0.1755	0.6277
F	Profit Before Interest, Depreciation & Income Tax	0.0249	-0.6243
G	Interest & Financial Charges	0.0000	0.0028
H	Depreciation	0.0125	0.0115
I	Net Profit Before Tax & Extraordinary Items	0.0124	-0.6386
J	Taxation		
	- Current Tax	0.0000	0.0000
	- Earlier Year Tax	0.0000	0.0000
	- Fringe Benefit Tax	0.0000	0.0000
	- Deferred tax	0.0000	0.0000
	- Excess Provision Earlier Year Written Back	0.0000	0.0000
K	Net Profit Before Extraordinary Items	0.0124	-0.6386
L	Extra Ordinary Items	0.0000	0.0000
M	Profit After Tax & Extra Ordinary Items	0.0124	-0.6386

NICE INTERNATIONAL FZE

1. Notes to Adjustment carried out in restated Financial Statements

1.1 Restated financial statement have been prepared in respect of period ended 31.12.2005 and Half year ended 30th June ,2006. As a result of restatement of income and expenses amounts, the necessary adjustments have been made where ever applicable.

1.2 Assets and Liabilities are restated by converting the AED currency into Indian rupee.

2. LEGAL STATUS AND BUSINESS ACTIVITIES.

a) NICE INTERNATIONAL FZE is a Free Zone Establishment formed with limited liability pursuant to Law No. 9 of 1992 and Implementing Regulations issued there under by Jebel Ali Free Zone Authority of Dubai in the United Arab Emirates.

b) The establishment is a fully owned subsidiary of Sona Global Limited. The Sona Global LIMITED IS FULLY OWNED SUBSIDIEARY OF I.t. overseas Limited. Te management of the Sona Global Limited Company comprises of directors Mr. Vijay Kumar Arora and Mr. Ashwani Kumar Arora.

c) The establishment is managed by Manager Mr. Rajesh Wadhawan.

d) The establishment's carries on the business of general trading.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards. The significant accounting policies adopted are as follows:-

a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated using the straight the method. Office equipments and motor vehicles are depreciated in 4 years.

b) Revenue

Revenue represents the net amount invoiced for the consignments.

c) Foreign Currency Transactions

Transactions in foreign currencies are translated into US Dollars at the rate of exchange ruling on the date of the transaction. the AED figures are converted in to AED at fixed rate of 3.67.

Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Gains or losses resulting from foreign currency transactions are taken to the income statement.

d) Cash and Cash equivalents

Cash and cash equivalents comprises cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

4. FINANCIAL INSTRUMENTS : CREDIT, INTEREST

RATE & EXCHANGE RATE RISK EXPOSURES

Credit Risk

Financial assets which potentially expose the company to concentrations of credit risk comprise principally bank account and receivables.

The company's bank accounts are placed with high credit quality financial institutions.

Receivables are stated net of the allowance for doubtful recoveries.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed.

5. FINANCIAL INSTRUMENTS : FAIR VALUES

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transactions. The fair values of the investments in unquoted shares are considered to be in excess of their carrying amounts. The fair values of the company's other financial assets and financial liabilities approximates to their carrying values.

6. CONTINGENT LIABILITIES/CAPITAL COMMITMENTS

There were no capital or purchase commitments of any significant amount as at the balance sheet date.

Auditors' Report

To,

Board of Directors

LT Overseas Limited

A-21, Green Park, Main Aurobindo Marg,
New Delhi - 110016

1. We have examined the attached Restated Consolidated Balance Sheet of LT Overseas Limited (the Company) and its subsidiaries namely L T International Ltd ,Nature Bio-Foods Ltd , Sona Global Ltd ,Nice International FZE and Raghunath Agro Industries as at June 30, 2006, as at March31,2006 and March31,2005 , the Restated Consolidated Profit and Loss Account and Restated Consolidated Cash Flow Statement for the period ended on these dates, prepared in accordance with Generally Accepted Accounting Principles . The comparative information included in the attached restated consolidated financial statements is extracted from consolidated financial statements examined by us for the period ended june30,2006 , March 31, 2006 and March 31, 2005 on which we issued our opinion on 28.10.2006. We have not performed any additional procedures in relation to the comparative information.
2. These financial statements are the responsibility of LT Overseas Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the Company's subsidiaries namely:
Sona Global Ltd, Nice International FZE, Nature Bio-Foods Ltd, LT International Ltd and Raghunath Agro Industries as at June 30, 2006, as at March31,2006 and March31,2005 .
4. These financial statements of Company's subsidiaries have been audited by other auditors who have submitted their audit opinions, prepared under generally accepted auditing standards of their respective countries, to the shareholders of the respective countries, copies of which have been provided to us by the Company. Our opinion thus, insofar it relates to amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors and figures certified by the management.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of LT Overseas Ltd and its subsidiaries included in the consolidated financial statements.
6. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on the individual audited financial statements of LT Overseas Limited and its aforesaid subsidiaries, we are of the opinion that:
 - (A) the Restated Consolidated Balance Sheets give a true and fair view of the consolidated state of affairs of LT Overseas Limited and its subsidiaries as at June 30, 2006, March 31,2006 and March 31 ,2005 and
 - (B) the Restated Consolidated Profit and Loss Accounts give a true and fair view of the consolidated results of operations of LT Overseas Limited and its subsidiaries for the period ended on the dates mentioned in A above.
7. This report is intended solely for your information and for inclusion in the Offer Document in connection with the Initial Public Offering and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Tilak Chandna & Co.**
Chartered Accountants

(Tilak Chandna)

Partner

Membership No. 82382

Place : New Delhi

Date : 28.10.2006.

Summary of Assets and Liabilities as restated

(Rs. in million)

S.No.	PARTICULARS	AS ON 31st MARCH		
		30.6.2006	2006	2005
A	Fixed Assets(A)			
	Gross Block	667.08	653.92	647.68
	Less: Depreciation	292.30	278.34	275.33
	Net Block	374.78	375.58	372.35
	Capital work in progress	243.11	162.73	7.73
	Total (A)	617.89	538.31	380.08
B	Investments(B)	35.75	30.35	6.33
	Current Assets			
C	Loans & Advances(C)			
	Inventories	1954.78	1858.21	1714.94
	Sundry Debtor	308.02	450.59	614.68
	Cash & Bank	77.50	96.80	56.15
	Loans & Advances	210.41	153.68	59.99
	Other Current Assets	20.87	22.83	63.32
	Total (C)	2571.58	2582.11	2509.08
D	Liabilities & Provisions			
	Secured Loans	2159.05	2037.05	1788.87
	Unsecured Loan	20.97	205.97	209.04
	Current Liabilities & Prov	440.63	324.11	407.05
	Deferred Tax Liabilities	32.24	32.03	27.52
	Minority Interest	4.87	4.81	2.21
	Total (D)	2657.76	2603.97	2434.69
E	Tangible Net Worth (A+B+C-D)	567.46	546.80	460.80
F	REPRESENTED BY:			
	Equity Shares	144.69	72.35	68.95
	Reserve & Surplus	483.07	529.14	434.15
	Total (F)	627.76	601.49	503.10
	Misc. Expenditure upto the extent not W/off (G)	55.95	52.47	42.30
	Share Issue Expenses	4.35	2.22	0.00
	Tangible Net Worth (F-G)	567.46	546.80	460.80

Summary of Profit & Loss as restated
(Rs. in million)

S.No.	PARTICULARS	AS ON 31st MARCH		
		30.6.2006	2006	2005
A	INCOME			
	Sale			
	Of Products manufactured by the company	766.31	4123.43	2874.72
	Of Products traded by the company	59.20	263.26	730.97
	Total (A)	825.51	4386.69	3605.69
B	Other Income	4.09	37.99	48.15
C	Accretion / Decretion to stock	417.51	-64.02	-54.74
D	Total	1247.11	4360.66	3599.10
E	EXPENDITURES			
	Material Consumed/Purchases	1020.92	3357.12	2709.17
	Staff cost	10.53	45.14	37.69
	Manufacturing Expenses	22.16	149.67	149.40
	Administrative Expenses	22.68	42.83	48.27
	Selling & Distribution Expenses	72.32	404.50	379.70
	Deferred Revenue Exps. written off	3.56	12.11	8.29
	Preliminary Exps. Written off	0	-	-
	Loss on sale of unit	0	6.97	-
	Provision for Bonus Liability not provided for by company	0	-	-
	Provision for doubtful debts/ recoveries	5.62	9.08	-
	Excess Provisions for Earlier Year Written Back	0	-	-
	Total (E)	1157.79	4027.42	3332.52
F	Profit Before Interest, Depreciation & Income Tax	89.32	333.24	266.58
G	Interest & Financial Charges	43.98	152.74	139.33
H	Depreciation	14.38	60.34	64.27
I	Net Profit Before Tax & Extraordinary Items	30.96	120.16	62.98
J	Taxation			
	- Current Tax	3.5	10.00	12.50
	- Earlier Year Tax	0	0.00	0.00
	- Fringe Benefit Tax	0.4	2.00	-
	- Deferred tax	0.21	4.51	2.27
	- Excess Provision Earlier Year Written Back		(9.51)	-
	- Minority Interest	0	0.62	(0.50)
K	Net Profit Before Extraordinary Items	26.85	112.54	48.71
L	Extra Ordinary Items	0	-	-
M	Profit After Tax & Extra Ordinary Items	26.85	112.54	48.71

RESTATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30.06.2006

in Rs. Lacs

	CURRENT PERIOD	PREVIOUS YEAR
CASH FLOWS FROM OPEARTING ACTIVITIES		
Profit before Tax	309.59	1203.01
Adjustments to reconcile profit before tax to cash provided by operating activities		
(Profit)/ loss on sale of fixed assets	6.99	66.20
Depreciation	143.76	724.52
Deferred revenue expenditure	35.64	
Interest and Dividend income	(6.80)	(24.84)
Income from Invetment	-	0.00
(Profit)/ loss on sale of investment	-	(9.36)
Provisions for doubtful debts/ recoveries	56.23	(90.77)
Exchange difference on translation of forreign currency cash and cash equivalents	140.22	(61.38)
Provision for current year	(39.00)	(120.04)
Changes in current assets and liabilites	-	
Sundry Debtors	1,425.72	1640.84
Inventory	(965.69)	(1432.69)
Loans and Advances	(604.87)	(582.92)
Other Current Assets	0.85	(39.09)
Current liabilites and provisions	1,165.20	(663.10)
Minority Interest	19.83	
Deffered expenses	(29.06)	(22.58)
NET CASH GENERATED BY OPERATING ACTIVITIES	1,638.76	607.63
CASH FLOW FROM FINANCING ACTIVITES		
Dividends paid during the year, including Dividend Tax	-	(206.23)
Proceeds from issuance of Share Capital	-	68.00
Proceeds from Borrowing Secured	1,220.03	2481.82
Proceeds from Borrowing UnSecured	(1,850.05)	(30.72)
NET CASH USED IN FINANCING ACTIVITIES	(630.02)	2,312.87
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets and changes in Capital		
Work-in-progress	(953.09)	(2763.62)
Proceeds from Disposals of Fixed Assets	6.56	408.35
Investment	(54.00)	(240.22)
Deffered Revenue Expenditure	(62.63)	(101.33)
Interest and dividend Income	6.80	24.84
Income from investment	-	0.00
Profit from Sale of Investment	-	9.36
NET CASH USED IN INVESTING ACTIVITES	(1,056.35)	(2,662.62)

in Rs. Lacs

	CURRENT PERIOD	PREVIOUS YEAR
Effect of exchange Differences on translation of foreign currency cash and cash equivalents	(145.88)	53.50
Excess provision for earlier years	-	95.11
Net(decrease)/increase in cash equivalents during the year	(193.49)	406.50
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	967.94	561.44
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	775.06	967.94

Notes to Adjustment carried out in restated Financial Statements

- Restated financial statement have been prepared in respect of two years commencing from the financial years ended 31.03.2004 to 31.03.2006 and for the period ended 30.06.2006. As a result of restatement of income and expenses amounts, the necessary adjustments have been made against the reserves.
- Details of various items adjusted in re-stated accounts
 - The expenditure incurred towards the brand promotion, advertisement and market development incurred during the accounting period is disclosed under the head Miscellaneous expenditure as benefit expected of the same are likely to extend beyond that year and amortized equally in next five years. There has been change in this accounting policy during the year 2005-06, as the expenditure till 31.3.2005 was capitalized under the head intangible asset (brand equity) and amortized equally in next five years. All the previous years' figures relating to Fixed Assets, Depreciation and Misc. Expenditures have also been re-grouped/recast to give the effect of change of this accounting policy. The change has not resulted in overstatement and/or understatement in the profitability of the company.
 - The provision of Bonus has been made as per the decision of the Management and the computation of liability as per the Payment of Bonus Act, 1965 is not ascertained. The liability under the Payment of Bonus Act, 1965 has now been calculated and the year-wise difference between the bonus liability actually provided in the books of accounts and the bonus liability calculated as per act is as under:-

Year	Additional Liability of Bonus (Rs. in Million)
2001-02	1.07
2002-03	1.35
2003-04	1.15
2004-05	Nil
2005-06	1.81

- In case of L.T. International Ltd. the effect of AS-22 has been made in restated accounts.
- In Sona Global Ltd. and Nice International FZE assets and Liabilities are restated by converting the currency from AED to Indian Rupee.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SUBSIDIARIES & AFFILIATES

The consolidated financial statement presents consolidated accounts of M/s L.T. Overseas Ltd. with its following Subsidiaries/ affiliates:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Period ending of Subsidiary	Restated Audited By
Indian Subsidiary				
LT International Ltd.	India	89.98	30.06.2006	Shailesh Rathie & Associates
Nature Bio Foods Ltd.	India	99.99	30.06.2006	Shailesh Rathie & Associates
Foreign Subsidiary				
Sona Global Ltd.	Dubai	100.00	30.06.2006	Shailesh Rathie & Associates
Nice International FZE	Dubai	100.00	30.06.2006	Shailesh Rathie & Associates
Name of Partnership Firm				
Raghunath Agro Industries	India	96.00	30.06.2006	Raman Arora & Co.

1. Significant Accounting Policies and Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide for a better understanding of the consolidated position of the companies. Recognizing this purpose the company has disclosed only such policies and notes from the individual financial statements which fairly represent the needed disclosure. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management could be better viewed when referred from the individual financial statements
2. The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the accounting standard issued by the Institute of Chartered Accountants of India.
3. The Financial statements of the Parent and its subsidiaries have been consolidated on a line by line basis by adding together the book value of like item of assets, liabilities, income and expenses and adjustment are made to apply uniform accounting policies for all its subsidiaries and thereafter eliminating intra group balances, intra group transactions and unrealized profits.

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of Financial Statements

The accompanying financial statements are prepared in accordance with India Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of Companies Act, 1956. These accounting policies have been consistently applied, except where newly issued accounting standard is initially adopted by the company. Management evaluates the effect of accounting standards issued on an on-going basis and ensures they are adopted as mandated by the ICAI.

Revenue Recognition

The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

Use of Estimates

The preparation of the financial statements in conformity with Accounting Standards & GAAP requires L.T. Overseas' management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include useful life of fixed assets, provisions for doubtful debts, income taxes, write-off of deferred revenue expenditures and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

Fixed assets and depreciation

- (a) Fixed assets are stated at cost less accumulated depreciation. All costs including financing cost till commencement of commercial production attributable to the fixed assets are capitalised.
- (b) Depreciation on fixed assets is provided on written down value method at the rate and in the manner prescribed in schedule XIV of the Companies Act, 1956.
- (c) Intangible Assets i.e. Goodwill and Brand Equity - Trade mark, acquired from outside, are amortized over a period of 20 years.
- (d) Intangible Asset i.e. ERP Software License and Customization, acquired from outside, is amortized over a period of 10 years as the license is for the indefinite period in accordance with the Accounting Standard on "Intangible Assets" (AS-26) issued by the Institute of Chartered Accountants of India.

Investment

Trade Investments are the investment made to enhance the company business interest. Investments are either classified as Current or Long Term, based on management intention at the time of purchase. Current Investments are carried at the lower of cost and fair value. Cost of overseas investments comprises the Indian Rupee Value of the consideration paid for the investment.

Long Term Investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Dividends, if any, are recorded as income in the Profit & Loss Account. The amounts paid under Keyman Insurance Policies are considered as Investment.

Inventories

The inventories are valued at cost or net realizable value whichever is lower. Under this broad principle, the cost of the Raw Material is determined at FIFO basis and the cost of Finished Goods is ascertained on the basis of absorption costing method, which takes into account all direct and indirect expenses such as freight, direct labour, interest, direct manufacturing expenses but excluding administrative, selling and general expenses are. The inventories of consumables, packing material and bardana are valued on average cost.

Foreign Currency Transaction

Revenue from overseas clients and collections deposited in foreign currency bank account are recorded at the exchange rate as of the date of the respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Exchange difference are recorded when the amount is actually received on sales or actually paid when expenditure is incurred, is converted into Indian Rupees. The exchange difference arising on foreign currency transaction are recognized as income or expense in the period in which they arise.

Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of balance sheet. The resulting difference is also recorded in the profit and loss account.

The financial statement of integral foreign operations are translated on the principles stated above as if the transactions of the foreign operations had been those of reporting enterprise itself.

For the purpose of Consolidation, the amounts appearing in foreign currencies in the financial statements of the foreign subsidiaries are translated at the following rates of exchange:

- a. Average rates for income and expenditure.
- b. Year end rates for assets and liabilities

Forward Exchange Contract:

- (a) Entered into to hedge the foreign exchange fluctuations risk in respect of an existing asset/liability (i) the premium or discount arising at the inception of such forward contract is amortized as expense or income over the life of the contract (ii) exchange difference arising on such a contract is recognized in the statement of profit and loss in the reporting period in which the exchange rates change (iii) any profit or loss arising on cancellation or renewal of such a forward contract is recognized as income or expense for the period.
- (b) Entered into in respect of firm commitments or highly probable forecast transactions (i) exchange difference arising on such contracts is recognized in the statement of the profit and loss in the reporting period in which the contracts are settled to the extent of difference in exchange rate on the date of transaction and date of settlement (ii) any profit or loss arising on cancellation or renewal of such contract is recognized as income or expense for the period computed by applying the exchange rate on the date of transaction and cancellation or settlement as the case may be.

Earning Per Share

In determining earning per share, the company considers the net profit after tax. The number of shares used in computing earning per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for deriving basic earning per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

Cash Flow Statement

Cash flow are reported using the indirect method, thereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing, and investing activities of the company are segregated.

Retirement benefits to employee

Gratuity

Payment for present liability of future payment of gratuity is made to an approved Gratuity Fund, which fully covers the same under Cash Accumulation policy of Life Insurance Corporation of India.

Provident Fund

Eligible employees receive benefits from a provident fund, which set a defined contribution plan. Both the employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered

employee's salary as per the Provident Fund Act, and the contributions are made to a Government administered provident fund.

Leave Encashment

The leave encashment payable to the employees are accounted for as and when paid.

Income Tax

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period, based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Borrowing Costs

Borrowing Costs attributable to the acquisition, construction or production a qualifying assets are capitalized as part of the cost of that assets. Borrowing costs, which are not relatable to qualifying assets, are recognized as an expense in the period in which they are incurred.

Contingent Liabilities

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

Other Accounting Policies

These are consistent with the generally accepted accounting principles and practices.

MANAGEMENT'S DISCUSSION AND ANALYSIS

You should read the following discussion and analysis of financial condition and results of operations together with our financial statements included in this Red Herring Prospectus. The following discussion relates to our company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards referred to in section 211(3C) of the Companies Act and other applicable provisions of the Companies Act.

For a description of our business, please refer to the section titled "Our Business" on page 50 of this Red Herring Prospectus. You should also read the section titled "Risk Factors" on page xi of this Red Herring Prospectus. We are entitled to certain tax benefits. Please refer to section titled "Statement of Tax Benefits" beginning on page 38 of this Red Herring Prospectus for details of tax benefits available to us. Our Fiscal year ends on March 31 of each year, so all references to a particular Fiscal are to the twelve months period ended March 31 of that Fiscal year.

Overview:

Our company is primarily in the business of milling, processing and marketing of branded & non-branded basmati rice and manufacturing of rice food products in the domestic and overseas market. Our operations include contract farming, procurement, storage, processing, packaging and distribution. We are also engaged in research & development to add value to rice and rice food products. Our key thrust area for R&D has been on developing process for getting better aroma, better head grains yield and reducing the stickiness and developing value added rice. We carry out periodic surveys to assess consumer needs. Based on the feedback from such surveys we upgrade our product offerings or start working on the development of new products. Our product portfolio comprises brown rice, white rice, steamed rice, parboiled rice, organic rice, quick cooking rice, value added rice and flavoured rice in the ready to cook segment.

We have a capacity to process 30.5 TPH of paddy of which 27 TPH is processed in our own facility at Bahalgarh, Haryana and 3.5 TPH is processed in facility leased from group concerns R.S. Rice & General Mills & Daawat Foods Private Limited, located in Amritsar, Punjab and Sonapat, Haryana respectively.

In the international market, our products are being sold in more than 35 countries including quality conscious markets like USA, Canada, UK and the European Union. In the domestic packaged basmati rice segment we are currently among the top three players for 2005 in volume terms as per an AC Nielsen ORG-MARG survey. Our Company owns 19 brands and application for another 30 brands are pending at various stages. Our brands are registered in about 40 countries.

Our income for the years ended March 31, 2004, 2005 & 2006 was Rs. 3,700.38 million, Rs. 3606.62 million and Rs. 4035.72 million respectively. Our export turnover for years ended March 31, 2004, 2005 and 2006 was Rs. 1860.63 million, Rs. 1544.18 million and Rs. 1560.97 million respectively. Out of our total income, our Domestic turnover for years ended March 31, 2004, 2005 & 2006 was Rs.1084.66 million, Rs. 1334.16 million and Rs. 2183.51 million respectively. Our Profit for the years ended March 31, 2004, 2005 and 2006 has been Rs. 54.08 million, Rs. 49.74 million and Rs. 111.34 million. Our Profit Margins for the years ended March 31, 2004, 2005 & 2006 has been 1.46%, 1.38% and 2.76% respectively.

Factors affecting our business and Operations

The business and operations of the company are affected by factors which by and large can be classified in two categories:

- (a) Macro Level Factors
- (b) Micro Level Factors

Macro Level Factors

Industry specific Policies

We are an agro-based food processing industry. Accordingly, policies or regulations framework, both of Central and State Governments in relation to agriculture and food processing directly affect the operations and results of our Company. Agricultural produce in the states of Haryana and Punjab, two major paddy growing states in the country, are regulated by The Punjab Agricultural Produce Markets Act, 1961 and The Punjab Agricultural Produce Markets (General Rules),

1962. Prevention of Food Adulteration Act, Essential Commodities Act, Industrial Licensing Policy issued under Industries Development and Regulation Act 1951 are some of the laws/policy/regulations that affect the operation and results of our company.

Foreign Trade Policy

As substantial part of our business constitutes of exports, measures announced in the policy have direct bearing on our operations and results. Currently, food-processing industry is one of the thrust areas identified for exports. The major policy initiatives currently available to us, under the Foreign Trade Policy are, benefits of promotional measures under chapter 3, Duty Exemption and Remission Scheme under chapter 4 and Export promotion capital goods scheme under chapter 5 of the said policy applicable for the period 2004-2009.

Credit and Interest Policy

The availability of the funds and the cost at which these are available are critical for our operations. The credit policy as announced from time to time affects the flow of funds and interest policy affects the cost of funds. The export segment of the company as a matter of credit policy, enjoys concessional terms of credit any change in the same would affect our operations. The availability of credit in foreign currency is also subject to periodical policy announcement of RBI, and therefore impacts our results of operations.

Tax, duties and fiscal policy regime

Customs duties, Excise levy, Central Sales tax, State Value added tax Act, Service tax, Corporate tax, Wealth tax, Fringe Benefit tax, cess on export, market fees, Rural development fund levies are major component of the direct and indirect cost to our Company. The export business of our Company is eligible for certain set of special tax, duties and levies regime and any change in these have impact on the operations of our Company.

Overall Economic growth and living standards

The consumption per-se is directly affected by economic growth and living standards. Basmati Rice, the business of our Company, generally consumed by the middle and upper strata of the society and therefore has direct relationship with economic growth and living standards of the domestic and overseas consumers. The recent upsurge in the economic growth, both domestic and overseas, has a positive impact on the growth of basmati business.

Climatic conditions and vagaries of the nature

Our products being agro based products; require specific climatic conditions, which are available only in some parts of the country, have significant dependence on nature and climate. Though the improved techniques of cultivation have helped in reduction of this dependence over the period, yet quantity, quality and pricing of the raw materials is not immune to climate conditions and vagaries of nature. Our operations and results of any given period therefore are affected by these factors.

(2) Micro Factors

Procurement Policies and procedures

Procurement of Basmati paddy is critical function of our business. The procurement cost includes basic cost of material, brokerage, handling and transport and local taxes/levies before the material reach the factory premises. We procure paddy primarily through open auctions, as per rules of agricultural produce markets act, at specified procurement yards spread across the interiors of the states of Punjab, Haryana, Uttar Pradesh, Uttaranchal and Rajasthan. We procure over 70% of our annual requirement in a short span of 8 to 10 weeks. Our dependence on judgment of agents and brokers for quality, price, moisture content, weighing, handling cost and many more such fine details, the operations and results of our company are affected by the existence of comprehensive or lack of detailed procurement policies, systems, techniques and procedures used at pre-procurement stage and in the course of actual procurement. These procedures have to be supported by empirical data analysis and on the field spot surveys by the highly skilled people trained for the job.

Material Handling and storage Management

Material handling and storage management is a significant cost element of our Company. It includes interest cost, cost of unloading and loading, cost of packing material consumed in the course of storage, rent and hire charges, cost of

tarpaulins and wooden crates, losses on account of damaged stocks, loss in weight and moisture. The open storage has been the conventionally used method but has its inherent cost and shortcomings. We are slowly shifting to vertical storage system in silos and shall achieve reduction in these costs and losses. The setting up the silos and improved storage management system is one of the objects of our issue.

Plant efficiencies and maintenance

The plant efficiencies and maintenance affect our operational results in two ways. The cost of repair and maintenance, cost of consumable stores in any given period depends on the state of plant maintenance, and affects our cost of production. The quantity of broken in the course of processing, the capacity utilization on account of break-down, if any, are also determined by it which in turn affect our operations and financial results.

Energy Management

The availability of adequate power supply with consistent voltage supply at economic cost is critical to our operations. To optimize the power cost, it is essential for us to undertake periodical energy audit of our processes and equipments. To ensure adequate supply of good quality power, we have taken various measures like installing 33 KVA sub-station in our premises. Towards this, we are proposing to set up power turbine for generation of power for captive use. These steps shall help reduction in power cost per unit, besides assuring constant supply.

Human Resource Management

The cost of Human Resource includes wage, perquisites, statutory contributions to funds, cost of welfare schemes, cost of training, taxes on fringe benefits, cost of supporting infrastructure etc. We have to adopt policies and practices that economize on this cost and also help in retention, motivation and efficiencies of the manpower.

Risk Management

We own various types of resources and undertake obligations in the course of our business that are exposed to various degrees of risks. Some of these are external while others are internal to the company. These risks are to be effectively managed. The cost of managing these risks include underwriting insurance policies, putting in place security systems and entering into hedging instruments and forward contracts.

Logistics Management

The domestic distribution and exports are the two key elements of our business. This includes cost of transport, setting up distribution channels, arrangement with shipping lines and clearing agents, warehouses and godown management at various selling locations etc. The cost of logistics is not only an important component of our selling cost, directly affecting our profitability, but also any mismanagement on this can result into loss of business or substantial losses or damages from buyers.

Working Capital and Funds Management

Our operations are highly working capital driven. This includes cost of inventories, receivables, loans and advances and bank balances in margins. The funding of working capital is done either through banks or suppliers' credit and carrying costs like interest, charges, guarantee fee, processing charges, insurance cover.

Branding

We focus on branding of our products. In domestic market, over sixty percent of our sales are in brands whereas in exports markets this is about 25%. We have been continuously, over the years, investing on brand building. The expense includes, brand registration fee, legal and professional charges, market development costs, traveling, advertisements, setting up of distribution channels. The branded sales lend stability in sales as well better profitability.

Research Initiative

The rice business is no more a conventional commodity business. It is not only getting organized but also requires lot of effort on research and development. While most of the research and development carried out Governmental or industry bodies, we have also taken initiative in research and development to differentiate our products from those of the competitors. This involves cost and effort and in turn affects the operations and results of our company.

Significant items of Income and expenditure

Income:

Income referred to in this section consist of

- Export and domestic sales of basmati rice, non basmati rice and items other than rice.
- Accretion / Decretion to inventory
- Other income includes export incentives, profit on sale of shares, dividend received , profit on sale of fixed assets, commission, profit on exchange fluctuations and other receipts

Expenditure:

Our expenditure consists of the following

- Major raw material includes basmati paddy and packing materials
- Manufacturing expenses includes warehouse expenses, sales tax, repairs, job work, contracted labour, power expenses, security services expense , research & development and consumables
- Employees cost
- Selling expenses includes selling & distribution, business promotion, testing & fumigation, ECGC Charges, traveling & conveyance expenses, clearing , forwarding & freight charges, market development expense and packaging material
- Administrative expenses and others expenses includes advertisement, insurance, legal & professional charges, telephone expense, directors remuneration, rent,
- Financial Cost includes interest on term loan and working capital, bank charges and loss/ profit on account of foreign exchange fluctuation.
- Depreciation and amortization
- Provision for taxation includes both current tax, fringe benefit tax, deferred tax and corporate dividend tax

Result of operations as percentage of Income:

(Rs. in million)

Particulars	Fiscal 2004		Fiscal 2005		Fiscal 2006		Quarter ended June 06	
	Amount	% of income	Amount	% of income	Amount	% of income	Amount	% of income
Income	3700.38	100.00%	3606.62	100.00%	4035.73	100.00%	1097.65	100.00%
Expenditure	3716.63	100.44%	3338.52	92.57%	3716.63	92.09%	1009.74	91.99%
EBIDTA	263.56	7.12%	268.1	7.43%	319.1	7.91%	87.91	8.01%
Depreciation	58.13	1.57%	64.27	1.78%	57.21	1.42%	13.62	1.24%
Interest	143.32	3.87%	139.33	3.86%	143.62	3.56%	43.5	3.96%
Net profit before taxes	62.11	1.68%	64.5	1.79%	118.27	2.93%	30.79	2.81%
Taxes	8.01	0.22%	14.77	0.41%	6.93	0.17%	4.17	0.38%
Net Profit	54.1	1.46%	49.73	1.38%	111.34	2.76%	26.62	2.43%

Description of income:

(Rs. in million)

Particulars	Fiscal 2004		Fiscal 2005		Fiscal 2006		Quarter ended June 06	
	Amount	% of income	Amount	% of income	Amount	% of income	Amount	% of income
Export sale	1860.63	50.28%	1544.18	42.82%	1560.97	38.68%	165.09	15.04%
Domestic sales	1084.66	29.31%	1334.16	36.99%	2183.51	54.10%	557.44	50.78%
Exchange difference	6.19	0.17%	-2.07	-0.06%	0.58	0.01%	0.81	0.07%
Trading income	669.77	18.10%	730.97	20.27%	263.26	6.52%	59.20	5.39%
Income from sales	3621.26	97.86%	3607.24	100.02%	4008.32	99.32%	782.54	71.29%
Accretion /Decretion to stock	81.67	2.21%	54.123	1.50%	37.36	0.93%	310.74	28.31%
Other income	-2.56	-0.07%	-54.74	-1.52%	-9.96	-0.25%	4.37	0.40%
Total income	3700.38	100.00%	3606.62	100.00%	4035.73	100.00%	1097.65	100.00%

Expenditure as % of Income:

(Rs. in million)

Particulars	Fiscal 2004		Fiscal 2005		Fiscal 2006		Quarter ended June 06	
	Amount	% of income	Amount	% of income	Amount	% of income	Amount	% of income
Raw Material Consumed/Purchases	2845.74	76.90%	2716.92	75.33%	3090.95	76.59%	872.31	79.47%
Staff cost	41.45	1.12%	44.72	1.24%	50.52	1.25%	12.6	1.15%
Manufacturing Expenses	109.29	2.95%	145.43	4.03%	131.22	3.25%	22.79	2.08%
Administrative Expenses	40.20	1.09%	44.74	1.24%	36.38	0.90%	20.57	1.87%
Selling & Dist. Expenses	396.82	10.72%	381.9	10.59%	378.68	9.38%	72.29	6.59%
Others	3.32	0.09%	4.81	0.13%	28.88	0.72%	9.18	0.84%
Total	3436.82	92.88%	3338.52	92.57%	3716.63	92.09%	1009.74	91.99%

Expenditure as % of expenses:

(Rs. in million)

Particulars	Fiscal 2004		Fiscal 2005		Fiscal 2006		Quarter ended June 06	
	Amount	% of income	Amount	% of income	Amount	% of income	Amount	% of income
Raw Material Consumed/Purchases	2845.74	82.80%	2716.92	81.38%	3090.95	83.17%	872.31	86.39%
Staff cost	41.45	1.21%	44.72	1.34%	50.52	1.36%	12.6	1.25%
Manufacturing Expenses	109.29	3.18%	145.431	4.36%	131.22	3.53%	22.79	2.26%
Administrative Expenses	40.20	1.17%	44.74	1.34%	36.38	0.98%	20.57	2.04%
Selling & Dist. Expenses	396.82	11.55%	381.9	11.44%	378.68	10.19%	72.29	7.16%
Others	3.32	0.10%	4.81	0.14%	28.88	0.78%	9.18	0.91%
Total	3436.82	100.00%	3338.52	100.00%	3716.63	100.00%	1009.74	100.00%

Financial Review of three months period ended June 30 2006

Income:

Income from sales for three month ended for June 30, 2006 stood at Rs. 1097.65 million consisting of export of Rs. 165.09 million and domestic sales of Rs. 557.44 million.

Expenditure:

Our expenditure for three month ended for June 30, 2006 stood at Rs. 1009.74 million. As a percentage of income expenditure for three month ended June 06 was 91.99%.

Raw Material:

Expenses of raw material for three month ended for June 30, 2006 was Rs. 872.31 million representing 86.39% of total expenses. Expenses on raw material as a percentage of income for three month ended for June 30, 2006 was 79.47%.

Selling and Distribution expenses:

Selling and distribution expenses for three months ended for June 30, 2006 was Rs. 72.29 million. Selling and distribution expenses as percentage of income was 6.59% for three month ended for June 30, 2006.

Manufacturing expenses:

Manufacturing expenses for three month ended for June 30, 2006 was Rs. 22.79 million. Manufacturing expenses as percentage of income was 2.08% for three month ended for June 30, 2006.

Staff Cost:

Staff cost for three month ended for June 30, 2006 was Rs. 12.6 million. Employee cost as percentage of income was 1.15% for three month ended for June 30, 2006.

Administrative Expenses:

Administrative Expenses for three month ended for June 30, 2006 was Rs. 20.57 million. Administrative Expenses as percentage of income was 1.87% for three month ended for June 30, 2006.

EBIDTA:

EBIDTA for three month ended for June 30, 2006 was Rs. 87.91 million. EBIDTA as percentage of income was 8.01% for three month ended for June 30, 2006.

Financial Expenses:

Financial Expenses for three month ended for June 30, 2006 was Rs. 43.5 million. Financial Expenses as percentage of income was 3.96% for three month ended for June 30, 2006.

Depreciation:

Depreciation for three month ended for June 30, 2006 was Rs. 13.62 million. Depreciation as percentage of income was 1.24% for three month ended for June 30, 2006.

PBT:

PBT for three month ended for June 30, 2006 was Rs. 30.79 million. PBT as percentage of income was 2.81% for three month ended for June 30, 2006.

Taxes:

Taxes for three month ended for June 30, 2006 was Rs. 4.17 million. Taxes as percentage of income was 0.38% for three month ended for June 30, 2006.

PAT:

PAT for three month ended for June 30, 2006 was Rs. 26.62 million. PAT as percentage of income was 2.43% for three month ended for June 30, 2006.

Fiscal 2006 Vs Fiscal 2005

Income

Income from sales has increased by 11.12% from Rs. 3607.24 million in fiscal 2005 to Rs. 4008.32 million in fiscal 2006. This growth is attributed to the increase in volume and realization of basmati rice in the domestic market by 54% & 9% respectively. In the export market the growth is on account of improvement in realization by 5.5% even though volume remained at same level. In fiscal 2006 the sales of product manufactured by us increased by 30.20 % to Rs. 3745.06 million compared to Rs. 2876.37 million for fiscal 2005 on account of increase in realization. Our trading income decreased from Rs.730.97 million in fiscal 2005 to Rs. 263.26 million in fiscal 2006 mainly on account of decrease in trading income from wheat, sugar and sarsoo.

Expenditure

Our expenditure increased to Rs. 3713.63 million in fiscal 2006 from Rs. 3338.52 million in fiscal 2005 showing an increase of 11.33%. As a percentage of income, the expenditure for fiscal 2006 was 92.09% as against 92.57% in fiscal 2005. This decrease is due to lower manufacturing, administrative and selling and distribution expenses.

Raw Material

Raw material (including purchases for traded good) cost increased to Rs. 3090.95 million in fiscal 2005 from Rs. 2716.92 million showing an increase of 13.77%. Raw material cost as percentage of income increased from 75.33% in fiscal 2005 to 76.59% in fiscal 2006. The increase is on account of increase in per unit cost of raw material mainly on account purchases of better quality of paddy.

Selling and Distribution expenses:

Selling and distribution expenses decreased to Rs. 378.68 million in fiscal 2006 from Rs. 381.90 million in fiscal 2005 showing a reduction of 0.84%. Selling and Distribution expenses as a percentage of income was 9.38% in fiscal 2006 compared to 10.59% in fiscal 2005. This reduction is primarily due to decrease in clearing and forwarding charges on account of significant export in container freight.

Manufacturing expenses

Manufacturing expenses decreased to Rs. 131.22 million in fiscal 2006 from Rs. 145.43 million in fiscal 2005. Manufacturing expenses as percentage of income was 3.25% in fiscal 2006 compared to 4.03% in fiscal 2005. This decrease in manufacturing expenses was on account of lower expenses on consumables stores and spares, power & electricity charges partly on account of lower production.

Staff cost:

Staff cost increased to Rs. 50.52 million in fiscal 2006 from Rs. 44.72 million in fiscal 2005 showing an increase of 12.97%. Employee cost as percentage of income was almost constant at 1.25% for fiscal 2006 and 1.24 % in fiscal 2005.

Administrative Expenses:

Administrative Expenses decreased to Rs. 36.38 million in fiscal 2006 from Rs.44.74 million in fiscal 2005. Administrative Expenses as percentage of income was 0.90% in fiscal 2006 compared to 1.24% in fiscal 2005. This decrease was on account of lower expenses on advertisement, rent rate and taxes and repairs & maintenance.

EBIDTA

EBITDA increased to Rs. 319.10 million in fiscal 2006 from Rs.268.10 million in fiscal 2005 showing an increase of 19.02. EBIDTA as percentage of income was 7.91% in fiscal 2006 compared to 7.43% in fiscal 2005.

Financial Expenses

Financial Expenses increased to Rs. 143.62 million in fiscal 2006 from Rs. 139.33 million in fiscal 2005. Interest and Financial Expenses as percentage of income was 3.56% in fiscal 2006 compared to 3.86% in fiscal 2005. The increase was on account of higher working capital utilization to meet the higher volume in sales.

Depreciation

Depreciation expenses decreased to Rs.57.20 million in fiscal 2006 from Rs. 64.26 million in fiscal 2005 showing a decrease of 11%. We have added plant and machinery worth of Rs.62.36 million. Increase in Depreciation due to this factor was offset by reduction of gross block on account of sale of our unit at Kakroi Road Sonapat. Depreciation expenses as percentage of income was 1.42% in fiscal 2006 compared to 1.78% in fiscal 2005.

PBT

PBT increased to Rs. 118.27 million in fiscal 2006 from Rs. 64.51 million in fiscal 2005 showing an increase of 83.36%. PBT as percentage of income was 2.93 in fiscal 2006 compared to 1.78%. The increase in PBT was on account factors mentioned above.

Taxes

Taxes decreased to Rs. 6.93 million in fiscal 2006 from Rs. 14.77 million in fiscal 2005 showing a decrease of 53.08%. Taxes as percentage of income in was 0.17% in fiscal 2006 compared to 0.41% in fiscal 2005 .Even though there was increase in income and profit before taxes, lower taxes was on account of lower current year taxes on account of tax benefit and adjustment of excess provision made in earlier years.

PAT

PAT increased to Rs. 111.34 million in fiscal 2006 from Rs. 49.74 million in fiscal 2005 showing an increase of 123.84%. The profit margin increased to 2.76 in fiscal 2006 from in 1.38% in fiscal 2005. The increase was on account of factors mentioned above.

Fiscal 2005 vs fiscal 2004

Income

Our Income from sales decreased marginally from Rs. 3621.27 million in fiscal 2004 to Rs. 3607.24 million in fiscal 2005 showing a decline of 0.39%. In spite of increase in volume of domestic sales of basmati rice by 45%, the decrease in income was on account of decline in export volume of non basmati rice by 82%, which is regulated by the Government of India (Food Corporation of India).

Expenditure

Our expenditure decreased to Rs. 3338.52 million in fiscal 2005 from Rs. 3436.85 million showing a reduction of 2.86%. As a percentage of income, the expenditure for fiscal 2005 was 92.57% as against 92.88% in fiscal 2004. The decrease in expenditure was on account of lower expenses on raw material consumed and lower selling & distribution expenses.

Raw Material

Expenses on raw material decreased to Rs. 2716.92 million in fiscal 2005 from Rs. 2845.74 million in fiscal 2004 showing a reduction of 4.53%. The raw material expenses as percentage of income was 75.33% in fiscal 2005 compared to 76.90% in fiscal 2004. The decrease is on account of lower per unit cost of raw material cost in Fiscal 2005 by 2.80%

Selling and Distribution expenses

Selling and distribution expenses decreased to Rs. 381.90 million in fiscal 2005 from Rs. 396.84 million in fiscal 2004 showing a reduction of 3.76%. Selling and distribution expenses as percentage of income was 10.59% in fiscal 2005 compared to 10.72% in fiscal 2004. The reduction in Selling and distribution expenses was primarily on account of reduction in cost of packaging material consumed.

Manufacturing expenses

Manufacturing expenses increased to Rs. 145.43 million in fiscal 2005 from Rs. 109.30 million in fiscal 2004 showing an increase of 33.06%. Manufacturing expenses as percentage of income was 4.03% in fiscal 2005 compared to 2.95% in fiscal 2004. This increase was on account of higher expenses on consumables stores and spares labour charges and power and electricity expenses due to increase in the quantity of paddy milled.

Staff cost

Staff cost increased to Rs. 44.72 million in fiscal 2005 from Rs. 41.45 million in fiscal 2004 showing an increase of 7.89%. Employee cost as percentage of income was 1.24% in fiscal 2005 compared to 1.12% in fiscal 2004.

Administrative Expenses

Administrative Expenses increased to Rs. 44.74 million in fiscal 2005 from Rs. 40.20 million in fiscal 2004 showing an increase of 11.29%. Administrative Expenses as percentage of income was 1.24% in fiscal 2005 compared to 1.09 % in fiscal 2004. This increase was on account of higher expenses on advertisement.

EBIDTA

EBITDA increased to Rs. 268.10 million in fiscal 2005 from Rs. 263.53 million in fiscal 2004 showing an increase of 1.73%. EBITDA as percentage of income was 7.43% in fiscal 2005 compared to 7.12% in fiscal 2004.

Financial Expenses

Financial Expenses decreased to Rs. 139.33 million in fiscal 2005 from Rs. 143.32 million in fiscal 2004 showing a reduction of 2.78%. Financial Expenses as percentage of income in was 3.86% in fiscal 2005 compared to 3.87% in fiscal 2004. This reduction was on account of reduction in expenses on Interest by availing pre shipment credit in foreign currency.

Depreciation

Depreciation expenses increased to Rs. 64.26 million in fiscal 2005 from Rs. 58.12 million in fiscal 2004 showing an increase of 10.56%. The increase in Depreciation expenses on account of addition of Rs. 70.40 million in gross block mainly in plant and machinery. Depreciation expenses as percentage of income was 1.78% in fiscal 2005 compared to 1.57% in fiscal 2004.

PBT

PBT decreased to Rs. 64.51 million in fiscal 2005 from Rs. 62.09 million in fiscal 2004 showing an increase of 3.90%. PBT as percentage of income in was 1.79% in fiscal 2005 compared to 1.68% in fiscal 2004 PBT margin was higher on account of factors mentioned above.

Taxes

Taxes increased to Rs. 14.77 million in fiscal 2005 from Rs. 8.01 million in fiscal 2004 showing an increase of 84.39%. Taxes as percentage of income in was 0.41% in fiscal 2005 compared to 0.22% in fiscal 2004. Higher Taxes was on account of excess provision made for taxation in Fiscal 2005.

PAT

Even though EBDITA margin increased from 7.13% in fiscal 2004 to 7.37% in fiscal 2005, PAT decreased to Rs. 47.51 million in fiscal 2005 from Rs. 54.35 million in fiscal 2004 showing a decrease of 12.58% on account higher taxes income. The decrease in PAT was on account of factors mentioned above.

Fiscal 2004 Vs Fiscal 2003

Income

Our Income increased by 20.95% from Rs. 3059.47 million in fiscal 2003 to Rs. 3700.38 million in fiscal 2004 showing an increase by 27.98%. The increase in income is primarily on account of exports of wheat, traded by the company.

Expenditure

Our expenditure increased to Rs. 3436.57 million in fiscal 2004 from Rs. 2811.85 million in fiscal 2003 showing a growth of 22.23 %. As a percentage of income , the expenditure for fiscal 2004 was 92.88% as against 91.91% in fiscal 2003. The increase in expenditure was on following account of higher expenses on power and electricity due to increase in paddy milled.

Raw Material

Expenses on raw material increased to Rs. 2845.74 million in fiscal 2004 from Rs. 2342.73 million in fiscal 2003 showing an increase of 21.47%. The raw material expenses as percentage of income was 76.90% in fiscal 2004 compared to 76.57%. The increase is on account of

Selling and Distribution expenses

Selling and distribution expenses increased to Rs. 396.84 million in fiscal 2004 from Rs. 301.08 million in fiscal 2003 showing an increase of 31.80%. Selling and distribution expenses as percentage of income was 10.72% in fiscal 2004 compared to 9.84% in fiscal 2003. The increase in Selling and distribution expenses was primarily on account of increase expenses on forwarding and clearing charge, packaging material consumed, selling and distribution expenses and business promotion.

Manufacturing expenses

Manufacturing expenses increased to Rs. 109.29 million in fiscal 2004 from Rs. 94.63 million in fiscal 2003 showing an increase of 15.49%. The increase was on account of higher quantity of paddy milled. Manufacturing expenses as percentage of income was 2.95% in fiscal 2004 compared to 3.09% in fiscal 2003. This decrease was on account of efficiency.

Staff cost

Staff cost increased to Rs. 41.45 million in fiscal 2004 from Rs. 33.28 million in fiscal 2003 showing an increase of 24.55%. Staff cost as percentage of income was 1.12% in fiscal 2004 compared to 1.09% in fiscal 2003

Administrative Expenses

Administrative Expenses increased to Rs. 40.20 million in fiscal 2004 from Rs. 36.81 million in fiscal 2003 showing an increase of 9.21% . Administrative Expenses as percentage of income was 1.09% in fiscal 2004 compared to 1.20% in fiscal 2003

EBIDTA

EBITDA increased to Rs. 263.53 million in fiscal 2004 from Rs. 247.62 million in fiscal 2003 showing an increase of 6.23%. EBITDA as percentage of income was 7.12% in fiscal 2004 compared to 8.09% in fiscal 2003. Decrease in EBDITA margin was on account of factor mentioned above.

Financial Expenses:

Financial Expenses increased to Rs. 143.31 million in fiscal 2004 from Rs. 139.56 million in fiscal 2003 showing an increase of 2.69%. Financial Expenses as percentage of income in was 3.87% in fiscal 2004 compared to 4.56% in fiscal 2003 showing a decrease of 69 basis points. This reduction was on account of lower expenses on interest to bank and lower interest on term loan.

Depreciation

Depreciation expenses increased to Rs. 58.13 million in fiscal 2004 from Rs. 48.28 million in fiscal 2003 showing an increase of 20.38%. The increase in Depreciation expenses on account of addition Rs. 40.03 million in gross block mainly on plant and machinery. Depreciation expenses as percentage of income was 1.57% in fiscal 2004 compared to 1.58% in fiscal 2003

PBT

PBT increased to Rs. 62.09 million in fiscal 2004 from Rs.59.78 million in fiscal 2003 showing an increase of 3.86%. PBT as percentage of income in was 1.68% in fiscal 2004 compared to 1.95% in fiscal 2003 showing a decrease of 29 basis points. PBT margin was lower on account of lower EBITDA Margin.

Taxes

Taxes decreased to Rs. 8.01 million in fiscal 2004 from Rs. 11.29 million in fiscal 2003 showing an decrease of 29.05%. Taxes as percentage of income was 0.22% in fiscal 2004 compared to 0.37 fiscal 2003 showing a decrease of 15 basis points. Even though there was increase in income and profit before taxes, lower taxes was on account of lower deferred taxes.

PAT

Even though PAT margin decreased from 1.61% in fiscal 2003 to 1.41% in fiscal 2004, PAT increased to Rs. 54.08 million in fiscal 2004 from Rs. 44.49 million in fiscal 2003 showing an increase of 11.53% on account higher income. The decrease in PAT margin was on account of factors mentioned above.

Liquidity and capital resources

Historically, our primary liquidity requirements have been to finance our working capital need and capital expenditures. To fund these costs we have relied on equity contributions, working capital borrowings and cash flows from operating activities.

The table below summarizes our cash flows as restated, for the periods indicated.

Cash Flows

(Rs. in million)

Particulars	Fiscal 2004	Fiscal 2005	Fiscal 2006
Net cash from operating activities	143.55	(124.60)	219.38
Cash flow from Investing activities	(66.05)	(87.42)	(286.93)
Cash flow from financing activity	(36.34)	185.61	102.75
Cash & Cash equivalent at the end of the year	82.47	56.07	91.27

Operating Activities

Net cash released from operating activities in fiscal 2006 was Rs. 219.38 million whereas our Profit before depreciation interest and taxation was 336.94 million. The difference is primarily on account of, increase in inventory of Rs. 105.32 million.

Net cash used in operating activities in fiscal 2005 was Rs. 124.63 million. Our Profit before depreciation, interest and taxation was Rs. 3340.74 million. The difference is primarily on account of increase in debtors and increase in inventory of Rs. 90.35 million and Rs. 268.23 million.

Net cash released from operating activities in fiscal 2004 was Rs. 142.37 million although our Profit before depreciation interest and taxation was Rs. 263.80 million. The difference is primarily on account of increase in inventory of Rs. 118.16 million.

Investing Activities

Our expenditure for investing activities primarily relates to the purchase of fixed assets comprising property, plants and equipment used in our manufacturing facilities, and offset in each period by minor disposals of such fixed assets and investments in partnership firm. Net cash used in investing activities for fiscal 2004, 2005 and 2006 were Rs. 66.05 million, Rs. 87.42 million and Rs. 268.93 million respectively. The high net cash used in investing activity for fiscal 2006 was on account of high capital work in progress on account of on going expansion and modernization of our Bahalgarh plant and investment in our subsidiaries viz LT International Limited, Nature Bio Foods Limited, Sona Global Limited and investment in Group Venture Raghunath Agro Industries.

Financing Activities

Net cash provided in financing activities amounted to Rs. 102.75 million in Fiscal 2006, comprising Rs. 246.83 million of borrowings in the nature of working capital loans, offset by the payment of interest thereon amounting to Rs. 143.62 million

Net cash provided by financing activities amounted to Rs. 185.61 million in Fiscal 2005, comprising Rs. 223.01million of borrowings in the nature of working capital loans offset by the payment of interest thereon amounting to Rs. 139.33 million.

Net cash released by financing activities amounted to Rs. 36.34 million in Fiscal 2004, comprising Rs. 107.11 million of borrowings in the nature of unsecured loans offset by the payment of interest thereon amounting to Rs. 143.32 million.

Indebtedness

Our working capital requirements are arranged through consortiums of public sector banks lead by Oriental Bank of Commerce. The lead bank assesses our working capital requirements annually. For Fiscal 2006, the consortium has sanctioned an aggregate working capital limit of Rs. 1930 million comprising of fund based limits (primarily in the form of packaging credit) of Rs. 1480 million and non-fund based limits (primarily in the form of letters of credits for imports and bank guarantee) of Rs. 450 million.

Planned Capital Expenditures

Our capital expenses for Fiscal 2004, 2005, 2006 was Rs. 40.03 million, Rs. 70.44 million and Rs. 97.88million respectively. The increase in capital expenditure for fiscal 2006, was on account of capital expenses incurred on plant and machinery, building..

We intend to increase our Capacity by adding additional Capacity at our Sonepat unit. We anticipate that we will incur capital expenditure of approximately Rs. 317.23 million at Bahalgarh unit. For more information on our proposed capital expenditure, see "Objects of the Issue" beginning on page 26 of this Red Herring Prospectus. In addition to the net proceeds of this Issue and our internally generated cash flow, we may need other sources of financing to meet our capital expenditure and working capital requirements, which may include entering into new debt facilities with lending institutions or raising additional debt in the capital markets.

Quantitative and Qualitative Disclosures about Market Risk

Exchange Rate Risk

Changes in currency exchange rates influence our results of operations. We report results in our financial statements in Indian Rupee, while large portions of our revenues are denominated in currencies other than Indian rupees, most significantly the U.S. \$. Approximately 44.83% of our total sales for fiscal 2006 were denominated in foreign currencies while approximately 3.67% of our total expenditure was denominated in foreign currencies. To the extent that our income and expenditure are not denominated in the same currency, exchange rate fluctuations could cause some of our costs to increase more than the proportionate revenues in a given contract. For example, a rise in the value of Indian Rupee against such foreign currencies, especially the U.S. \$, could adversely affect our income from sale of products for the relevant fiscal period, given that we extend credit lines upto 120 days to our customers.

As of March 31, 2006, we had foreign currency borrowings aggregating U.S.\$ million (Rs. 160.66 million). Therefore, a decline in the value of the Rupee against such other currencies could increase the Rupee cost of servicing the debt. The exchange rate between the Indian Rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future.

Interest rate risk

Changes in interest rate risk could significantly affect our financial condition and results of operations. As of March 2006, majority of our borrowing were at floating rate. If the interest rate for existing or future borrowings increases significantly, our cost of servicing such debt will increase. This may adversely affect our result of operations, planned capital expenditure and cash flows.

Inflation

In recent years, although India has experienced significant fluctuation in inflation rates, inflation has not had any material impact on our business and results of operations. According to the Office of the Economic Advisor, Department of Industrial Policy and Promotion, inflation in India was approximately 3.7%, 3.4%, and 5.4% in the fiscal years ended 2002, 2003 and 2004, respectively.

Unusual or infrequent events or transactions:

There have been no unusual or infrequent events that have taken place.

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

Volatility in foreign exchange rates may have an inflationary effect on the import costs. However as our Company derives more than 44% of our revenues from exports, shall be offset by higher realizations from exports.

Any change in the policy by the Government of India relating to Exports and Minimum support prices (non basmati) may have an impact on our income.

Known trends or uncertainties

Apart from the risks disclosed in this Red Herring Prospectus, there are no other trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

Future relationship between costs and revenue

The cost depends upon the procurement prices of paddy, which account for up to 80% of the cost. In case of non basmati rice the revenue depends on government policies relating to free sale quotas, (in case of domestic sale). In case of basmati, the revenue would depend on international markets, availability of paddy and the general demand-supply situation.

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.

Increases in revenues are by and large linked to increases in volume of business activity carried on by the Company.

Total turnover of our Company's major Industry segments

Please refer to page 43 under the heading 'Industry Overview'

Status of any publicly announced new products or business segments

Our Company has not announced any new products or business segments.

Seasonality of business

Rice processing is dependant on the availability of paddy and its quality. Any factors which may affect the crop production of paddy like extremely high or low rainfall, insect manifestation, non availability of irrigation facilities etc may affect the crop, its quantity and quality.

Over dependence on Single supplier/Customer

Our Company sources its raw materials from 'mandies'. We are diversified in terms of our customers. Our top 10 customer contributes less than 10% of our revenues for FY 2006. Therefore we are not under threat of excessive dependence on any single supplier/customer.

Competitive conditions

Our Company has been strengthening its position in the product lines in which it is operating by offering variety and quality consistently, through our in-house quality checks.

Material Developments

In the opinion of the Board of our Company, there have not arisen, since the date of the last financial statement included in this Red Herring Prospectus, any circumstances that materially and adversely affect the profitability or the value of our assets or our ability to pay our liabilities within the next 12 months.

SECTION VIII – LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by the Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Promoters or Directors. Except as stated below, there have not been any litigation proceedings, claims or actions instituted against our Directors or Promoters.

Litigations/Claims/Notices instituted against our Company

I. Civil Suits/Claims/Notices

- (a) Our Company has received demand notices from the State Trading Corporation of India Limited for payment of a sum of Rs. 35,67,228 towards settlement of account with the Food Corporation of India, Ferozpur in respect of RO No. 4486 dated May 25, 2003. The Food Corporation of India, District Office Ferozpur vide its letter dated January 3, 2006 bearing number D/1(5)/WHEAT EXPORT/STC/DELHI/2005 has stated that until a final decision on this issue is taken by the Headquarters of the Food Corporation of India at New Delhi, no payment to the State Trading Corporation of India shall become due. No further correspondence has been received by Our Company in this matter.
- (b) Standard Chartered Bank had issued a claim dated August 17, 1998 against our Company for a sum of Rs. 98,66,084 along with interest @ 25% thereon in respect of losses arising as a result of cancellation of forward contracts alleged to be entered into by our Company with Standard Chartered Bank.

Subsequently Standard Chartered Bank filed recovery proceedings against our Company and two (2) of our directors - Mr. V.K Arora and Mr. Ashwani Arora, claiming Rs. 99,32,224 against our Company and its Directors. The case is currently pending before the Debt Recovery Tribunal – II, New Delhi.
- (c) Sachdeva & Sons Industries Private Limited had instituted a suit in 2004 before the Additional District Judge, Amritsar against our Company to restrain our Company from using the trade mark "Paripurna". The matter has been fixed for pronouncement of judgment and final order before the Additional District Judge, Amritsar. However, pursuant to a memorandum of understanding dated September 27, 2006 between our Company and Sachdeva & Sons Industries Private Limited, Sachdeva & Sons Industries Private Limited have agreed to withdraw the above mentioned suit instituted against our Company.

II. Labour Related Matters

- (a) We have received a demand notice dated October 11, 2001 on behalf of Mr. Balwan claiming compensation for back wages for the period since July 1, 2001 in lieu of termination of services as a driver, without any cause. The matter was heard by the Labour Court, Panipat who directed us to take the driver back on duty.

The driver reported for duty on April 6, 2006 and worked up to May 7, 2006. Thereafter, on May 15, 2006, the driver asked for full and final dues claiming he could not work on his current salary.

Since the driver is still claiming compensation for his back wages, the matter is now pending before the Labour Court, Panipat. The next date of hearing is not yet fixed.
- (b) We have received a demand notice dated October 11, 2001 on behalf of Mr. Ram Kishen claiming compensation for back wages from the period September 1, 2001 in lieu of termination of services as a driver without any cause.

The matter was heard by the Labour Court, Panipat who directed us to take the driver back on duty.

The driver reported for duty on April 6, 2006 and applied for leave on April 18, 2006. On resuming his services he was asked to submit his heavy duty driving license which he has not done. As a result, he has not been allowed to drive the trucks in the absence of such license. The matter is now pending before the Labour Court, Panipat. The case is posted for hearing on January 17, 2007.

III. Statutory dues, notices and fines leviable

- (a) We have received a notice from the Deputy Commissioner of Income Tax dated March 29, 2006, under which it is stated that our Company has to pay a sum of Rs. 1,35,18,646 as outstanding tax for the assessment year 2000-01 within a period of thirty (30) days from date of receipt of notice. The said demand is disputed and first appeal in respect of the same is currently pending before the Commissioner of Income Tax (Appeals). In addition, we have also filed a petition for the stay of the disputed demand. Out of this disputed sum, a sum of Rs. 43,89,246 is payable as a result of the provisions contained in Circular No. 2/2006 dated January 17, 2006, under which a tax has been levied on export turnover with retrospective effect. In terms of the said circular, this sum of Rs. 43, 89, 246 is required to be paid by our Company over a period of five (5) years.
- (b) We have received a notice dated March 31, 2005 from the Assessing Officer, Income Tax Department, under which it is stated that our Company has to pay a sum of Rs. 58,21,971 as outstanding tax for the assessment year 2002-03 within a period of thirty (30) days from date of receipt of notice. The said demand was disputed and an appeal in respect of the same was filed before the Commissioner of Income Tax (Appeals). The Commissioner of Income Tax (Appeals) vide its order dated September 26, 2006 has granted some relief to the Company, but the Company has preferred a second appeal against the order of the Commissioner of Income Tax (Appeals) before the Income Tax Appellate Tribunal, New Delhi where the matter is pending. The details of the claim amount involved in this matter is as follows:

Total outstanding (after appeal) – Rs. 16,90,645
 Total tax demand payable in five (5) years – Rs. 16,90,645
 Balance Tax Amount – Nil
 Interest Amount – Nil
 Current Tax demand payable – Rs. 3,38,129
 Amount paid/recovered – Rs. 29,44,305
 Balance Payable Refundable/Payable - (Rs. 26,06,176)

- (c) We have received a notice from Deputy Commissioner of Income Tax dated March 29, 2006, under which it is stated that our Company has to pay a sum of Rs. 1,31,93,289 as outstanding tax for the assessment year 2003-04 within a period of thirty (30) days from date of receipt of notice. In the event the said payment is not paid within such time penalty and recovery proceedings as applicable under the Income Tax Act, 1961 will be instituted against our Company. The said demand was disputed and an appeal in respect of the same was filed before the Commissioner of Income Tax (Appeals). The Commissioner of Income Tax (Appeals) vide its order dated September 26, 2006 has granted some relief to the Company, but the Company has preferred a second appeal against the order of the Commissioner of Income Tax (Appeals) before the Income Tax Appellate Tribunal, New Delhi where the matter is pending. The details of the claim amount involved in this matter is as follows:

Total outstanding (after appeal) – Rs. 76,45,369
 Total tax demand payable in five (5) years – Rs. 34,80,978
 Balance Tax Amount – Rs. 34,10,900
 Interest Amount – Rs. 7,53,491
 Current Tax demand payable – Rs. 48,60,587
 Amount paid/recovered – Rs. 5,99,050
 Balance Payable Refundable/Payable - Rs. 42,61,537

- (d) We have received a demand notice dated January 2004 for recovery of custom duty from the Ministry of Commerce, Government of India with interest @ 24% per annum from the date of importation to the date of

deposit as a result of the failure to meet our export obligations in relation to EPCG License number P/CG/0099525. We have filed various replies along with the supporting documents and certificates to the Joint Director General of Foreign Trade from time to time claiming that the export obligations in relation to the above mentioned export license have been fulfilled. We have not received any further response from the Joint Director General of Foreign Trade in this matter.

- (e) We have received a demand notice dated May 24, 2002 from the Office of the Assessing Authority, Notified Market Area, Sonapat claiming a sum of Rs. 1,51,36,606 as statutory dues owed by our Company and payable under the Haryana Rural Development Act, 1986 as a fee on sale proceeds of agricultural produce bought or sold or brought for processing in the notified market area.

Our Company has filed an appeal against this order before the Appellate Authority, Director Rural Development, Haryana and the matter is currently pending hearing before the said appellate authority.

- (f) We have received a demand notice dated February 28, 2006 from the Market Committee, Sonipat to deposit a sum of Rs. 15,38,877 towards payment of market fees for purchase of paddy from M/s Rama Krishnan Trading Company, Narela Mandi, Delhi within fifteen (15) days from the date of receipt of the notice.

Our Company in response has filed a writ petition before the High Court of Punjab and Haryana seeking a quashing of the demand notices and staying of the recovery proceedings initiated by the Market Committee, Sonipat. Subsequently the High Court directed the market committee to frame an assessment order in accordance with law after affording due opportunity our Company to be heard in this matter. In view of these directions, the Market Committee, passed an assessment order dated August 29, 2006 and subsequently issued a demand notice dated August 30, 2006 demanding a sum of Rs. 30,77,754 from our Company, Rs. 15,38,877 towards payment of market fees and Rs. 15,38,877 towards penalty. Subsequently, our Company filed an appeal against the assessment order dated August 29, 2006 before the Chief Administrator, Haryana State Agricultural Marketing Board, Panchkula. The Chief Administrator, Haryana State Agricultural Marketing Board, Panchkula, vide its order dated September 25, 2006 has remanded the matter back to the Administrator, Market Committee, Sonapat to take necessary actions as per the directions of the High Court and framing the assessment in accordance with law after affording due opportunity to our Company for being heard. The matter is currently pending before the Administrator, Market Committee, Sonapat.

- (g) A complaint under Section 16 (1) (a) (i) of the Prevention of Food Adulteration Act, 1954 has been instituted against our Company by the Government Food Inspector. The complaint was instituted as a result of the Food Inspector finding a sample of Elite Rice manufactured and distributed by us being insect infested and adulterated. The matter is currently pending before the Chief Judicial Magistrate, Ludhiana and is fixed for prosecution evidence.
- (h) We have received a demand notice dated February 19, 2005 from the Trade Tax Department, Uttar Pradesh under which it is stated that that our Company has to pay a sum of Rs. 25,79,372 as outstanding tax for the assessment year 2002-03 within a period of thirty (30) days from date of receipt of notice. The said demand has been disputed by our Company in an appeal before the Joint Commissioner (Appeals). The net demand currently being demanded by the Trade Tax Department, Uttar Pradesh is Rs. 19,53,928. The demand has been stayed till the final disposal of the matter which is currently pending before Joint Commissioner (Appeals).
- (i) We have received a demand notice dated February 22, 2006 from the Trade Tax Department, Uttar Pradesh under which it is stated that that our Company has to pay a sum of Rs. 6,60,111 as outstanding tax for the assessment year 2003-04 within a period of thirty (30) days from date of receipt of notice. The said demand has been disputed by our Company in an appeal before the Joint Commissioner (Appeals). The net outstanding demand currently being made by the Trade Tax Department, Uttar Pradesh is Rs. 6,59,593. The demand has been stayed till the final disposal of the matter which is currently pending before Joint Commissioner (Appeals).
- (j) We have received a demand notice dated April 17, 2006 from the Agricultural Committee, Kakinada demanding a market fee of Rs. 2,84,945, calculated at the rate of 1% on an export sale of Rs. 2,84,94,585 under Section 7 (1) and Section 12 (1) of the Andhra Pradesh Markets Act, 1966, within fifteen (15) days from the receipt of notice, failing which action will be instituted against our Company under the provisions of the Andhra Pradesh Markets Act, 1966.

We have filed a reply dated May 5, 2006 to the above mentioned notice, claiming that as per the orders of the Agriculture and Marketing Department, Government of Andhra Pradesh dated November 18, 2005 and January 7, 2006 no market fee is to be levied on sales made outside the state. Based on these precedents, we have asked the Agricultural Market Committee, Kakinada to withdraw its notice. We have not received any further correspondence from the Agricultural Market Committee, Kakinada in this matter.

Litigations/Notices/Claims instituted by our Company

I. Criminal Complaints/Claims/Notices

- (a) We have filed a criminal complaint before the Chief Metropolitan Magistrate, New Delhi under Section 138 read with Section 142 of the Negotiable Instruments Act, 1881 against M/s Ganga Sales for recovery of Rs. 1,04,123.92. M/s Ganga Sales who were working as distributors for our Company, issued a cheque bearing number 261320 dated February 16, 1999 drawn on Punjab National Bank towards payments owed to our Company, which cheque was subsequently dishonoured on presentation, as a result of which the said complaint was instituted by our Company. This case is currently pending before the Chief Metropolitan Magistrate, New Delhi.
- (b) We have filed a criminal complaint before the Chief Metropolitan Magistrate, New Delhi under Section 138 read with Section 142 of the Negotiable Instruments Act, 1881 against M/s Grewal Hotels Private Limited for recovery of Rs. 15,62,634. M/s Grewal Hotels Private Limited issued a cheque bearing number 157087 dated December 31, 2004 drawn on Bank of India for a sum of Rs. 10,56,384, and a cheque bearing number 191046 dated November 29, 2004 drawn on Bank of India for a sum of Rs. 5,06,250 towards payments owed by them to our Company, which cheques were subsequently dishonoured on presentation, as a result of which the said complaint was instituted by our Company. Subsequently a sum of Rs. 5,00,000 was recovered from M/s Grewal Hotels Private Limited, with the balance amount still remaining unpaid and pending. This case is currently pending before the Chief Metropolitan Magistrate, New Delhi.
- (c) A criminal case under Sections 420, 511 and 120-B of the Indian Penal Code, 1860 against Mr. Sunil Kumar Bittoo and others is pending before the Judicial Magistrate First Class, Batala. The case was instituted as a result of the accused making illegal and unauthorized use of the name and packaging of our Company to supply and market inferior quality commodities. This case is currently pending before the Judicial Magistrate First Class, Batala.
- (d) There are two petitions instituted under Section 482 of the Criminal Procedure Code, 1976 seeking quashing of the FIR filed by our Company in respect of the criminal case filed against Mr. Sunil Kumar Bittoo and others. The said petitions are currently pending before the High Court of Punjab and Haryana. One of these petitions bearing number Cri. Misc. No. 51146 – M of 2005 has been instituted by Mr. Ashok Kumar Sachdeva and others and the other petition bearing number Cri. Misc. No. 66529– M of 2005 has been instituted by Mr. Surinder Kumar and others. This case is currently pending before the High Court of Punjab and Haryana.
- (e) Our Company has filed a first information report bearing number 35/06 dated July 20, 2006 under Section 420 of the Indian Penal Code, Sections 78 and 79 of the Trademarks Act, 1999 and Sections 63 and 64 of the Copyright Act, 1957 in the Vijaywada City Police Station against Mr. Sawlini Kamal – proprietor of Kanyalal & Sons, Vijaywada. The complaint has been filed as a result of Mr. Kamal collecting used bags of our Company and utilizing them for refilling them with cheap quality rice and then selling them in the market as “Daawat Basmati” at cheaper rates than our rice. The matter has been taken up for investigation by the police officials.

II. Civil Suits/Claims/Notices

- (a) Towards fulfillment of export obligations, a bank guarantee of Rs. 4,76,56,520 was given by our Company in favour of the Food Corporation of India. Subsequently the bank guarantee was reduced to Rs. 2,41,57,500. However, despite fulfillment of export obligations, the Food Corporation of India sought to invoke the bank guarantee. Our Company had filed Suit No. 56 of 2005 before the Court of the Civil Judge, Senior Division, Chandigarh seeking a permanent injunction against the encashment of the said bank guarantee. The bank guarantee has subsequently been encashed by the Food Corporation of India. This matter is currently pending before the Court of the Civil Judge, Senior Division, Chandigarh.

- (b) We have filed a compensation application under Section 12-B of the Monopolies and Restrictive Trade Practices Act, 1969 against the Project Equipment Corporation of India Limited as well as the Food Corporation of India before the Monopolies and Restrictive Trade Practices Commission for a refund of Rs. 27,01,358.54 towards excess charges and interest levied by them against our Company in respect of rice allotments and rice consignments booked by our Company. The matter is currently pending before the Monopolies and Restrictive Trade Practices Commission.
- (c) We had filed a compensation application under Section 12-B of the of the Monopolies and Restrictive Trade Practices Act, 1969 against the Project Equipment Corporation of India Limited before the Monopolies and Restrictive Trade Practices Commission for a refund of Rs. 7,92,000 towards an earnest money deposit made by our Company. The Monopolies and Restrictive Trade Practices Commission had passed an order of refund of the said amount in our favour which has been appealed by the Project Equipment Corporation of India Limited before the Supreme Court of India. The matter is currently pending before the Supreme Court.
- (d) We had filed a suit bearing number CS (OS) No. 2711/99 for permanent injunction against Guruji Trading to restrain them from infringing our trademarks and copyrights. The Delhi High Court vide its order dated September 7, 2005 has decreed the suit in our favour and awarded a sum of Rs. 3,00,000 as damages to our Company. The said decree is currently pending execution by our Company.
- (e) We had instituted a suit for permanent injunction against M/s Himgiri Industry for use of trade mark "Dawat" which is our Company's registered trade mark. Although the case was dismissed for default on January 25, 2006 due to non-appearance, an application for restoration has been moved and notice of the said application has been given to the other party. The case has been fixed for appearance of the respondents i.e. M/s Himgiri Industry before the Court of the Additional District Judge, Tis Hazari Courts, New Delhi. The matter is currently pending before the Court of the Additional District Judge, Tis Hazari Courts, New Delhi.
- (f) We had instituted a suit for permanent injunction against M/s Agarwal Agro Industries for use of trade mark "Rozana" in respect of which our Company has filed an application before the Trade Marks Registry which has also been advertised for acceptance. The matter is pending hearing before the Court of the Additional District Judge, Tis Hazari Courts, New Delhi.
- (g) We have filed a writ petition in the High Court of Punjab and Haryana against the Union of India and the Food Corporation of India challenging the direction of the Central Government given to the Food Corporation of India to blacklist our Company. The case was initiated as a result of the Central Government's refusal to grant the Food Corporation of India permission to allow us a change in buyer in respect of certain quantities of wheat that were originally supposed to be exported to Iraq but were rejected by their surveyors. Not only did the Central Government refuse to grant the Food Corporation of India this permission, it also directed the Food Corporation of India to blacklist our Company. No replay has yet been filed by the Central Government. The matter is currently pending before the High Court of Punjab and Haryana.
- (h) We have filed an application dated June 8, 2006 with the Joint Director General Foreign Trade seeking a duty free credit entitlement of Rs. 4,78,62,498 for the period 2003-04 under the provisions of Notification No. 28 dated January 28, 2004 issued under the Duty Free Credit Entitlement Scheme. We have not received any response from the Joint Director General Foreign Trade in this matter.

Litigations/Claims/Notices instituted against our group companies

- a. One of our group concerns – M/s Raghunath Agro Industries has received a notice dated November 3, 2006 from Ms. Ritu Ghuman, an advocate representing the Punjab State Co-op Supply and Marketing Federation Limited ("PMFL"). In the notice it has been averred that PMFL are the registered proprietors of the trademark 'Sohna' which has been in regular and continuous use for the past two decades in respect of variety of edible articles, including Basmati rice.

The notice further states that PMFL have the right to the exclusive use of the trademark 'Sohna' by virtue of both the long and established user and registrations under numbers 295372, 458136 and 743644 dated March 30, 1974, August 6, 1986 and December 12, 1996 respectively, falling in class 30. The notice claims that adoption and use of the deceptively similar mark 'Sona' by M/s Raghunath Agro Industries in relation to Basmati rice amounts to an infringement of a registered trademark and is objectionable under Section 103 of the Trade Marks Act, 1999, which provision provides for criminal prosecution, punishable with imprisonment of not less than six (6) months and extendable up to three (3) years and a fine of up to Rs. 2,00,000.

The notice calls upon M/s Raghunath Agro Industries to comply with the following:

- To cease and desist from procuring, selling or dealing – directly/indirectly in Basmati Rice under the trademark ‘Sona’ or under any mark deceptively similar to the registered trademark ‘Sohna’;
- To render an undertaking that M/s Raghunath Agro Industries shall not hereinafter procure, sell, or offer for sale, rice or any other article for human consumption under the trademark ‘Sona’ or under any mark deceptively similar to the registered trademark ‘Sohna’.

In terms of the said notice, M/s Raghunath Agro Industries has been given a time period of fifteen (15) days to reply to the said notice.

The notice states that in the event of non-compliance by M/s Raghunath Agro Industries, PMFL will institute legal proceedings - civil and/or criminal against M/s Raghunath Agro Industries.” Ragunath Agro Industries is in process of replying to the notice in the stipulated time.

Litigations/Claims Notices instituted by our group companies

I. Civil Suits/Claims/Notices

Our group concern M/s R.S. Rice & General Mills instituted a suit against the Punjab State Electricity Board before the Additional Civil Judge, Amritsar praying for a declaration with the consequential relief of permanent injunction to restrain the defendants from recovering a sum of Rs. 2,12,135 as claimed by them in Bill No. 2149 dated November 25, 2003 and further, to restrain the defendants from disconnecting the electricity connection of the plaintiffs. The matter is pending hearing before the Additional Civil Judge, Amritsar.

II. Trade Mark Oppositions filed by our Company

Our Company has filed the various oppositions in relation to the following trademarks, the details of which have been set out hereunder:

S.No.	Mark	Counter Party	Details of the Opposition
1.	Daawat	Mukul Oil Corporation Scheme No. 31m, Plot 1A Sarita Apartments, Sadhuvaswani NagarIndore, MP.	Opposition no. 137381 regarding the opposite party's use of the mark 'Daawat'. The status of the opposition is pending.
2.	Daawat	Parasmal Uttamchand Pagariya 97/2 Polanpeth Dana Bazaar Jaigon District, Jaigoan-425001	Opposition no. 137385 regarding the opposite party's use of the mark 'Davat'. The application is pending
3.	Daawat	Tarun Pitalia trading as Vinay Traders,17 Swami Mahavir Marg Inside Fort, Vidisha, M.P.	Opposition no. 165928 regarding the opposite party's use of the mark 'Daawat'. The application is currently pending.
4.	Daawat ¹	M/s Sachdeva and Sons Industries Private Ltd.,Post Office Gilwali, near Sangrana Sahib, Taran Taran Road ASR	Opposition no. 176542 filed on regarding the opposite party's use of the mark 'Daawat'. The application is currently pending.
5.	Daawat	M/s Raj Enterprises11 Agarsain MarketMandi Road, Jalandhar 144001	The opposition number is yet to be granted against the opposite parties use of the mark 'Daawat'.
6.	Junior	Parasmal Uttamchand Pagariya 97/2 Polanpeth Dana Bazaar Jaigon District, Jaigoan-425001	Opposition no. 179437 , regarding the opposite party's use of the mark 'Junior'. The application is currently pending.

¹ Pursuant to a memorandum of understanding dated September 27, 2006 between our Company and Sachdeva and Sons Industries Private Limited, Sachdeva and Sons Industries Private Limited have agreed to withdraw the application filed in relation the mark “Daawat” that was being opposed by our Company.

S.No.	Mark	Counter Party	Details of the Opposition
7.	Harroz	Parasmal Uttamchand Pagariya 97/2 Polanpeth Dana Bazaar Jaigon District, Jaigoan-425001	The opposition number is yet to be granted against the oppositions use of the mark 'HAR-ROZ'.
8.	Daawat Rozana	Parasmal Uttamchand Pagariya 97/2 Polanpeth Dana Bazaar Jaigon District, Jaigoan-425001	Opposition no. 179246, regarding the opposite party's use of the mark 'Rozana'. The application is currently pending.
9.	Daawat Rozana	Piruz A. KhambattaM/s Rasna Ltd. Opp. Atlanta Gulbai Tekra Ahmedabad 380006	Opposition no. 201439, regarding the opposite party's use of the mark 'Rozana'. The application is currently pending.
10.	Heritage	M/s Heritage Foods India Ltd. 6-3-541/C Panjagutta Hyderabad 500482	Opposition no. 168524 regarding the opposite party's use of the mark 'Heritage'. The application is currently pending.
11.	Heritage	M/s Heritage Foods India Ltd. 6-3-541/C Panjagutta Hyderabad 500482	Opposition no.168525 regarding the opposite party's use of the mark 'Heritage'. The application is currently pending.
12.	Heritage	Satish Arora Gyas Uddin trading as G.S. Associate, Fatehabad RoadAgra, UP	Opposition number 170552 regarding the opposite party's use of the mark 'Heritage'. The application is currently pending.
13.	Heritage	Asha Builders Ltd.3 rd Floor, K.K. Tower, Civil Line, Jallandar City, Punjab.	Opposition number 170550 regarding the opposite party's use of the mark "Heritage". The application is currently pending.
14.	Surbhi	Ramesh Bhai Chotabhai Patel, Hasmukhbhai Chottabhai Patel and Savitaben Nathubhai Patel Veer Savarkar Chowk Sindi Bazaar, JalnaAgent and Address for Service:Hiral C. Joshi 501 Vishwananak Chakal Road Andheri (E) Mumbai 400 099.	Opposition number 165929, regarding the opposite party's use of the mark 'Surabhi'. The application is currently pending.
15.	Surbhi	The Assam Tea Industries CK16/6 B Town Hall Road, Kasim BazarBallai 277001	The opposition number is yet to be granted.
16.	Surbhi	Bhushan Chand Gupta trading as Mahavir IndustriesD-119 Focal PointKhanna Punjab	Opposition no. 137724, regarding the opposite party's use of the mark 'Surbhi'. The application is currently pending.
17.	Surbhi	Sohil Chandrakanth Shah trading as C.A. Packing and Processing Co.Jin Compound, Mehta Market Surendranagar 363001.	Opposition no. 165932, wherein a compromise was reached between the parties.
18.	Surbhi	Shanti Kumar trading as Dinesh Prakashan 43/79 Chowk Kanpur	Opposition no. 167905 regarding the opposite parties use of the mark 'Surbhi'. The opposition is currently pending.
19.	Surbhi	M/s Lakshmi Marketing 159 Nizam Colony Pudukottai-622001.	Opposition no. 177381 regarding the opposite parties use of the mark 'Surabi'. The opposition is currently pending. ²

² Vide an order dated September 19, 2006, the Assistant Registrar of Trade Marks, has ordered that Application number – 859532B filed by M/s Lakshmi marketing for registration of the mark 'Surabi' shall be deemed to have been abandoned and as a result, the opposition filed by our Company abates.

S.No.	Mark	Counter Party	Details of the Opposition
20.	Surbhi	M/s Himalaya Dairy Product R.K. Apartment, Dal Bazar Gwalior	The opposition number is yet to be granted.
21.	Shalimar ³	M/s Shalimar Chemical Works Ltd., 92-E Alipore Road, Kolkata 700027	Opposition no. 198081, regarding the opposite parties use of the mark 'Shalimar Chef'. The opposition is currently pending.
22.	Daawat Mini	Parasmal Uttamchand Pagariya 97/2 Polanpeth Dana Bazaar Jaigon District, Jaigoan-425001	Opposition no. 179434 regarding the opposite parties use of the mark 'Minni'. The opposition is currently pending.
23.	Daawat Tinny	Parasmal Uttamchand Pagariya 97/2 Polanpeth Dana Bazaar Jaigon District, Jaigoan-425001	Opposition no. 179435, regarding the opposite parties use of the mark 'Tinny'. The application is currently pending.
24.	Sona Chandi	Manoj Gupta trading as Gupta Flour Mills H.No. 10004, Street no. 6 Janta Nagar, Shimla Puri Road, Ludhiana 141003, Punjab	Opposition no. 165564 regarding the opposite parties use of the mark 'Sona Chandi'. The application is currently pending.
25.	Daawat ⁴	M/s Sachdeva and Sons Industries Private Ltd., Post Office Gilwali, near Sangrana Sahib, Taran Taran Road ASR	Opposition no. 196969 regarding the opposite parties use of the mark 'Daawat-E-Khas'. The application is currently pending.
26.	Daawat	Daawat Industries, Plot no. 116, Shahapur Industrial Estate, Pundhe, Shahpur-421601.	Opposition no. is yet to be granted. The opposition is against the use of the mark 'Daawat Active'.
27.	Sona	M/s Mamta Food Products Village Talwaninahar, Tehsil Ajnala District ASR	Opposition no. 177663 filed against the use of the mark 'Sona'. The application is currently pending.
28.	Sona	J.R. Foodz 302/2 L-10, Phase-1 GIDC Naroda, Ahmedabad 382330	Opposition no. 189118 was filed against the use of the mark 'Sona'. The application is currently pending.
29.	Sona	M/s Sona Trading Co., 533-C Lahori Gate Naya Bazar, Delhi	Opposition no. is yet to be allotted. The opposition is against the use of the mark 'Sona' by the opposite party.
30.	Sona	Rajesh Industries, Jalna	Opposition no. is yet to be allotted. The opposition is against the use of the mark 'Sona'.
31.	Surbhi	ITC Limited Kolkata	Opposition no. is yet to be allotted. The opposition is against the use of the mark 'Surbhi'.
32.	Sona Chandi	Assam Tea Company Jalna	Opposition no. is yet to be allotted. The opposition is against the use of the mark 'Sona Chandi' by the opposite party.

³ Our Company was required to file our evidence in this matter by October 11, 2005. However, Our Company did not lead any evidence in relation to this matter and the opposition will now be deemed to be dismissed under the provisions of law. A formal order of dismissal is awaited from the Office of Trade Marks Registry, Kolkata.

⁴ Pursuant to a memorandum of understanding dated September 27, 2006 between our Company and Sachdeva and Sons Industries Private Limited, Sachdeva and Sons Industries Private Limited have agreed to withdraw the application filed in relation the mark "Daawat-E-Khas" that was being opposed by our Company.

S.No.	Mark	Counter Party	Details of the Opposition
33.	Shalimar	Punjab Flour and Allied Industries, D-117, Focal Point, Ludhiana	Opposition number is yet to be allotted. The opposition is against the use of the mark 'Shalimar' by the opposition.
34.	Daawat	Assam Tea Company Haryana	Opposition number is yet to be allotted. The opposition is against the mark 'Daawat' being used by the opposition.
35.	Sona	J.R. Foodz 302/2 L-10 Phase-1 GIDC Naroda, Ahmedabad 382330	Opposition no. 193057 against the use of the mark 'Sona' by the opposite party. The application is currently pending..
36.	Daawat	Vishnu Oil Mills Jodhpur	Opposition no. is yet to be allotted. The opposition is against the use of the mark 'Daawat'.
37.	Daawat	Aman Pal Singh Arora	Opposition no. 61405 filed against the use of the mark 'Sajawat' by the opposition. The opposition is currently pending.
38.	Brown	M/s Shree Gajana Industries, Nizamabad	Opposition number is yet to be allotted. The opposition is against the use of the mark 'Brown'.
39.	Devaaya	Chemico Pty Ltd.	We have served a notice of opposition dated May 9, 2006 under the Australian Trade Marks Act, 1995 against Chemico Pty. Ltd in respect of the mark "Devaaya". No opposition number has been allotted till date.
40.	Sona Chandi	Shree Durga Industries	We have served a notice of opposition dated September 25, 2006 against Shree Durga Industries in respect of the mark "Sona Chandi". No opposition number has been allotted till date.
41.	Sona Sikka	M/s Himanshu Flour Mills Limited	We have served a notice of opposition dated September 25, 2006 against M/s Himanshu Flour Mills Limited in respect of the mark "Sona Sikka". No opposition number has been allotted till date.
42.	Sona Rupa	M/s Jai Agwani Agencies	We have served a notice of opposition dated August 19, 2006 against M/s Jai Agwani Agencies in respect of the mark "Sona Rupa". No opposition number has been allotted till date.
43.	Rozana	M/s Aggarwal Agro Industries	We have served a notice of opposition dated August 20, 2006 against M/s Aggarwal Agro Industries in respect of the mark "Rozana". No opposition number has been allotted till date.
44.	Surbhi	M/s Rajeev Sales Corporation	We have served a notice of opposition dated August 19, 2006 against M/s Rajeev Sales Corporation in respect of the mark "Surbhi". No opposition number has been allotted till date.
45.	Shalimar	M/s Goyal Brothers	We have served a notice of opposition dated August 19, 2006 against M/s Goyal Brothers in respect of the mark "Shalimar". No opposition number has been allotted till date.
46.	Har Roz	M/s Aggarwal Agro Industries	We have served a notice of opposition dated August 20, 2006 against M/s Aggarwal Agro Industries in respect of the mark "Har Roz". No opposition number has been allotted till date.

S.No.	Mark	Counter Party	Details of the Opposition
47.	Sonam	M/s Sumit Traders	We have served a notice of opposition dated August 28, 2006 against M/s Sumit Traders in respect of the mark "Sonam". No opposition number has been allotted till date.
48.	Seema Sona	M/s Vijay Bhaskara Rice Mills	We have served a notice of opposition dated August 28, 2006 against M/s Vijay Bhaskara Rice Mills in respect of the mark "Seema Sona". No opposition number has been allotted till date.
49.	Sonaa	M/s Sona Corporation	We have served a notice of opposition dated August 19, 2006 against M/s Sona Corporation in respect of the mark "Sonaa". No opposition number has been allotted till date.
50.	Sona	M/s Himmat Home Industries	We have served a notice of opposition dated August 28, 2006 against M/s Himmat Home Industries in respect of the mark "Sona". No opposition number has been allotted till date.
51.	Dawat	M/s Ava Foods Inc.	We have served a notice of opposition dated July 19, 2006 against M/s Ava Foods Inc. in respect of the mark "Dawat". No opposition number has been allotted till date.
52.	Daawat	M/s Shree Lakshmi Foods	We have served a notice of opposition dated July 19, 2006 against M/s Shree Lakshmi Foods in respect of the mark "Daawat". No opposition number has been allotted till date.
53.	Dawat	M/s Shree Usha Griha	We have served a notice of opposition dated July 19, 2006 against M/s Shree Usha Griha in respect of the mark "Dawat". No opposition number has been allotted till date.
54.	Dawat	M/s Radhika Traders	We have served a notice of opposition dated July 19, 2006 against M/s Radhika Traders in respect of the mark "Dawat". No opposition number has been allotted till date.
55.	Brown	Shree Gajanan Industries	We have served a notice of opposition dated May 30, 2006 against M/s Shree Gajanan Industries in respect of the mark "Brown". No opposition number has been allotted till date.

Adverse Events

There has been no adverse event affecting the operations of our Company occurring within one year prior to the date of filing of this Red Herring Prospectus with the Registrar of Companies.

Defaults

Our Company has not defaulted in meeting any statutory dues, institutional dues or bank dues. Our Company has not defaulted in making any payment/refunds for debentures, fixed deposits and interest on debentures and fixed deposits.

STATUTORY APPROVALS AND LICENCES

Our Company has received all the necessary consents, licenses, permissions and approvals from the Government/RBI and various government agencies required for its present business and no further approvals are required for carrying on the present as well as the proposed business of our Company except the pending approvals as mentioned under this heading.

We have received the following Government and/or statutory approvals/ licenses/ permissions:

Existing Approvals

We have received the following Government and/or statutory approvals/licences/permissions:

Environmental Approvals

Sl. No.	Type of Approval	Business Location	Issuing Authority	Status	Approval Reference
1.	Sound Pollution Certificate granted under the Environment Protection Rules, 1986	M/s LT Overseas Ltd., 43 KM Stone, GT Road Bahalgarh (Sonapat)	Environmental Engineer, Sonapat Region, Haryana State Pollution Control Board	Valid	Approval dated March 31, 2005Approval number - HSPCB/SR/2005/6005
2.	Consent for discharge of effluents under the Water (Prevention and Control of Pollution) Act, 1974	M/s LT Overseas Ltd., 43 KM Stone, GT Road Bahalgarh (Sonapat)	Environmental Engineer, Sonapat Region, Haryana State Pollution Control Board	Valid till March 31, 2007	Approval dated June 28, 2002 Approval number - HSPCB/Consent/2002/39
3.	Consent for emission of air pollutants under the Air (Prevention and Control of Pollution) Act, 1981	M/s LT Overseas Ltd., 43 KM Stone, GT Road Bahalgarh (Sonapat)	Environmental Engineer, Sonapat Region, Haryana State Pollution Control Board	Valid till March 31, 2007	Approval dated April 1, 2002Approval number - HSPCB/AIR Consent/ 2002/41
4.	Certificate for allowing use of boilers under the Indian Boilers Act, 1923	M/s LT Overseas Ltd., 43 KM Stone, GT Road Bahalgarh (Sonapat)	Chief Inspector – Boilers, Faridabad, Haryana	Valid till March 7, 2007	Certificate dated March 17, 2006Certificate No. – 32509 – D.I. – Item No. 2 – HGP, Chd.
5.	License to store and import petroleum under the Petroleum Act, 1934	M/s LT Overseas Ltd., 43 KM Stone, GT Road, Bahalgarh (Sonapat)	Chief Controller of Explosives	Valid till December 31, 2006	Licence dated February 23, 2001 Licence number - HN 1994
6.	No- objection certificate for fire safety	M/s LT Overseas Ltd., 43 KM Stone, GT Road Bahalgarh (Sonapat)	Fire Station Officer, Haryana Fire Service	Valid till October 16, 2007	Approval dated – October 17, 2006 Approval number – 298
7.	Consent granted under the Air (Prevention & Control of Pollution) Act 1981	M/s R.S. Rice & General Mills, Phool Road, Bhikhiwind, Amritsar*	Assistant Environmental Engineer, Punjab Pollution Control Board.	Valid until March 23, 2018	Date of approval - March 24, 2003ASR/APC/2003-2018/F-420
8.	Consent granted under the Water (Prevention & Control of Pollution) Act 1974	M/s R.S. Rice & General Mills, Phool Road, Bhikhiwind, Amritsar	Assistant Environmental Engineer, Punjab Pollution Control Board.	Valid until March 23, 2018	Date of approval -March 24, 2003ASR/WPC/2003-2018/F-459.

* Although certain approvals have been obtained in the name of M/s R.S. Rice & General Mills, Phool Road, Bhikhiwind, Amritsar, the business at this location is being carried on by our Company. The approvals have been obtained in the name of M/s R.S. Rice & General Mills, Phool Road, Bhikhiwind, Amritsar as the property from where the business is carried out is in their name.

Export related Certificates/ Registrations

Sl. No.	Type of Approval	Business Location	Issuing Authority	Status	Approval Reference
1.	Three Star Export House Certificate	M/s LT Overseas Ltd., A-21 Green Park, Aurobindo Marg, New Delhi.	Joint Director General, Foreign Trade	Valid till March 31, 2009	Certificate dated January 12, 2005 Certificate number -015442
2.	Certificate of Importer-Exporter Code	M/s LT Overseas Ltd., A-21 Green Park, Aurobindo Marg, New Delhi.	Assistant Director General of Foreign Trade	Valid	Certificate dated June 4, 1992 Certificate number – 0592005801
3.	Approval under the Export of Basmati Rice (Quality Control and Inspection) Rules, 2003	M/s LT Overseas 43 KM Stone, Bahalgarh, Sonapat	Export Inspection Agency, Delhi	Valid till February 15, 2008	Renewal of approval dated February 17, 2006 Approval No. – 04- 006

Food Products and Processing related approvals

Sl. No.	Type of Approval	Business Location	Issuing Authority	Status	Approval Reference
1.	Certificate of Registration as a manufacturer exporter with the Agricultural and Processed Food Products Export Development Authority.	M/s LT Overseas Ltd., A-21 Green Park, Aurobindo Marg, New Delhi; and M/s LT Overseas Ltd., 43 KM Stone, GT Road, Bahalgarh (Sonapat)	Registration Officer, Agricultural and Processed Food Products Export Development Authority	Valid	Certificate dated December 30, 1993 Certificate number – APEDA REGN/IMP (003247 – A)/1993 – 94
2.	Acknowledgement of memorandum of manufacture	M/s LT Overseas Ltd., A-21 Green Park, Aurobindo Marg, New Delhi	Secretariat of Industrial Assistance, Government of India	Valid	Acknowledgement dated December 5, 2003 Acknowledgement No. 3524/SIA/IMO/2003
3.	Permission for stuffing of containers at factory premises for export of rice.	M/s LT Overseas Ltd., 43 KM Stone, GT Road, Bahalgarh (Sonapat)	Deputy Commissioner of Customs, Inland Container Depot, Dadri, (U.P)	Valid	This permission is dated July 7, 2005 bearing reference number Permission No. VIII (CUS) 9/Stuffing/SNP/04

Market Approvals

We are currently operating out of 35 market centres in the state of Punjab and 34 market centres in the state of Haryana. To operate out of these market centres we are required to obtain licences from various market committees. Our Company has obtained the requisite market licences to operate out of these market centres which we renew from time to time upon their expiry.

As a condition for obtaining these market licences, we are required to have a physical presence in the respective market centres for the purposes of procurement from the different grain markets. For the purpose of establishing such presence, we have, through our commission agents set up different procurement centres at their premises in the respective market centres.

Factory and Labour Related Approvals

Sl. No.	Type of Approval	Business Location	Issuing Authority	Status	Approval Reference
1.	Factory license under the Factories Act, 1948	M/s LT Overseas Ltd., 43 KM Stone GT Road Bahalgarh (Sonapat)	Chief Inspector of Factories, Haryana Chandigarh	Valid till December 31, 2006	License dated October 13, 1995 Licence registration number - SPT/L-7/7858 Licence serial number - 577
2.	Factory license under the Factories Act, 1948	M/s R.S. Rice & General Mills, Phool Road, Bhikhiwind, Amritsar	Chief Inspector of Factories, Punjab	Valid till December 31, 2007	License dated December 31, 1997 Licence registration number – ASR/RAR – 106/1241/443
3.	Registration under the Contract Labour (Regulation and Abolition Act), 1970	M/s LT Overseas Ltd., 43 KM Stone GT Road Bahalgarh (Sonapat)	Joint Labour Commissioner, Labour Department Haryana	Valid till December 31, 2006	Registration dated March 14, 2006 Registration number - CLA/RG – 1841/1425/ 333/SPT/1-51/N1-11/HR/ 340/SPT/11/05
4.	Registration under the Employees’ Provident Funds and Miscellaneous Act, 1952	M/s LT Overseas, A – 21, Green Park, New Delhi	Regional Provident Fund Commissioner	Valid	Registration date – February 27, 1999 Registration code – DL/ 21332
5.	Registration under the Employees’ Provident Funds and Miscellaneous Act, 1952	M/s LT Overseas Ltd., 43 KM Stone GT Road Bahalgarh (Sonapat)	Regional Provident Fund Commissioner	Valid	Registration date – February 18, 1998 Registration code – HR – KL/15216
6.	Registration under the Employees’ State Insurance Act, 1948	M/s LT Overseas Ltd., 43 KM Stone GT Road Bahalgarh (Sonapat)	Regional Director, Employees’ State Insurance Corporation	Valid	Registration date – July 14, 2003 Registration code – 13/ 27386/05
7.	Registration under the Employees’ State Insurance Act, 1948	M/s LT Overseas Ltd., A-21, Green Park, New Delhi	Director, Employees’ State Insurance Corporation	Valid	Registration date – May 3, 2006 Registration code –11-10- 63084-101

Tax Registrations

Sl. No.	Type of Approval	Business Location	Issuing Authority	Status	Approval Reference
1.	Registration for Service Tax under the Finance Act, 1994.	M/s LT Overseas Ltd., Bhikhiwind, Amritsar	Superintendent (Service Tax), Central Excise Division	Valid	Certificate dated March 16, 2005 Registration number – AAACL0259KST001
2.	Registration certificate under Punjab VAT Act 2005.	M/s LT Overseas Ltd., Bhikhiwind, Amritsar	Excise and Taxation Officer, Amritsar, Punjab	Valid	Certificate dated June 3, 2005 Registration number – 03021083435
3.	Allotment of Tax Deduction Account Number under the Income Tax Act, 1961	M/s LT Overseas Ltd., 43 KM Stone, G.T. Road, Bahalgarh, (Sonapat), Haryana	Income Tax Department	Valid	Registration dated July 27, 2004 Tax Deduction Account Number – RTKL00819A
4.	Central Sales Tax Registration under the Central Sales Tax Act, 1956	M/s LT Overseas Ltd., Bhikhiwind, Amritsar.	Assessing Authority, Amritsar	Valid	Registration effective from December 11, 1997 Registration number - 20918914
5.	Allotment of Tax Deduction Account Number under the Income Tax Act, 1961	M/s LT Overseas Ltd., A-21 Green Park, Aurobindo Marg, New Delhi	Income Tax Department	Valid	Registration dated May 12, 2004 Tax Deduction Account Number – DELL02368C
6.	PAN Number certification under the Income Tax Act, 1961	M/s LT Overseas Ltd., A-21 Green Park, Aurobindo Marg, New Delhi	Income Tax Officer, New Delhi	Valid	Registration dated May 12, 2000 PAN Number – AAA CL 0259K
7.	Trader Identification Number Certificate under the Delhi Value Added Tax Act, 2005	M/s LT Overseas Ltd., A-21 Green Park, Aurobindo Marg, New Delhi	Sales Tax Officer	Valid	Registration effective from April 1, 2005 Registration number - 07030161427
8.	VAT Registration Certificate under the Haryana Value Added Tax Act, 2003	M/s LT Overseas Ltd., 43 KM Stone, G.T. Road, Balahgarh, (Sonapat).	Assessing Authority, Sonapat District	Valid	Registration dated April 1, 2003 Tax Identification Number - 06983005737
9.	Registration for Service Tax under the Finance Act, 1994	M/s LT Overseas Ltd., 43 KM Stone, G.T. Road, Balahgarh, (Sonapat)	Superintendent, Central Excise Division, Sonapat	Valid	Registration dated February 28, 2005 Registration number – 74/ST/LT/GTA/SNP/2005
10.	Sales Tax Registration under the Uttar Pradesh Trade Tax Act, 1948	M/s LT Overseas Limited, Nasrat Pura, Ghaziabad	Trade Tax Officer, Ghaziabad	Valid	Registration Certificate to take effect from December 5, 2001 Registration Number – GC – 0081223
11.	Central Sales Tax Registration under the Central Sales Tax Act, 1956	M/s LT Overseas Limited, Nasrat Pura, Ghaziabad	Trade Tax Officer, Ghaziabad	Valid	Registration Certificate to take effect from December 11, 2001 Registration Number – GC – 5050462

Sl. No.	Type of Approval	Business Location	Issuing Authority	Status	Approval Reference
12.	Sales Tax Registration under the Rajasthan Sales Tax Act, 1994	M/s LT Overseas Limited, 2 – R – 14, Dadbari Vistar Yojna City, Kota District	Assistant Sales Tax Officer, Kota	Valid	Registration Certificate to take effect from December March 19, 2004 Registration Number – 08142954950
13.	Central Sales Tax Registration under the Central Sales Tax Act, 1956	M/s LT Overseas Limited, 2– R – 14, Dadbari Vistar Yojna City, Kota District	Sales Tax Officer, Kota	Valid	Registration Certificate to take effect from December April 19, 2004 Registration Number – 08142954950 (Central)
14.	Allotment of Tax Deduction Account Number under the Income Tax Act, 1961	M/s LT Overseas Ltd., Bhikiwind, Amritsar	Income Tax Department	Valid	Tax Deduction Account Number – AMRL10022F
15.	Central Sales Tax Registration under the Central Sales Tax Act, 1956	M/s LT Overseas Limited, 43 KM Stone, G.T. Road, Balahgarh, (Sonapat).	Excise and Taxation Officer, Sonapat	Valid	Registration Certificate to take effect from January 15, 1991 Registration Number – 5737
16.	Central Sales Tax Registration under the Central Sales Tax Act, 1956	M/s LT Overseas Limited, A-21, Green Park, New Delhi	Excise and Taxation Officer, Sonapat	Valid	Registration Certificate to take effect from November 30, 1992 Registration Number –LC/ 04/161427/11/92

Miscellaneous Registrations

Sl. No.	Type of Approval	Business Location	Issuing Authority	Status	Approval Reference
1.	Sanction for extension of electricity load	M/s LT Overseas Ltd., 43 KM Stone GT Road Bahalgarh (Sonapat)	Superintending Engineer, Uttar Haryana Bijli Vitran Nigam	Valid	Approval dated July 1, 2005 Approval number - Ch-2/RG-391/1350/SNP/ Loose
2.	Certificate for permanent registration as a small scale industrial unit	M/s R.S. Rice & General Mills, Phool Road, Bhikhiwind, Amritsar	Senior General Manager, District Industries Centre, Directorate of Industries Punjab.	Permanent	Approval Number -PSI/80/ 16/01/Final/Misc Date of approval - September 14, 1985.
3.	Certificate under the Standard Weights and Measures Rules, 1985	LT Overseas, 43 KM Stone GT Road Bahalgarh	Inspector, Legal Metrology, Sonapat	Valid till May 16, 2007	Certificate renewed vide receipt number 000081 dated May 17, 2006

Land Related Approvals and Permissions

We have set up factories at different locations for the purpose of carrying on our business. For the details of our factory locations, please refer to Page 61 of this Red Herring Prospectus. These factories have been set up on lands that were originally agricultural lands and we have obtained requisite change of land use permissions from the concerned authorities with respect to setting up our factories on such lands.

The details of the approvals obtained by us in this regard have been set out hereunder:

- Permission for change of land use for construction of industrial buildings over an area of 15,062 square yards falling in the Khasra Nos. 29//6, 7/1, 7/2, 7/3, 8, 9 (Part) and 12/3 (Part) of the revenue estate of village Joshi Chauhan, Sonapat. The said permission bearing number: S – 826 – 8DP (ii) – 97/6122 dated May 8, 1997 was issued by the Director – Town and Country Planning, Haryana.
- Permission for change of land use for expansion of rice shellers unit over an area of 24,018.5 square yards falling in the Khasra Nos. 29//19/1, 19/2, 12/3-P, 30//10, 11, 20 and 21 of the revenue estate of village Joshi Chauhan, Sonapat. The said permission bearing number: S – 862 – 10DP – 2002/12404 dated September 3, 2002 was issued by the Director – Town and Country Planning, Haryana.
- Permission for change of land use for expansion of rice shellers unit over an area of 15,031.5 square yards falling in the Khasra Nos. 29//7/2, 13(P), 14 and 15 of the revenue estate of village Joshi Chauhan, Sonapat. The said permission bearing number: S – 862 – 8DP - 98/7234 dated May 18, 1998 was issued by the Director – Town and Country Planning, Haryana, Chandigarh.
- Permission for change of land use for composition of unauthorized construction of 1,089 rft. Boundary wall and grant of permission for change of land use for expansion of existing unit for godown purposes over an area of 14,407.87 square yards falling in the Rect/Killa No. 24//19/2, 20, 21, 28//5, 29//1 of the revenue estate of village Joshi Chauhan, Sonapat. The said permission bearing number: S – 862 – 8DP - 2005/17290 dated December 19, 2005 was issued by the Director – Town and Country Planning, Haryana.
- Permission for change of land use for expansion of industrial building over an area of 16,822.05 square yards falling in Khasra No. 29//9 – P, 10 – P, 11 – P, 12/1, 12/2, 12/3 – P, 13 – P, 19/3, 20/1 – P of the revenue estate of village Joshi Chauhan, Sonapat. The said permission bearing number: S – 862 – 10DP - 2000/15025 dated October 17, 2000 was issued by the Director – Town and Country Planning, Haryana.
- Occupation Certificate bearing memo number 20//STP (G) dated June 26, 2000 issued by the Senior Town Planner, Gurgaon, for the occupation of the industrial building situated at Ground Floor, Blocks A, B and C - G.T. Road, Sonapat over an area of 65,606.02 square feet.
- Occupation Certificate bearing memo number 14147 dated October 7, 2004 granted by the Director of Town and Country Planning, Haryana for occupation of industrial building blocks – B, G, K (Part), L, O (Part), and P situated at G.T. Road, Sonapat.
- Occupation Certificate bearing memo number 4241 dated March 17, 2003 granted by the Director of Town and Country Planning, Haryana for occupation of industrial building blocks – A, B (Platform), C, F, G, Tanks and cooling tanks situated at Village Joshi Chauhan, Sonapat.

Export Promotion Capital Goods Scheme Licences

We have also been issued licences from time to time under the Export Promotion Capital Goods Scheme by the Ministry of Commerce, Government of India. These licences carry corresponding export obligations that are required to be fulfilled by our Company. As per a certificate dated October 28, 2006 issued by our statutory auditor, the outstanding export obligations of our Company under the EPCG licences amounts to Rs. 85,12,56,689.

Letter of Intent:

Punjab Agro Industries Corporation (Project Division) has given letter of intent no. PAIC/PJD/EC/2006/894 for granting special packages of incentives for setting up Ultra Modern Rice Plant in Amristar, Punjab.

Investment Approvals

As per Notification No. FEMA/20/2000-RB dated 03rd May 2000, as amended from time to time, under automatic route of the Reserve Bank, our Company is not required to make an application for Issue of Equity Shares to NRIs / FIIs with repatriation benefits. However, the allotment/transfer of the Equity shares to NRIs / FIIs shall be subject to the prevailing RBI Guidelines. Sale proceeds of such investments in equity shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

Except as stated hereinabove, our Company has received the necessary consents, licenses, permissions and approvals from the Government and various Government agencies required for our present business and no further approvals are required for carrying on the present as well as the proposed business activities.

It must however, be distinctly understood that in granting the above consents/licences/permissions/approvals, the Government and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any statements or any commitments made or opinions expressed herein.

Pending Approvals

Our Company has recently set up a branch office in Kolkata to carry out certain operations related to our business. As a result, of setting up of such office, we are required to obtain certain registrations and approvals under applicable law.

Our Company has already filed all the requisite applications and made the necessary payments for obtaining such registrations and approvals. However, we are currently awaiting receipt of the registration certificate from the issuing authorities in respect of the following:

- Registration under the West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1970 – Our Company has already the registration fee towards obtaining a registration under this enactment and we are currently awaiting issuance of a registration certificate by the issuing authorities.
- Registration under the West Bengal Value Added Tax Act, 2003 and the Central Sales Tax Act, 1956 – Our Company has already the registration fee towards obtaining a registration under these enactments and we are currently awaiting issuance of a registration certificate by the issuing authorities.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The issue of Equity Shares by our Company has been proposed by the resolution of the Board of Directors passed at their meeting held on 17th February 2006. The shareholders of our Company have authorised and approved this Issue under section 81(1A) of the Act by a Special Resolution at our Extra Ordinary General Meeting held on 01st April 2006.

Prohibition by SEBI

Our Company, our Directors, our Promoters, the group companies, companies promoted by Promoters and companies or entities with which our Company's Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. Our Company, our Promoters, group companies have, not been detained as willful defaulters by RBI/ government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI DIP Guidelines as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements:

- a) Our Company has net tangible assets of at least Rs. 3 Crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary asset

(Rs. in Million)

Particulars	March 31, 2002 12 Months	March 31, 2003 12 Months	March 31, 2004 12 Months	March 31, 2005 12 Months	March 31, 2006 12 Months
Fixed Assets (Net)	305.73	391.84	379.12	379.91	519.91
Current Assets, Loans & Advances	1544.42	1989.62	2236.25	2508.31	2549.15
Trade Investments	6.00	6.00	8.23	11.76	74.55
Less: Current Liabilities & provisions	295.15	412.53	499.46	411.78	327.99
Less: Secured Short term Liabilities	1071.28	1424.34	1580.36	1863.94	1992.62
Net Tangible Assets	489.72	550.59	543.78	624.26	828.00
Monetary Assets	20.31	41.32	82.48	56.07	91.27

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

Monetary assets include cash on hand and bank balances.

- b) Our Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years.

(Rs. in Million)

Particulars	March 31, 2002 12 Months	March 31, 2003 12 Months	March 31, 2004 12 Months	March 31, 2005 12 Months	March 31, 2006 12 Months
Net Profit after tax	36.42	48.49	54.08	49.74	111.34

- c) Our Company has a net worth of at least Rs. 1 Crore in each of the preceding 3 full years (of 12 months each).

(Rs. in Million)

Particulars	March 31, 2002 12 Months	March 31, 2003 12 Months	March 31, 2004 12 Months	March 31, 2005 12 Months	March 31, 2006 12 Months
Equity Share Capital	68.95	68.95	68.95	68.95	72.35
Reserves & Surplus	290.91	331.80	385.88	435.62	531.51
Less: Revaluation Reserves	Nil	Nil	Nil	Nil	Nil
Less: Misc. Exp	12.08	11.47	28.33	41.22	54.66
Net worth	347.78	389.28	426.50	463.50	549.20

- d) Our Company has not changed its name within the last one year.
- e) Our Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.

Further, if the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

Disclaimer Clauses

SEBI Disclaimer Clause

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGERS, UTI SECURITIES LIMITED AND IL&FS INVESTSMART LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, UTI SECURITIES LIMITED AND IL&FS INVESTSMART LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED 28TH JUNE 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
- II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,**

WE CONFIRM THAT:

- A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE.
- III) WE CONFIRM THAT, BESIDE US, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT SUCH REGISTRATIONS ARE VALID TILL DATE.
- IV) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
- V) WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

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 BOOK RUNNING LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT."

Disclaimer from the Issuer and the Book Running Lead Managers

Investors may note that LT Overseas Limited, UTI Securities Limited and IL&FS Investsmart Limited accept no responsibility for statements made other than in this Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer Company and that any one, placing reliance on any other source of information would do so at their own risk.

The BRLMs, UTI Securities Limited, IL&FS Investsmart Limited do not accept any responsibility save to the limited extent as provided in terms of the Memorandum of Understanding entered into between our Company and the BRLMs and the Underwriting Agreement to be entered into between our Company and the Underwriters.

All information will be made available by the Book Running Lead Managers, Underwriters, Syndicate members and our Company to the public and investors at large and no selective or additional information would be available for any section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc. We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLMs accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding dated 26th June 2006 entered into between the BRLMs and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

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 Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Delhi only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

This Red Herring Prospectus is not an offer of Equity Shares or an invitation to subscribe to Equity Shares to any person in any jurisdiction where it is unlawful to make such offer or invitation.

Disclaimer Clause of the Bombay Stock Exchange Limited

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated August 01, 2006 permission to this Company to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i) Warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; or
- ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Offer Document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of National Stock Exchange of India Limited

As required, a copy of this Offer Document has been submitted to the National Stock Exchange of India Limited (herein referred to as NSE). NSE has given vide its letter No. NSE/LIST/24703-3 dated August 11, 2006 and letter No. NSE/LIST/33296-G dated November 17, 2006 permission to our Company to use the Exchange's name in this Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinised this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of this Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI at: SEBI Bhawan, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

A copy of the Red Herring Prospectus along with the documents required to be filed under section 60B of the Companies Act would be delivered for registration to the Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavararan Bhavan, CGO Complex, Lodhi Road, New Delhi – 110 003, at least 3 (three) days before the issue opening date.

The final Prospectus would be filed with the Corporate Finance Department of SEBI and the ROC at the respective aforesaid addresses upon closure of the issue and on finalization of the issue price.

Listing

Applications have been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any stock exchange (s) in India.

BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non-Institutional portion and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the stock exchanges mentioned above, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 70 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and all our directors jointly and severally shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE are taken within seven working days of finalization and adoption of the Basis of Allotment for the Issue.

Consents

Necessary Consents for the issue have been obtained from the following

1. Directors of our Company
2. Bankers to our Company
3. Auditors to our Company
4. Book Running Lead Managers to the Issue
5. Legal Advisor to the Issue
6. Registrar to the Issue
7. Company Secretary and Compliance Officer
8. Syndicate Members
9. Underwriters
10. Escrow Collection Bankers to the Issue

The said consents would be filed along with a copy of Red Herring Prospectus with the RoC, NCT of Delhi & Haryana, as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn upto the time of delivery of the Red Herring Prospectus, for registration with the RoC, NCT of Delhi & Haryana.

Expert Opinion

Except as stated elsewhere in this Red Herring Prospectus, we have not obtained any expert opinions.

Public Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees. The estimated Issue expenses are as follows:

(Rs. in million)

Sr. No	Particulars	Amount	% of total Issue Expenses	% of total Issue size
a)	Book Running Lead Managers fees	[●]	[●]	[●]
b)	Registrars fees	[●]	[●]	[●]
c)	Underwriting commission @ [●]%	[●]	[●]	[●]
d)	Legal Advisor's fees	[●]	[●]	[●]
e)	Advertisement and Marketing expenses	[●]	[●]	[●]
f)	Brokerage and selling expenses	[●]	[●]	[●]
g)	Stock Exchange fees for providing bidding terminals	[●]	[●]	[●]
h)	SEBI fees on filing of Offer Document	[●]	[●]	[●]
i)	Other Miscellaneous expenses	[●]	[●]	[●]
	Total	[●]	[●]	[●]

Fees Payable to the BRLMs

The total fees payable to the BRLMs will be as per the Memorandum of Understanding signed between us and the BRLMs, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue, Bigshare Services Private Limited, will be as per the Memorandum of Understanding signed with our Company, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allocation advice by registered post/ Speed Post. Refund Orders up to Rs. 1,500/- would be send under certificate of posting.

Underwriting Commission, Brokerage and Selling Commission

An underwriting commission, as set out in the underwriting agreement is payable to the underwriters on the offer price of the Equity Shares offered through this Red Herring Prospectus to the public for subscription and underwritten in the manner mentioned in this Red Herring Prospectus.

Brokerage for the issue will be as set out in the Syndicate agreement, which would be paid by our Company on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers'/Agents' codes on the application form, our Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

Previous Public or Rights Issues in the last 5 years

Our Company has not made any public or rights issue of Equity Shares/Debentures in the last 5 years.

Previous Issue of Equity Shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration other than cash except as detailed in the section entitled 'Capital Structure' in this Red Herring Prospectus.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

Details of capital issue made during last three years in regard to the issuer company and other listed companies under the same management within the meaning of section 370(1)(B) of the Companies Act, 1956.

There have been no capital issues during last 3 years by us. There are no other listed companies under the same management within the meaning of S. 370(1)(B) of the Act at present or during the last three years.

Promise vis-à-vis Performance – Last 3 issues

This being the initial public offering by our Company, there have been no promises made by us in the past.

Listed ventures of Promoters

There are no other listed ventures of our promoters.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued and outstanding as on the date of the Red Herring Prospectus and terms of Issue

There are no outstanding debentures or bonds or redeemable preference shares and other instruments outstanding as on the date of filing of this Red Herring Prospectus and terms of this Issue.

Stock Market Data

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for redressal of Investor's grievance

Our Company has constituted a Shareholders Grievance Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer under the head 'Corporate Governance' on page 91. To expedite the process of share transfer, our Company has appointed Bigshare Services Private Limited as the Registrar and Share Transfer Agents of our Company.

Disposal of Investors' Grievances and Redressal Mechanism

We have appointed Bigshare Services Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance officer. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and bank and branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily. There are no pending investor grievances as on date.

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also coordinate with the Registrar to the Issue in attending to the investors' grievances.

We assure that any complaints received, shall be disposed off as per the following schedule:

Sr. No	Nature of the Complaint	Time Taken
1	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2	Change of Address	Within 7 days of receipt of information.
3	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

We have appointed Ms. Monika Chawla Jaggia, as Compliance Officer who would directly liaise with SEBI with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre issue/post issue related problems. The Compliance officer may be contacted at the following address.

Ms. Monika Chawla Jaggia
Company Secretary and Compliance Officer
LT Overseas Limited
A 21, Green Park,
Main Aurobindo Marg,
New Delhi-110016
Tel: 91-11-26859244
Fax: 91-11-26859344
Email: ipo@ltoverseas.com

Changes in Auditors during the last three years and reasons thereof

There has been no change in our Auditors during the last 3 years.

Capitalization of Reserves or Profits during last five years

There has not been any capitalization of reserves or profits during the last five years, except as stated in section titled "Capital Structure" on page 16.

Revaluation of Assets during the last five years

There has not been any revaluation of Assets during the last five years.

SECTION-IX - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI DIP Guidelines, our Memorandum and Articles of Association, the terms of this Red Herring Prospectus, the Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other relevant 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 the Companies Act, our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend (including dividend), voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Mode of Payment of Dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. Our Company shall pay dividend to its shareholders as per the Provision of the Companies Act, 1956. We shall pay dividends in cash.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Red Herring Prospectus at a price of Rs. [●]/- per Equity Share. The issue price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the equity shares offered by way of book building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., see the section entitled 'Main Provisions of Articles of Association of our Company' beginning on page 234.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 125 Equity Shares to the successful bidders.

Jurisdiction

The jurisdiction for the purpose of this Issue is with competent courts/authorities in Delhi.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

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

- a) to register himself or herself as the holder of the equity shares; or
- b) to make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the equity shares, until the requirements of the notice have been complied with.

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

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Net Issue to the Public including devolvement of underwriters, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, we and every director of our Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act. If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after we become liable to pay the amount, we shall pay interest at the rate of 15% per annum for the delayed period.

Arrangements for Disposal of Odd Lots

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

The restrictions, if any, on the Transfer and Transmission of our Equity Shares are contained in the section titled 'Main Provisions of Articles of Association of our Company' beginning on page 234.

Compliance with SEBI Guidelines

Our Company shall comply with all requirements of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time. Our Company shall comply with all disclosure norms as specified by SEBI from time to time.

Withdrawal of the Issue

Our Company in consultation with the BRLMs reserves the right not to proceed with the issue any time after the Bid/Issue opening date but before allotment without assigning any reason thereof.

ISSUE STRUCTURE

This Issue is being made through a 100% Book Building Process. The present Issue of 7,035,714 Equity Shares of Rs.10/- each at a price of Rs. [●] for cash including share premium of Rs. [●] per Equity Share aggregating Rs. [●] million comprising of Employee's Reservation of 390,000 Equity Shares aggregating Rs. [●] million and Net Issue to the Public of 6,645,714 Shares aggregating Rs. [●] million. The issue would constitute 31.49 % of the post issue paid up capital of our Company and Net issue to public would constitute 29.84 % of the post issue paid up capital of our Company . The details of the issue structure are as follows:

	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to 390,000 Equity Shares	Up to 3,322,857 Equity Shares	At least 996,857 Equity Shares	At least 2,326,000 Equity Shares
Percentage of Issue Size available for allocation	Up to 5.54% of the Issue	Up to 50% of the Net Issue to the public (of which 5% shall be reserved for Mutual Funds) or Net Issue to the public less allocation to Non-Institutional Bidders and Retail Individual Bidders.*Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The Unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	At least 15% of the Net issue to the public or Net Issue size less allocation to QIBs and retail individual bidders.*	At least 35% of the Net issue to the public or Net Issue size less allocation to QIBs and non institutional bidders.*
Basis of Allocation if respective category is over-subscribed	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid	125 Equity Shares and thereafter in multiples of 125 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of 125 Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of 125 Equity Shares.	125 Equity Shares and in multiples of 125 Equity Shares.
Maximum Bid	Not exceeding the size of the Issue	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Such number of Equity Shares per retail individual investor so as to ensure that the Bid amount does not exceed Rs. 1,00,000/- which has to be in multiples of 125 Equity Shares.

	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
Mode of Allotment	Demat mode	Demat mode	Demat mode	Demat mode
Trading Lot/ Market lot	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share
Who can apply**	Permanent employees of our Company, including working directors	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian individuals, HUF (in the name of Karta), and NRIs (applying for an amount exceeding Rs. 1,00,000/-)	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.
Terms of payment	Margin Amount applicable to Employees at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application form to the members of the syndicate
Margin Amount	Full amount on bidding	10% of the Bid amount in respect of bids placed by QIB bidder on bidding	Full amount on bidding	Full amount on bidding

* Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spill over from any other categories, at the discretion of our Company in consultation with the BRLMs subject to applicable provisions of SEBI Guidelines.

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

Note: Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialized form only.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Net Issue to the Public shall be available for allocation to Qualified Institutional Buyers on a proportionate basis (of which 5% shall be allocated for Mutual Funds). Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. It may be noted that the bids received in the Employees Reservation Portion shall not be considered for the purpose of determining the Issue Price through Book Building Process.

Bidders are required to submit their Bids through the Syndicate. We, in consultation with the BRLMs, reserve the right to reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefor shall be disclosed to the bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Illustration of Book Building and Price Discovery Process (Investors should note that this illustration is solely for the purpose of illustration and is not specific to the Issue)

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs.60 to Rs.72 per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the Bidding/Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of the Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLMs, will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective category.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Indian Public including QIBs, Non-Institutional Bidders or NRIs applying on a non-repatriation basis	White
Non-residents, NRIs or FIIs applying on a repatriation basis	Blue
Permanent Employees of our Company	Pink

It may be noted that the bids received in the Employees Reservation Portion shall not be considered for the purpose of determining the Issue Price through Book Building Process.

Who Can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity Shares;
- Indian mutual funds registered with SEBI;
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI;
- State Industrial Development Corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs. 25 crores and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs. 25 crores and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and bilateral development financial institutions;
- Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
- Eligible Non-residents including NRIs and FIIs on a repatriation/non- repatriation basis subject to applicable local laws; and
- Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.

As per existing regulations, Overseas Corporate Bodies (OCBs) cannot bid/participate in this issue.

Note: The BRLMs and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals.

Application by Mutual Funds

In accordance with the current regulations, no mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Application by FIIs

In accordance with the current regulations, the Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of our Company in case such sub-account is a foreign corporate or an individual.

Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/foreign venture capital investor. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of our Company's paid-up equity capital.

Application by NRI

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour)

The above information is given for the benefit of the Bidders. The Bidders are advised to make to their own enquiries about the limits applicable to them. Our Company and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid size

- For Employees:** The Bid must be for minimum 125 Equity Shares and in multiples of 125 Equity Shares thereafter.
- For Retail Individual Bidders:** The Bid must be for minimum 125 Equity Shares and in multiples of 125 Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000/-. In case the Bid Amount is over Rs. 1,00,000/- due to revision in bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000/- and in multiples of 125 Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.**

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000/- for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000/- or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Information for the Bidders

1. We will file the Red Herring Prospectus with the Registrar of Companies, at least 3 (three) days before the Bid/ Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
3. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from our registered office or from the BRLMs, or from a member of the Syndicate.
4. Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLMs or Syndicate Member or their authorised agent(s) to register their Bid.
5. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of bidding

- a) We, with the BRLMs, shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and the Price Band at the time of filing of the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi, which is also the regional newspaper). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated 25th January 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
- b) Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
- c) The Bidding Period shall be a minimum of 3 working (three) days and not exceed 7 working (seven) days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one regional newspaper and the Bidding Period may be extended, if required, by an additional 3 working (three) days, subject to the total Bidding Period not exceeding 10 working (ten) days.
- d) During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
- e) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled 'Bids at Different Price Levels' on page 212) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
- f) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph 'Build up of the Book and Revision of Bids' on page 215.

- g) The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRS's for each Bid cum application Form. **It is the responsibility of the bidder to obtain the TRS from the Syndicate Member.**
- h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph 'Terms of Payment and Payment into the Escrow Collection Account' on page 213.

Bids at Different Price Levels

- a) The Price Band has been fixed at Rs. **50** to Rs. **56** per Equity Share of Rs. 10 each, Rs. **50** being the Floor Price and Rs. **56** being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1.
- b) In accordance with SEBI Guidelines, our Company in consultation with the BRLMs in accordance with this clause, without the prior approval of, or intimation, to the Bidders, can revise the Price Band. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band. In case of a revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.
- c) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be suitably revised, if necessary such that the minimum application is in the range of Rs. 5,000/- to Rs. 7,000/-.
- d) Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Hindi in this case), and also indicating the change on the relevant websites of the BRLMs and the terminals of the members of the Syndicate.
- e) We, in consultation with the BRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
- f) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders and Bidders under Employee Reservation portion applying for a maximum bid in any of the bidding options not exceeding Rs. 1,00,000/- may bid at 'Cut-off'. However, bidding at 'Cut-off' is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**
- g) Retail Individual Bidders and Bidders under Employee Reservation portion, who bid at the 'Cut-Off' agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Bidders under Employee Reservation portion bidding at 'cut-off' shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Bidders under Employee Reservation portion (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders and Bidders under Employee Reservation portion shall receive the refund of the excess amounts from the Refund Account.
- h) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders under Employee Reservation portion, who had bid at 'cut-off' Price could either
 - i) revise their Bid
 - ii) make additional payment based on the cap of the revised Price Band, with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000/-, the Bid will be considered for allocation under the Non Institutional category in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off

- i) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Bidders under Employee Reservation portion who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.

Option to Subscribe

Equity Shares being offered through the Red Herring Prospectus can be applied for in dematerialized form only.

Escrow Mechanism

Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of our Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account (Final Issue price multiplied by the number of Equity Shares issued) with the Bankers to the Issue as per the terms of the Escrow Agreement with our Company and the balance amount shall be transferred to the Refund Account, from where payment of refund to the Bidders shall be made.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between our Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

In case of Non-institutional Bidders and Retail Individual Bidders, each Bidder shall, with the submission of the Bid-cum-Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (For further details, see 'Issue Procedure - Payment Instructions' on page 221) and submit the same to the members of the Syndicate to whom the Bid is being submitted. In case of QIB Bidders, the Margin Amount has to be submitted along with the Bid to the members of the Syndicate. Bid-cum-Application Forms accompanied by cash and stock invests shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and Refund Account. Not later than 15 days from the Bid / Issue Closing Date, our Company will instruct the Refund Banker to refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders, failing which our Company shall pay interest @15% per annum for any delay beyond the period mentioned above.

Each category of Bidders i.e. QIBs, Non-Institutional Bidders, Employees, and Retail Individual Bidders would be required to pay their Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading 'Issue Structure' on page 206 and shall be uniform across all the bidders in the same category. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Issue. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-Cum-Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which we shall pay interest @ 15% per annum for any delay beyond the period mentioned above.

Electronic Registration of Bids

- a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one BSE / NSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the BSE and NSE.
- c) BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be assessed on BSE's website at www.bseindia.com or on NSE's website at www.nseindia.com.
- d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)
 - Investor Category – Individual, Corporate, NRI, FII, Mutual Fund, etc
 - Numbers of Equity Shares bid for
 - Bid price
 - Bid Amount
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form
 - Margin Amount and
 - Depository Participant Identification Number and Client Identification Number of the demat account of the Bidder.
- e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g) Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Non-Institutional Bidders, Retail Individual Bidders and Bidders under Employees Reservation Portion, Bids would not be rejected except on the technical grounds listed on Page 224.
- h) It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, its promoters, its management or any scheme or project of our Company.

- i) It is also to be distinctly understood that the approval given by BSE and NSE for the use of their online IPO system should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

- a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- b) The book gets build up at various price levels. This information will be available with the BRLMs on a regular basis.
- c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIBs, the members of the Syndicate shall collect the payments in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- h) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ allotment. In case of discrepancy of data between NSE or BSE and members of the Syndicate, the decision of the BRLMs based on the physical records of Bid cum Application forms shall be final and binding to all concerned.

Price Discovery and Allocation

- a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with us.
- b) Our Company, in consultation with the BRLMs shall finalise the "Issue Price", the number of Equity Shares to be allotted.
- c) If the aggregate demand in the Employees Reservation Portion is greater than 390,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Net Issue to public, respectively, the allocation to QIBs for up to 50% of the Net Issue to public, of which 5% shall be reserved for Mutual Funds, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

- d) Under subscription, if any, in QIB's, Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of our Company and the BRLMs. However, if the aggregate demand by Mutual Funds is less than 166,143 Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. Any under subscription in the Equity Shares reserved for allocation to Bidders in the Employee Reservation Portion would be treated as part of the Net Issue to the public and allocation in accordance with the Basis of Allotment described in the section 'Issue Procedure' beginning on page 208.
- e) Under-subscription, if any, in the Employees Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of our Company, and BRLMs.
- f) Allocation to NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue/Allocation of Equity Shares to them.
- g) The BRLMs, in consultation with us, shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- h) Our Company in consultation with the BRLMs, reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allocation, without assigning reasons whatsoever.
- i) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue closing date.
- j) The allotment details shall be uploaded on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- 1. Our Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
- 2. After signing the Underwriting Agreement, we will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC, NCT of Delhi and Haryana. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with RoC, NCT of Delhi and Haryana.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on the Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English national daily with wide circulation, one Hindi National newspaper, also the regional language newspaper

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement at the time of/after filing of Prospectus with RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Intimation Note and Confirmation of Allocation Note to bidders, other than QIBs

The Registrar to the Issue shall send Confirmation of Allocation Note/Allotment Advice-cum-Refund Orders to all the Bidders intimating the number of Equity Shares allotted and the amount refunded.

Issuance of Intimation Note and Confirmation of Allocation Note to QIB bidders

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. Based on the electronic book, if so required, QIBs may be sent an Intimation Note, indicating the number of Equity Shares that may be allocated to them and the additional margin required which shall be payable by the QIBs within the pay-in date specified therein. This Intimation Note is subject to the Basis of Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciled book and basis of allotment as approved by the Designated Stock Exchange. In addition, there are foreign investment limitations applicable to our Company, which may result in a change (including a potential decrease) in the number of Equity Shares being finally allotted to non-resident investors (including FIIs). As a result, a CAN may be sent to QIBs and the allocation of Equity Shares in such CAN may be different from that specified in the earlier Intimation Note. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract for the QIB for all the Equity Shares allocated to such QIB

Designated Date and Transfer of Funds to Public Issue Account

- a) Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees and would ensure the credit to the successful Bidders depository account within two working days from the date of finalization of the basis of allotment with the Designated Stock Exchange. In case, our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
- b) In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

General Instructions

Do's:

- a) Check if you are eligible to apply;
- b) Complete the bid-cum-application form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
- e) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the Syndicate Member;
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- h) Ensure that the Bid is within the Price Band;
- i) Investors must ensure that the name given in the bid cum application form is exactly the same as the name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

- j) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000/- or more. The copy of the PAN card or the PAN allotment letter should be submitted with the application form; and
- k) If you have mentioned "Applied For" or "Not Applicable" in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof.

Don'ts:

- a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b) Do not Bid for lower than minimum Bid size;
- c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- e) Do not pay bid amount in cash, through stock invest, by money order or by postal order.
- f) Do not provide your GIR number instead of PAN number;
- g) Do not Bid at cut off price (for QIB Bidders and Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 1,00,000/-);
- h) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law.
- i) Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
- j) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

Instructions for completing the Bid-Cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the Syndicate Members or BRLMs

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis and Pink colour marked "Employees" for Employees of our Company).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 125 Equity Shares and in multiples of 125 thereafter subject to a maximum of Rs. 1,00,000/-.
- (d) For non-institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000/- and in multiples of 125 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
- (e) In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees of our Company

For the purpose of the Employees Reservation Portion, Eligible Employee means permanent employees/executive (working) directors of our Company, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid-cum-Application Form.

Bids under Employees Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. pink colour Bid-cum-Application form marked "Employees").
- Eligible Employees, as defined above, should mention his/her employee number at the relevant place in the Bid-cum-Application Form.
- The sole/ first bidder should be Eligible Employees as defined above.
- Only eligible employees would be eligible to apply in this Issue under this Reservation Portion.
- Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for Equity Shares of or for a value of not more than Rs. 1,00,000/- in any of the bidding options can apply at Cut-Off. Cut-off facility is not available to other Eligible Employees whose minimum Bid amount exceeds Rs. 1,00,000/-.
- Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 390,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Under-subscription, if any, in this category, will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of our Company, and BRLMs. In case of under subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employees Reservation Portion.
- If the aggregate demand in this category is greater than 390,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to Para 'Basis of Allotment' on page 227.

Bidder's Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participants Name, Depository Participants Identification Number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, the Bidder's bank account details. **These bank account details would be printed on the Refund Orders/Refund Advices, if any, to be sent to the Bidders and for giving refund through any of the mode ECS or Direct Credit or RTGS or NEFT. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder's sole risk and neither the BRLMs nor our Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, occupation, bank account details for printing on refund orders / refund advices or and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ refund advice / ECS credit for refunds/ Direct Credit of refund/CANs/Allocation Advice and printing of Bank particulars on the refund order / refund advice and the Registrar would not use the Demographic Details given by Bidders in the Bid-cum-Application Form for these purposes.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Advice / Refund Orders/ Allocation Advice/ CANs would be mailed at address of the first Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ refund advice/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected. Investors should note that the refund cheques/allocation advice/refund advice would be overprinted with details of bank account as per the details received from the depository.

Bids under Power of Attorney

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any bid in whole or in part.

In case of Bids made pursuant to a Power of Attorney by FIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

In case of Bids made by mutual fund registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as our Company/BRLMs may deem fit.

Bids by Insurance Companies

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

Bids by Provident Funds

In case of Bids made by provident fund with the minimum corpus of Rs. 250 million and pension fund with the minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident

fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis

NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour).

Bids and Revision to Bids must be made:

- On the Bid cum Application Form or Revision Form, as applicable and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- **By NRIs:** For a minimum of 125 Equity Shares and in multiples of 125 thereafter subject to a maximum Bid amount of Rs. 1,00,000/- for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs. 1,00,000/- would be considered under Non Institutional Category for the purposes of allocation. For further details see 'Maximum and Minimum Bid Size' on page 210.
- **By FIIs:** Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of 125 Equity Shares. For further details see section titled 'Maximum and Minimum Bid Size' on page 210.
- In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

We along with BRLMs and Syndicate Member(s) shall open an Escrow Account of our Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue

1. The applicable Margin Amount for Non Institutional Bidders, Retail Individual Bidders and Bidders under Employees Reservation Portion is equal to 100% whereas for QIBs it is 10% and while submitting the Bid cum Application Form, shall be drawn as a payment instrument for the Bid Amount in favour of the Escrow Account and submitted to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the

Escrow Account of our Company within the period specified in the Intimation Note/CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.

3. The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:
 - i. In case of Resident Bidders : **Escrow Account – LTOL Public Issue**
 - ii. In case of Non Resident Bidders : **Escrow Account - LTOL Public Issue – NR**
 - iii. In case of Employees of our Company : **Escrow Account - LTOL Public Issue – Employees**
 - iv. In case of Resident QIB Bidders : **Escrow Account – LTOL Public Issue – QIB – R**
 - v. In case of Non Resident QIB Bidders : **Escrow Account – LTOL Public Issue – QIB – NR**
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
5. Payment will not be accepted out of a Non Resident Ordinary (NRO) Account of a Non Resident bidder bidding on a repatriation basis.
6. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of our Company.
8. The monies deposited in the Escrow Account of our Company will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of our Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue and Refund Account with the Refund Bankers.
10. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Banker shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash / Stockinvest / Money Orders / Postal Orders will not be accepted.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated 05th November , 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest will not be accepted.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate

may at its sole discretion waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form. However, for QIB Bidders, the members of the Syndicate member shall collect the Margin Amount.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
- ii. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
- iii. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
- iv. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
- v. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
- vi. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

Bidders in the Employees Reservation Portion can also bid in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids.

We reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration.

It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.

Unique Identification Number – MAPIN

With effect from 01st July 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (MAPIN) and the requirement to quote MAPIN under MAPIN Regulations/Circulars vide its circular MAPIN/ Circular-13/2005.

However, in a recent press release dated 30th December 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 1,00,000/- to Rs. 5,00,000/- or more. The limit will be reduced progressively. For trade order value of less than Rs. 5,00,000/- an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus as SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN regulations.

Right to Reject Bids

Our Company, in consultation with the BRLMs, reserves the right to reject any Bid procured from QIBs, by any or all members of the Syndicate for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefor shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders our Company, we would have a right to reject the Bids only on technical grounds. Consequent refunds shall be made by cheque /pay order /draft/ ECS / Direct Credit / RTGS / NEFT, as the case may be, and will be sent to the bidder's address at the bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:-

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
4. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons

5. PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
6. GIR Number given instead of PAN Number;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at cut-off price by Non-Institutional and QIB Bidders;
11. Bids for number of Equity Shares, which are not in multiples of 125;
12. Category not ticked;
13. Multiple bids as defined in this Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/money order/ postal order/ cash;
16. Bids not duly signed by the sole /joint Bidders;
17. Bid-cum-Application Form does not have the stamp of the BRLM/Syndicate Member;
18. Bid-cum-Application Form does not have Bidder's depository account details;
19. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form; or
20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
21. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
22. Bids by OCBs;
23. Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act;
24. Bids by NRIs not disclosing their residential status;
25. Any other reason which the BRLMs or our Company deem necessary.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar:

1. An Agreement dated 06th October 2006 among NSDL, our Company and Bigshare Services Private Limited;
2. An Agreement dated 16th September 2006 among CDSL, our Company and Bigshare Services Private Limited

All bidders can seek allotment only in dematerialised mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected. All Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. Non-transferable allocation advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his/her Depository Participant.
8. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. BSE & NSE, where Equity Shares are proposed to be listed is connected to NSDL and CDSL.
9. The trading of our Equity Shares would only be in dematerialized form for all investors in the demat segment of BSE and NSE.
10. Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them, pursuant to the issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders Depository account details, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Our Company has appointed **Ms. Monika Jaggia Chawla** (Company Secretary) as the Compliance Officer. The Compliance Officer can be contacted at our registered office A 21, Green Park, Main Aurobindo Marg, New Delhi – 110 016, **Tel:** 91-11-2685 9244; **Fax:** 91-11-26859344; Email: ipo@ltoverseas.com

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

Disposal of Applications and Application Money

We shall ensure dispatch of allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the bidders with their respective Depository Participant and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares.

The mode of dispatch of refunds shall be as under:

- a) In case of applicants residing at any of the centers specified by SEBI viz. Ahmedabad, Bangalore, Bhuvaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram – refunds shall be credited through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer;
- b) In case of applicants residing at places other than those specified in (a) above and where the value of refund order is Rs.1500/- or more, refund orders will be dispatched to the applicants by registered post or speed post and where the value is less than Rs. 1500/- refund orders will be dispatched under certificate of posting at the sole or First Bidder's sole risk(subject however to postal rules);
- c) In case of any category of applicants specified by the SEBI – 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.

We shall use our best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges, where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, our Company, further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date;
- Our Company shall, within 15 days of the Bid/Issue Closing Date, ensure giving instruction in respect of refunds to the clearing system or dispatch the refund orders as the case may be; and
- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment/transfer is not made, refund orders are not dispatched or refund instructions have not been given to the clearing system in the manner disclosed above and/or demat credits are not made to bidders within the 15 day time prescribed above.

Our Company will provide adequate funds required to the Registrar to the Issue for refunds to unsuccessful applicants or allotment advice. Refunds if, not made by ECS, Direct Credit, RTGS, NEFT will be made through cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the bidders within 15 days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

The bank account details for ECS, Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the depositories' database and hence bidders are required to ensure that bank details including the nine digit MICR code (Magnetic Ink Character Recognition) maintained at the depository level are updated and correct.

Impersonation

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

"Any person who:

- a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any Equity Shares therein, or**
- b) 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."**

Interest on Refund of Excess Bid Amount

We shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated 31st July 1983, as amended by their letter No. F/14/SE/85 dated 27th September 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated 27th October 1997, with respect to the SEBI Guidelines.

BASIS OF ALLOTMENT

I) For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 2,326,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 2,326,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 125 Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allocation, refer below.

II) For Non Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 996,857 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 996,857 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 125 Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

III) For QIB Bidders

- Bids received from the QIB bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the issue price.
- The QIB portion shall be available for allocation to QIB bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
 - i. In the event that Mutual Fund Bids exceed 5% of the QIB portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB portion.
 - ii. In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - iii. Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
 - (b) In the second instance allocation to all QIB's shall be determined as follows:
 - i. In the event that the oversubscription in the QIB portion, all QIB bidders who have submitted bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB portion.
 - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Share on a proportionate basis along with other QIB Bidders.
 - iii. Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB bidders on a proportionate basis.
 - (c) The aggregate allocation to QIB Bidders shall be up to 3,322,857 Equity Shares.

IV) For Bidders in Employees Reservation Portion

- Bids received from the Bidders in Employees Reservation Portion at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Bidders in Employees Reservation Portion will be made at the Issue Price.
- The Equity Shares under the Employee Reservation portion shall be available for allotment to Bidders who have bid in this category at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 390,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Bidders in Employee Reservation category to the extent of their demand.
- If the aggregate demand in this category is greater than 390,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/ application size of 125 Equity Shares. For the method of proportionate basis of allotment, kindly refer to the paragraph on the following pages on method of proportionate basis of allotment.

Procedure and Time Schedule for Allotment and Issue of Certificates

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period commenced on 27th November 2006 and shall expire on 30th November 2006.. Following the expiration of the Bidding Period, our Company, in consultation with the BRLMs, will determine the issue price, and, in consultation with the BRLMs, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the Stock Exchanges. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with Registrar of Companies, NCT of Delhi and Haryana and SEBI, Mumbai. SEBI Guidelines require our Company to complete the allotment to successful bidders within 15 days from the Bid/Issue Closing Date. The Equity Shares will then be credited and allotted to the investors’ demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and traded on BSE and NSE.

Method of Proportionate Allotment

In the event of the Issue being over-subscribed, we shall finalize the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders, Eligible Employees and QIBs in consultation with the Designated Stock Exchange. The Executive Director/Managing Director of the Designated Stock Exchange along with the post Issue Lead Merchant Banker and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportional basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for,
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio, in that category subject to a minimum allotment of 125 Equity Shares. The allotment lot shall be the same as the minimum application lot irrespective of any revisions to the price band.
- (d) In all Bids where the proportionate allotment is less than 125 Equity Shares per Bidder, the Allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of 125 Equity Shares; and
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

- (e) If the proportionate Allotment to a Bidder is a number that is more than 125 but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If the decimal is less than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Direct Credit or RTGS or NEFT, or ECS as applicable (subject to availability of all information for crediting through electronic mode). In case of other applicants, the Bank shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the electronic facility. Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue. We shall ensure dispatch of refund orders, if any, by "Under Certificate of Posting" or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS or NEFT, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the issuer.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI DIP Guidelines, we undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not despatched and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No.F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges and as further modified by SEBI's clarification XXI dated October 27, 1997, with respect to the SEBI DIP Guidelines.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as a Refund Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the Direct Credit/RTGS/NEFT/ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Despatch of Refund Orders

The payment of refund, if any, would be done through various modes as given hereunder:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest in case of delay in Despatch of Allotment Letters/Refund Orders or delay in Refund instructions

Our Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of public issue. Our Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the date of the closure of the issue.

Bid/Issue Programme

Bid/Issue opens on: 27th November 2006	Bid/Issue closes on: 30th November 2006
--	---

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) or such time as may extended by us in consultation with BRLMs and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

Investors please note that as per letter no. List/smd/sm/2006 dated 03rd July 2006 and letter no. NSE/IPO/25101-6 dated 06th July 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Exchanges.

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

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers one in English and other in Hindi, being the regional newspaper and also by indicating the change on the web sites and at the terminals of the members of the Syndicate.

Undertaking by our Company

We undertake as follows:

- a. That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
- b. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within 7 working days of finalization of the basis of allotment;
- c. That 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 our Company.
 - i. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 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.)
- d. That refund orders to the non-resident Indians shall be dispatched within specified time.
- e. 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 of Directors of our Company certify that:

- a. All monies received out of this issue of Equity Shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act;
- b. Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the purpose for which such monies had been utilized;
- c. Details of all unutilized monies out of the issue of Equity Shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the form in which such unutilized monies have been invested;
- d. The utilization of monies received from reservations shall be disclosed under an appropriate head in the Balance Sheet of our Company indicating the purpose for which such monies have been utilized; and
- e. The details of all unutilized monies, out of the funds received from reservations, shall be disclosed under a separate head in the Balance Sheet of our Company indicating the manner in which such unutilized monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI. **As per current foreign investment policies, FDI in the Food Processing sector is allowed up to 100% under the automatic route.**

RBI, vide its circular A.P.(DIR Series) Circular No. 53 dated 17th December 2003, permitted FIIs to subscribe to shares of an Indian Company in the public issue without prior approval of RBI, so long as the price of equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian Companies is available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of our Company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-issue paid up capital of our Company. No single NRI may own more than 5% of the post- issue paid up capital of our Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non repatriable.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of our Company. However, the limit of 24% can be raised up to the permitted sectoral cap for that Company after approval of the board of directors and shareholders of our Company. The issue of equity shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company. In respect of an FII investing in equity shares of a Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that Company.

Registration of Equity Shares under US Laws

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders and neither our Company nor the BRLMs are liable for any changes in the regulations after the date of this Red Herring Prospectus.

SECTION X - DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

MAIN PROVISION OF ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to table A in Schedule-I of the Companies Act and the SEBI guidelines, the main provision of the Articles of association relating to voting rights , Dividend lien , forfeiture , restrictions on transfer and transmission of equity share or debentures and/or on their consolidation/ splitting are detailed below. Please note that these each provision herein below is numbered as per the corresponding article number in the article of association and terms defined have the meaning given to them in the articles of association.

1	The Regulations contained in Table A, or Schedule I, to Companies Act, 1956 shall not apply the Company except as far as the same are reproduced or contained in or expressly made applicable by these Articles or the Act.
2	These regulations are for the management of the Company and are for the observance of the members thereof and their representatives and shall be, subject to any exercise of the Company's power to modify, alter or add to its regulations, as are contained in the Articles.

ARTICLES OF ASSOCIATION

- Unless the context otherwise requires words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these Articles become binding on the Company.

"The Act" means the Companies Act, 1956 and includes where the context so admit any re-enactment or statutory modification thereof for the time being in force.

"These Articles" means these Articles of Association as originally framed or as from time to time altered by special resolution.

"The Company" means LT OVERSEAS LIMITED.

"The Directors" means the Directors of the Company.

"The Board of Directors" or "The Board" means the Board of Directors of the Company.

"The Managing Director" means the managing director of the Company.

"The Office" means the Registered Office of the Company.

"The Corporation" means any financial institution and/or any Central or State Government.

"Register" means the Register of members of the Company required to be kept by Section 150 of the Act.

"The Registrar" means the Registrar of Companies, as defined under Section 609(2) of the Companies Act, 1956.

"The Secretary" means the Secretary of the Company.

"Dividend" includes bonus but excludes bonus shares.

"Month" means calendar month.

"Year" means a calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(17) of the Act.

"Seal" means the Common seal of the Company.

"Proxy" includes Attorney duly constituted under a Power-of-Attorney.

"In writing" and "written" include printing, lithography and other modes of representing or reproducing words in a visible form.

Words imparting the singular number only include the plural number and vice versa. Words imparting persons include corporations.

2. Save as otherwise provided herein the Regulations Contained in Table “A” in Schedule I to the Act shall apply to the Company.
3. Save as permitted by section 77 of the Act, the funds of the Company shall not be employed in the purchase of, or lent on the security of shares in the Company and the Company shall not give, directly or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security or otherwise, for the purpose of or in connection with any purchase of or subscription for shares in the Company or any company of which it may, for the time being, be a subsidiary.

This Article shall not be deemed to affect the power of Company to enforce repayment of loans to members or to exercise a lien conferred lod Article 32.
4. “The Authorized share capital of the Company shall be such amounts and be divided into such shares as may be or from time to time, be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital in accordance with the capital in accordance with Company’s regulations and legislative provisions for the time being in force in that behalf with the powers to divide the share capital, whether original increased or decreased in to several classes an attach thereto respectively such ordinary, preferential or special rights and conditions in such a manner as may from time beng be provided by regulations of the Company and allowed by law.”
5. Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such person, on such terms and conditions, at such time, either at par or at a premium and for such consideration as the Board thinks fit. Provided that, where at any time it is proposed to increase the subscribed capital of the Company by the allotment of further shares, then, subject to the provisions of Section 81(1A) of the Act, the Board shall issue such shares in the manner set out in Section 81(1A) of the Act.

Provided further that the option or right to call of shares shall not be given to any person except with the sanction of the Company in General Meeting.
6. As regards all allotments made, from time to time, the Directors shall duly comply with Section 75 of the Act.
7. Subject to the provisions of these Articles the Company shall have power by special resolution to issue preference shares carrying a right to redemption out of the profits which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of such redemption is liable to be redeemed at the option of the Company and the Board may subject to the provisions of Section 80 of the Act exercise such powers in such manner as may be provided in these Articles.
8. The Company may exercise the powers of paying commission conferred by Section 76 of the Act. In such case it shall comply with the requirements of that Section. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.
9. With the previous authority of the Company in General Meeting and the sanction of the Company law Board and upon otherwise complying with Section 79 of the Act, the Board of Directors may issue at a discount shares of a class already issued.
10. If, by the conditions of allotment of any share, the whole or part of the amount of issue price thereof shall be payable by instalments, every such instalment shall, the bill paid to the company by the person who, for the time being, shall be the registered holder of the shares or by his executor or administrator.
11. The joint-holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share.
12. Save as herein otherwise provided and Subject to Section 187C of the Act, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of Competent jurisdiction, or as by statute required, be bound to recognise any equitable or other claim to or interest in such share on the part of any other person.
13. Shares may be registered in the name of any person, company or other body corporate. Not more than three persons shall be registered as joint-holders of any shares. No share shall be allotted to or registered in the name of a minor, person of unsound mind or a partnership.

CERTIFICATES

14. (a) The issue of share certificate and duplicates and the issue of new share certificates on consolidation or sub-division or in replacement of share certificates which are surrendered for cancellation due to their being defaced, torn, old, decrepit or worn out or the cases for recording transfers having been utilised or of share certificates which are lost or destroyed shall be in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any statutory modification or re-enactment thereof. If any share certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Board and on such indemnity as the Board thinks fit being given, a new certificate in lieu thereof shall be given to the party entitled to the shares to which such lost or destroyed certificate shall relate.
- (b) Every member shall be entitled free of charge to one or more certificates in the marketable lot for all the shares of each class registered in his name or if the Board so approves, to several certificates each for one or more of such shares. Unless the conditions of issue of any shares otherwise provide, the Company shall, within two months after the date of either allotment and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares) or within one month of receipt of the application for registration of the transfer of any of its shares, as the case may be, complete and have ready for delivery the certificates of such shares. In respect of any share held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of the several joint holders named first on the Register shall be sufficient delivery to all such holders.

CALLS

15. The Board may, from time to time, subject to the terms on which any shares may have been issued, and subject to the provisions of Section 91 of the Act, make such calls, as the Board thinks fit, upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by instalments and shall be deemed to have been made when the resolution of the Board authorising such call was passed.
16. No call shall be made payable within one month after the last preceding call was payable.
17. No less than thirty days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
18. (a) If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof, the holders for the time being in respect of the share for which the call shall have been made or the instalment shall be due shall pay interest for the same at the rate of 12 (twelve) per cent per annum from the day appointed for the payment thereof to the time of the actual payment or at such lower rate (if any) as the Board may determine.
- (b) The Board shall be at liberty to waive payment of any such interest with wholly or in part.
19. If by the terms of issue of any share or otherwise any amount is made payable upon allotment or at any fixed time or by instalments at fixed times, whether on account of the share or by way of premium, every such amount or instalment shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or instalment accordingly.
20. On the trial or hearing of any action or suit brought by the Company against any shareholders or his representative to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register as a holder, or one of the holders of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call, nor that a quorum was present at the Board meeting at which any call was made, nor that the meeting at which any call was made was duly convened or constituted, nor any other matter but the proof of the matters aforesaid shall be conclusive evidence of the debt.

21. The board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the money due upon the share held by him beyond the sum actually called for, and upon the money so paid or satisfied in advance or so much thereof as, from time to time, exceeds the amount of the calls then made upon the share in respect of which such advance has been made, the Company may pay interest at such rate as the Board thinks fit. Money so paid in excess of the amount of calls shall not rank for dividends or confer a right to participate in profits. The Board may at any time repay the amount so advanced upon giving to such member not less than three months' notice in writing.
22. A call may be revoked or postponed at the discretion of the Board.

FORFEITURE AND LIEN

23. If any member fails to pay any fall or instalment of a call on or before the day appointed for the payment of the same, the Board may, at any time thereafter during such time as the call or instalment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
24. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.
25. If the requisitions of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or instalments, interest and expenses, due in respect thereof be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares but not actually paid before the forfeiture, subject to section 205 A of the Act.
26. When any shares shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeitures shall be in any manner invalidated by any commission or neglect to give such notice or to make such entry as aforesaid.
27. Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.
28. The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of annul the forfeiture thereof upon such conditions as it thinks fit.
29. A person whose share has been forfeited shall cease to be a member in respect of the share, but shall, notwithstanding such or instalments, interests and expenses, owing upon or in respect of such share, at the time of the forfeiture, together with interest thereon, from the time of forfeiture, until payment, at 12 (Twelve) per cent per annum or at such other rate as the Board may determine and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.
30. A duly verified declaration in writing that the declarant is a Director or secretary of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares and the person to whom any such share, is sold shall be registered as the holder of such share and shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.
31. The provisions of Articles 23 to 27 hereof shall apply in the case of non-payment of any such which by the terms of issue of a share becomes payable at a fixed time whether on account of the nominal value of a share or by way of premium as if the same had been payable by virtue of a call duly made and notified.

32. The Company shall have a first and paramount lien upon every share (not being fully paid up) registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 12 hereof is to have full effect. Such lien shall extend to all dividends, from time to time, declared in respect of such share, subject to Section 205 A of the Act, unless otherwise agreed the registration of a transfer of a share shall operate as a waiver of the Company's lien, if any, on such share.
33. For the purpose of enforcing such lien the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or his committee, curator bonis or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such share for fourteen days after the date of such notice.
34. The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the persons entitled to the share at the date of the sale.
35. Upon the sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see the regularity of the proceedings nor to the application of the purchase money and after his name has been entered in the Register in respect of such share the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
36. Where any share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such share, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.

TRANSFER AND TRANSMISSION

37. Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or if no such certificate is in existence, the letter of allotment of the share. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address and occupation.
38. Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that, where such application is made by the transferor, no registration shall in the case of a partly paid share be affected unless the Company gives the notice of the application to the transferee in the manner prescribed by Section 110 of the Act and subject to the provisions of these Articles the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name and the particulars of the transferee as if the application for registration transfer was made by the transferee.
39. The instrument of transfer of any share shall be in writing in the form prescribed by the Act or the Rules made thereunder or where no such form prescribed by the Act or the Rules made thereunder or where no such form is prescribed in the usual common form prescribed by the Stock Exchanges in India or as near thereto as circumstances will admit.
40. Subject to the provisions of Section 111 of the Act, the Board without assigning any reason for such refusal, may refuse to register any transfer of or the transmission by operation of law of the right to a share. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account except when the Company has a lien on shares.
41. No transfer shall be made to a minor, a partnership firm or a person of unsound mind.

42. Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the share to be transferred or, if no such certificate is in existence, by the letter of allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share and the transferee shall (subject to the Board right to decline to register hereinbefore mentioned) be registered as a member in respect of such share. Every instrument of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.
43. If the Board refuses, whether in pursuance of Article 40 or otherwise to register the transfer of, or the transmission by operation of law of the right to, any share, the Company shall give notice of the refusal in accordance with the provisions of Section 111(2) of the Act.
44. No fee shall be charged by the Company for registration of transfer.
45. The executor or administrator of a deceased member (not being one of several joint-holders) shall be the only person recognised by the Company as having any title to the share registered in the name of such member and in case of the death of any one or more of the joint-holders of any registered share, the survivor shall be the only person recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on the share held by him jointly with any other person. Before recognising any executor or administrator the Board may require him to obtain a Grant of Probate or Letters of Administration or other legal representation, as the case may be, from a Court in India competent to grant it. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of Probate or Letters of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board, in its absolute discretion, may think fit.
46. Any committee or curator bonis of a lunatic or guardian of a minor member or any person becoming entitled to or to transfer a share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give) be registered as a member in respect of such share or may subject to the regulation as to transfer herein before contained, transfer such share. The Article is hereinafter referred to as "The Transmission Article".
47.
 - (a) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
 - (b) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.
 - (c) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice of transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.
48. A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 83 and of section 206 of the Act, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the share. Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirement of the notice has been complied with.

INCREASE AND REDUCTION OF CAPITAL

49. The Company in General Meeting may, from time to time, alter the conditions of its Memorandum of Association to increase its capital by the creation of new shares of such amount and class as may be deemed expedient.
50. Subject to any special rights for the time being attached to any shares in the capital of the Company then issued and to the provisions of Section 81 of the Act, the new shares may be issued upon such terms and conditions, and with such rights attached thereto as the General Meeting resolving upon the creation thereof, shall direct, and, if no direction be given, as the Board shall determine, and in particular such shares may be issued with a preferential right to dividends and in the distribution of assets of the Company.
51. Before the issue of any new shares, the Company in General Meeting may subject to the provisions of the Act, make provisions as to the allotment and issue of new shares and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium or at a discount.
52. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the then existing capital of the Company and shall be subject to the provisions herein contained with reference to the payment of dividends, calls and instalments, transfer and transmission, forfeiture, lien, surrender and otherwise.
53. If, owing to any inequality in the number of new shares to be issued, and the number of shares held by members entitled to have the offer of such new shares, any difficulty shall arise in the apportionment of such new shares, or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in General Meeting, be determined by the Board.
54. The Company may, from time to time, by special resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner and with and subject to any incident authorised and consent required under sections 100 to 104 of the Act.

ALTERATION OF CAPITAL

55. Subject to the applicable provisions of the Act, the Company in General Meeting may, from time to time:-
 - (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
 - (b) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.
 - (c) Cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled.
 - (d) Convert all or any of its fully paid shares into stock and reconvert that stock into fully paid up shares of any denomination.
56. The resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preferential or special advantage as regards dividend, capital, voting or otherwise over or as compared with the others or other, subject nevertheless, to provisions of Sections 85, 87, 88 and 106 of the Act.
57. Subject to the provisions of Sections 100 to 105 both inclusive of the Act, the Board may accept from any member the surrender on such terms and conditions as shall be agreed, of all or any of his shares.

RIGHTS OF SHAREHOLDERS

58. The holders of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations, as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit; and the Board may, from time to time, fix the minimum amount of stock transferable provided that such minimum shall not exceed the nominal amount of shares from which stock arose.

59. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at the meetings of the Company, and other matters as if they hold 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 on a winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
60. Such of the Articles of the Company (other than those relating to share warrants) as are applicable to paid-up shares shall apply to stock and the words "Share" and "Shareholder" therein shall include "Stock" and "Stockholder" respectively.

SHARE WARRANTS

61. Subject to the provisions of Sections 114 and 115 of the Act and subject to any directions which may be given by the Company in general meeting, the Directors may issue Share Warrants in such manner and on such terms and conditions as the Board thinks fit. In case of such issue, regulation 40 to 43 of Table "A" of Schedule I to the Act shall apply.

MODIFICATION OF RIGHTS

62. If at any time the share capital is divided in to different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three-fourth of the issued shares of that class or with the sanction of a special resolution passed at a separate General meeting the provisions of these Articles relating to general meetings shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one third of the issued shares of that class, but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and, on a poll, his voting rights shall be as per Section 87 of the Act. This article is not by implication to curtail the power of modification which the Company would have if this Article were omitted.

BORROWING POWERS

63. The Board may, from time to time and all its discretion, subject to the provisions of Sections 58-A, 292, 293 and 370 of the Act and Regulations made thereunder 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 purposes of the Company.
64. 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.
65. 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 Directors and otherwise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued, provided that debentures with the right to allotment or conversion into shares shall not be issued except in conformity with the provisions of Section 81(3) of the Act.
66. Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.

GENERAL MEETINGS

67. In addition to any other meetings, Annual General Meetings of the Company shall be held within such intervals as are specified in Section 166(1) Read with Section 210(3) of the Act, and subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. All other meetings of the Company, shall, except in the case of a statutory meeting, be called Extra ordinary General Meetings and shall be convened under the provisions of next following Article.

68. The Board may, whenever it thinks fit, can call extraordinary general meeting, and if shall, on the requisition of the members in accordance with Section 169 of the Act proceed to call an Extraordinary General Meeting as provided by Section 169 of the Act.
69. The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.
70. Subject to the provisions of Sections 171 to 186 of the Act, notice of every meeting of the Company shall be given to such persons and in such manner as provided by Section 172 of the Act. Where any business consists of "Special business" as hereinafter defined in Article 72 there shall be annexed to the notice a statement complying with Sections 173(2) and (3) of the Act.

The accidental omission to give any such notice to or the non-receipt by any member or other persons to whom it should be given shall not invalidate the proceedings of the meeting.

PROCEEDINGS AT GENERAL MEETINGS

71. The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the report of the directors and of the Auditors, to elect Directors in the place of those retiring by rotation to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at any other General Meeting shall be deemed special business.
72. No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided five or more numbers present in person or by duly authorised representatives as shall hold between them atleast 10(Ten) per cent of the paid up equity share capital for the time of the Company, form a quorum.
73. If within half an hour from the time appointed for the meeting a quorum be not present, the meeting if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned in accordance with the provisions of sub sections (3), (4) and (5) of Section 174 of the Act.
74. Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 189(1) of the Act, unless either the Act or these Articles specifically require such act to be done or resolution passed as a Special Resolution as defined in Section 189(2) of the Act.
75. The Chairman of the Board shall be entitled to take the chair at every General Meeting. If there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act, the members present shall choose another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair, then the members present shall, on a show of hands or on a poll if properly demanded, elect one of their numbers, being a member entitled to vote, to be Chairman of the meeting.
76. Every question submitted to a meeting shall be decided, in the first instance by a show of hands, and in the case of an equality of votes both on a show of hands and on a poll, the chairman of the meeting shall have a casting vote in addition to the votes to which he may be entitled as a member.
77. At any general meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provision of section 179 of the Act a declaration by the Chairman that the resolution has or has not been carried, or has been carried either unanimously, or by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the meeting of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of, or against the resolution.
- 78 (1) If a poll be demanded as aforesaid, it shall be taken forthwith on a question of adjournment or election of a Chairman of the meeting and in any other case in such manner and at such time not being later than fortyeight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs and subject as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.

- (2) The demand of poll may be withdrawn at any time, before the poll is held.
 - (3) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinise the votes given on the poll and to report to him thereon.
 - (4) On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.
 - (5) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
- 79 (1) The Chairman of a general meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (2) When a meeting is adjourned for less than 30 (Thirty) days it shall not be necessary to give any notice of an adjournment or of the business to be transacted at adjourned meeting.

VOTES OF MEMBERS

80. (a) On a show of hands every member present in person and being a holder of Equity Shares shall have one vote and every person present either as a proxy (as defined in Article 86) in behalf of a holder of Equity Share as a duly authorised representative of a body corporate being a holder of an Equity Share shall, if he is not entitled to vote in his own right, have one vote. On a poll the voting rights of a holder of any Equity Share shall be as specified in Section 87 of the Act.
 - (b) The holder of a Preference Share not be entitled to vote at general meeting of the Company except as provided for in Section 87 of the Act. At any meeting at which or upon any question the holders of the said Preference Shares are entitled to vote the said Preference Shares shall, on a show of hands, and on a poll confer the same voting rights as Equity Shares.
 - (c) No body corporate shall vote by proxy so long as a resolution of its Board of Directors under the provisions of Section 187 of the Act is in force and the representative named in such resolution is present at the General Meeting at which the vote by proxy is tendered.
81. Where a Company or a body corporate (hereinafter called “member Company”) is a member of the Company, a person, duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such member company at a meeting of the Company shall not, by reason of such appointment, be deemed to be a proxy, and the lodging with Company at the office or production at the meeting of a copy of such resolution duly signed by one Director of such member company and certified by him or them as being a true copy of the resolution shall, on production at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the member company which he represents, as that member company could exercise if it were an individual member.
82. Any person entitled under the Transmission Article to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he were the member registered in respect of such shares, provided that fortyeight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to transfer such meeting in respect thereof. If any member be a lunatic, idiot or non-compos mentis, he may vote whether on a show of hands or a poll by his committee; curator or other legal curator and such last-mentioned persons may give their votes by proxy.
83. Where there are members registered jointly in respect of any one share any one of such persons may vote at any meeting either personally or by proxy that one of the said members so present whose name stands first on the Register in respect of such share alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall respect thereof.

84. On a poll votes may be given either personally or by proxy, or in the case of a body corporate, by a representative duly authorised as aforesaid.
85. The instrument appointing a proxy shall be in writing under the hand of the appointor or his Attorney duly authorised in writing or if such appointor is a body corporate be under its common seal or the hand of its officer or Attorney duly authorised. A proxy who is appointed for a specified meeting only shall be called a Special proxy any other proxy shall be called a General proxy.
- A person may be appointed a proxy whether he is a member or not of the Company and every notice convening a meeting of the Company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him and the proxy need not be a member of the Company.
86. The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the office not less than fortyeight hours before the time for holding the meeting at which the person named in the instrument proposes to vote in respect of and in default the instrument of proxy shall not be treated as valid.
87. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or death or insanity of the principal or revocation of the instrument or transfer of the share in respect of which the vote is given provided no intimation in writing of the death, insanity, revocation or transfer or transfer of the share shall have been received by the company at the office before the vote is given, provided nevertheless the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
88. Every instrument appointing a special proxy shall be retained by the Company and shall as nearly as circumstances admit, be in the forms set out in Schedule IX to the Act or as near thereto as possible or in any other form which the Board may accept.
89. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
90. (1) An objection as to the admission or rejection of vote either, on a show of hands or on a poll made in due time shall be referred to the Chairman of the meeting who shall forthwith determine the same and such determination made in good faith shall be final and conclusive.
- (2) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

DIRECTORS

91. Subject to Sections 252 and 259 of the Act, the number of the Directors to the Company shall not be less than three and not more than twelve including nominee directors.
92. The Company in general meeting may, from time to time, increase or reduce the number of Directors within the limits fixed by Article 91.
93. The persons hereinafter named shall become and be the first directors of the Company.
1. Vijay Arora
 2. Ashwini Arora
- (a) If at any time the Company obtains any loans from any financial institution and/or any Central or State Government referred to in the Articles as "The Corporation" or enters into underwriting arrangements with the Corporation and it is a term of such loan or of the underwriting arrangements that the Corporation shall have the right to appoint one or more Directors then subject to the terms and conditions of such loans or underwriting arrangements the corporation shall be entitled to appoint one or more Directors as the case may be, to the Board of Directors of the Company and to remove from office any Director,

so appointed and to appoint another in his place or in the place of a director so appointed who resigns or otherwise vacates his office. Any such appointment or removal shall be made in writing and shall be signed by the Corporation or by any person duly authorised by it and shall be served at the office of the Company. The Director or Directors so appointed shall not be liable to retire by rotation of Directors in accordance with the provisions of these Articles, but he/they shall be counted in determining the number of retiring directors.

94. A Director of the Company shall not be required to hold any share as his qualification.
95. Subject to the provisions of the Companies Act 1956 and Rules framed thereunder each Director shall be entitled to receive out of the funds of the Company, by way of a sitting fee not exceeding Rs. 250/- (Rupees Two Hundred Fifty) each for meeting of the Board or a Committee thereof or an adjournment thereof, attended by him. The Directors shall be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attending the Board and the Committee meetings or otherwise incurred in the execution of their duties as Directors.

Subject to Section 310, 198 and 309 of the Act, and subject to the approval of the Reserve Bank of India wherever applicable the Directors shall also be entitled to be paid as remuneration a commission of 1% (one per cent) on the net profit of the Company to be calculated in accordance with the provisions of the Act and such commission shall be divided amongst the directors in such proportions as the directors may determine and a default of such determination equally. All other remuneration if any, payable by the Company to each Director whether in respect of his service as a Managing Director or a Director in the whole or part time employment of the Company shall be determined in accordance with and subject to the provisions of these Articles and of the Act.
96. If any Director being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of residence for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of a Committee of the Board then, subject to Sections 198, 309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.
97. The continuing Directors may act notwithstanding any vacancy in their body, but so that if the number falls below the minimum above fixed, the Board shall not except for the purpose of filling vacancies or for summoning a General Meeting of the Company, act so long as the number is below the minimum.
98. The office of a Director shall ipso facto become vacant, if at any time he commits any of the acts set out in Section 283 of the Act.
99. No Director or other person referred to in Section 314 of the Act, shall hold an office or place of profit save as permitted by that Section.
100. A Director of this Company may be or become a Director of any other company promoted by this Company or in which it may be interested as a member, shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such company.
101. Subject to the provisions of Sections 297 and 299 of the Act, neither shall a Director be disqualified from contracting with Company either as vendor, purchase or otherwise for goods materials or services or for underwriting the subscription of any share in or debentures of the Company nor shall any such contract of arrangement entered into by or on behalf of the Company nor shall any such contract of arrangement entered into by or on behalf of the Company with a relative of such Director or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or so interested be liable to account to the Company for any profit released by any such contract, arrangement by reason of such Director holding office or of the fiduciary relation thereby established.
102. Every Director shall comply with the provisions of Section 297 and 299 of the Act regarding disclosure of his concern or interest in any contract or arrangement entered into or to be entered into by the Company.

103. Save as premited by Section 300 of the Act or any other applicable provisions of the Act, no Director shall, as a Director, take any part in the discussion, of, or vote on any contract or arrangement in which he is in any way, whether directly or indirectly concerned or interested, nor shall his presence counted for the purpose of forming a quorum at the time of such discussion or vote.
104. The Board shall have power, at any time and from time to time, to appoint any person as additional Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-appointment.
105. Subject to section 313 of the Act, the Directors may appoint any person to act as alternate Director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Directors are ordinarily held and such appointment shall have effect and such appointee while he/she holds office as an alternate Director shall be entitled to notice of meetings of the Directors and to attend and vote there at accordingly, but he shall also ipso facto vacate office fi any when the absent Director returns to the State in which meetings of the Directors are ordinarily held or the absent Director vacates office as a Director.
106. If any Director appointed by the Company in General Meeting vacates office as a Director before his terms of office will expire in the normal course the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall remain in his office so long only as the vacating Director would have retained the same if so vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 110.
107. At each Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.
108. Subject to the provisions of these Articles, the Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day those to retire shall, in default of and subject to any agreement among themselves, be determined by lot.
109. The Company may remove any Director before the expiration of his period of office in accordance with the provisions of section 284 of the Act and may, subject to the provisions of Section 262 of the Act, appoint another person in his place if the Director so removed was appointed by the Company in General meeting or by the Board under Articles 105 and 107.
110. Subject to the provisions of Sections 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors of the Company, as per the provisions of Companies Act, 1956 and may, from time to time (subject to the provisions of any contract between him and the Company) remove or dismiss him from office and appoint another in his place.
111. (a) Subject to the provisions of Section 255 of the Act, a Managing Director shall not, while he continues to hold that office be subject to retirement by rotation. However, he shall be counted in determining the number of directors to be retired by rotation but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors and he shall, ipso facto and immediately cease to be a Managing Director if he ceases to hold the office of Director from any cause. However, he shall be counted in determining the number of meeting Directors.
(b) If at any time the total number of Managing Directors is more than one-third of the total number of Directors, the Managing Directors who shall not retire shall be determined by and in accordance with their respective seniorities, be determined by the date of their respective appointments as Managing Directors by the Board.
112. Subject to the provisions of Sections 198, 309, 310 and 311 of the Act, a Managing Director shall in addition to the remuneration payable to him as a Director of the Company under these Articles, receive such additional remuneration as may, from time to time, be sanctioned by the Company in a general meeting.

113. Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in Sections 292 and 293 thereof, the Board may, from time to time, entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit, and the Board may confer such powers, either collaterally with or to the exclusion of, and in substitution for all or any of the powers of the Board in that behalf, and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

PROCEEDINGS OF DIRECTORS

114. The Directors shall meet together at least once in every three calendar months for the despatch of business and may adjourn and otherwise regulate their meetings by a Director or such other officer of the Company duly authorised in this behalf to every Director whether within or outside India. Such notice shall be sent by registered air mail post or by capable so as to reach the addressee thereof in the normal course at least seven days before the date of the meeting unless all the Directors agree by a prior consent accorded in writing or by a capable of such meeting being held on shorter notice. Provided that where an alternate Director has been appointed it shall be sufficient for purposes of this Article to send notice to or obtain consent of such alternate Director only.
115. Director may at any time and the secretary shall, upon the request of a Director made at any time, convene a meeting of the Board.
116. The Board may appoint a Chairman of its meetings and determine the period for which he is to hold office. If no Chairman is appointed or if at any meeting of the Board the Chairman be not present within five minutes after the time appointed for holding the same, Directors present shall choose some one of their number to be Chairman of such meeting.
117. The quorum for a meeting of the Board shall be two or 1/3rd of total strength whichever is higher subject to the provisions of Section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint.
118. A meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles or the Act for the time being vested in or exercisable by the Board.
119. Subject to the provisions of Sections 316 and 372(5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes and in case of an equality of votes the Chairman shall have a second or casting vote.
120. The Board may, subject to the provisions of the Act, from time to time and at any time, delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit, and may, from time to time, revoke such delegation. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may, from time to time, be imposed upon it by the Board.
121. The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far the same are applicable thereto, and/or not superseded by any regulations made by the Board under the last preceding Article.
122. All acts done by any meeting of the Directors, or by a Committee of Directors, or any person acting as a Director, shall notwithstanding that it may afterwards be discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid, or that they or any of them were disqualified or had vacated office by virtue of any provision contained in the Act or in these Articles be as valid as if every such Director or of any person acting as aforesaid, or that they or any of them were disqualified or had vacated office by virtue of any provision contained in the Act or in these Articles be as valid as if every such Director or person had been duly appointed and was qualified to be a Director and had not vacated such office provided that nothing in this Article shall be deemed to give validity to acts done by a Director after the appointment of such Director has been shown to be invalid or to have terminated.

123. Save in those cases where a resolution is required by Sections 262, 292, 297, 319 and 372(5) and 386 of the Act or any other provisions of the Act to be passed at a meeting of the Board, resolution shall be valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted if it is passed by circulation in the manner as provided in Section 289 of the Act.

MINUTES

124. (a) The Board shall, in accordance with the provisions of Section 193 of the Act, cause minutes to be kept of proceedings of every general meeting of the Company and of every meeting of the Board or of every Committee of the Board.
- (b) Any such minutes of proceedings of any meeting of the Board or of any Committee of the Board or of the Company in general meeting, if kept in accordance with the provisions of section 193 of the Act, shall be evidence of the matters stated in such minutes. The minute books of general meetings of the Company shall be kept at the office and shall be open to inspection by members during the hours of 11 a.m. and 1 p.m. on such business days as the Act requires them to be open for inspection.

POWERS OF THE BOARD

- 125 (a) Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do; provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of Association of the Company or by these Articles or otherwise to be exercised any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of Association of the Company or in these Articles or in any regulations not inconsistent therewith and duly made thereunder including regulations made by the Company in general meeting, but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulations had not been made.
- (b) Without prejudice to the general powers conferred by the preceding Article, the Directors may, from time to time and at any time, subject to the restrictions contained in the Act, delegate to managers, secretaries, officers, assistants, and other employees or other persons any of the powers, authorities and discretions for the time being vested in the Board and the Board may, at any time remove any person so appointed and may annul or vary such delegation.

LOCAL MANAGEMENT

126. The Board may, subject to the provisions of the Act, make such arrangement as it may think fit for the management of the Company's affairs abroad and for this purpose appoint local bodies, attorneys and agents and fix their remuneration and delegate to them such powers as the Board may deem requisite or expedient. The Company may exercise all the powers of Section 50 of the Act and the official seal be affixed by the authority and in the presence of and the instruments sealed therewith shall be signed by such persons as the Board shall from time to time by writing under the Seal appoint. The Company may also exercise the powers of Sections 157 and 158 of the Act with reference to the keeping of foreign registers.

MANAGEMENT

127. Subject to the provisions of Sections 197 A, 198 and 269, 309 and 310 of the Act, the Company may appoint or re-appoint Managing Director, Whole-time Director, and manager upon such terms and conditions as it thinks fit.
- 128 (a) Subject to Sec. 383 A of the Act, the Directors may appoint a Secretary and/or consultant and/or an advisor on such terms, at such remuneration and upon such conditions as they may think fit and any secretary or consultant or advisor so appointed may be removed by the Directors.
- (b) A Director may be appointed as a Secretary and/or consultant and/or Advisor subject to the provision of the Act.
129. Any provision of the Act or these Articles requiring or authorising a thing to be done by a director, manager or secretary shall not be satisfied by its being done by the same person acting both as Director and/or as in place of the Manager or Secretary.

AUTHENTICATION OF DOCUMENTS

130. Save as otherwise provided in the Act, any Director or the Secretary or any person appointed by the Board for the purpose shall have power to authenticate any document affecting the constitution of the Company and any resolution passed by the Company or the Board and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Board as aforesaid.
131. A document purporting to be a copy of a resolution of the Board or an extract from the minutes of a meeting of the Board which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Board.

THE SEAL

132. The Board shall provide for the safe custody of the seal and the seal shall never be used except by the authority previously given of the Board or a Committee of the Board authorised by the Board in that behalf and save as otherwise required by the Companies (Issue of Share Certificates) Rules, 1960, any one Director or such other person as the Board may authorise shall sign every instrument to which the seal is affixed. Provided nevertheless, that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same. This is, however subject to Rule 6 of the Companies (Issue of Share Certificates) Rules, 1960.

RESERVES

133. The Board may, from time to time, before recommending any dividend, set apart any and such portion of the profits of the Company as it thinks fit as reserves to meet contingencies or for the liquidation of any debentures; debts or other liabilities of the Company, for equalisation of dividends, for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interests of the Company; and may, subject to the provisions of Section 372 of the Act, invest the several sums so set aside upon such investments (other than shares in the Company) as it may think fit, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the reserves into such special funds as it thinks fit, with full power to employ the reserves or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets.
134. Any General Meeting may upon the recommendation of the Board resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company and standing to the credit of the reserves, or any Capital Redemption Reserve Account, or in the hands of the company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the Share Premium Account be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full any unissued shares of the Company which shall be distributed accordingly or in or towards as payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of Share Premium Account or a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
135. The Company in general meeting may, at any time and from time to time, resolve that any surplus money in the hands of the Company representing capital profits arising from the receipt of money received or recovered in respect of or arising from the realisation of any capital assets of the Company, or any investment representing the same instead of being applied in the purchase of other capital assets or for capital purposes be distributed amongst the equity shareholders on the footing that they receive the same as capital and in the same proportions in which they would have been entitled to receive the same if it had been distributed by way of dividend provided

always that no such profit as aforesaid shall be so distributed unless there shall remain in the hands of the Company a sufficiency of other assets to answer in full the whole of the liabilities and paid-up share capital of the Company for time being.

136. For the purpose of giving effect to any resolution under the two last preceding Articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates.

DIVIDENDS

137. Subject to Section 205 of the Companies Act the rights of the members entitled to shares (if any) with preferential rights or special rights attached thereto, the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the Equity Shares in the Company but so that partly paid-up shares shall only entitle the holder with respect thereof to such proportion of the distribution upon a fully paid-up share as the amount paid thereon bears to the nominal amount of such shares. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date; such share shall rank for dividend accordingly. Where capital is paid-up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, rank for dividends or confer a right to participate in profits.
138. The Company in general meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.
139. No larger dividend shall be declared than is recommended by the Board, but the Company in General Meeting may declare a smaller dividend.
140. Subject to the provisions of Section 205 of the Act, no dividend shall be payable except out of the profits of the Company or out of moneys provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.
141. The declaration of the net profit of the Company as stated in the audited Annual Accounts shall be conclusive.
142. The Board may, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.
143. Subject to Section 205A of the Act, the Board may deduct from any dividend payable to any member all sum of moneys, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares in the Company.
144. Subject to section 205A of the Act, any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes not exceeding the amount remaining unpaid on the shares, but so that the call on each member also does not exceed the dividend payable to him and so the call be made payable at the same time the dividend and in such case the dividend may, if so arranged between the Company and the members, be set off against the call.
145. No dividend shall be payable except in cash; provided that nothing in the foregoing shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on the shares held by the members of the Company.
146. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.
147. The Company may pay interest on capital raised for the construction of works or buildings when and so far as it shall be authorised to do by Section 208 of the Act.
148. No dividend shall be paid in respect of any share except to the registered holder of such share or to his order or to his bankers but nothing contained in this Article shall be deemed to require the bankers of a registered shareholder to make a separate application to the Company for the payment of the dividend. Nothing in this Article shall be deemed to affect in any manner the operation of Article 147.

149. Any one of the several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends, bonuses, and other payments in respect of such share.
150. Notice of any dividend, whether interim or otherwise shall be given to the person entitled to share therein in the manner hereinafter provided.
151. Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the members or in case of members who are registered jointly to the registered address of that one of such member who is first named in the Register in respect of the jointholding or to such person and such address as the member or members who are registered jointly, as the case may be, may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or fraudulent recovery thereof by any other means.
152. Any unclaimed or unpaid dividend shall be dealt with and regulated under section 205-A of the Companies Act, 1956, and the Rules made thereunder.

BOOKS AND DOCUMENTS

153. Subject to the provisions of Section 209 of the Companies Act 1956, the Books of Account shall be kept at the office or at such other place in India as the Board may, from time to time, decide.

ACCOUNTS

154. Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company in Annual General Meeting shall be conclusive.

AUDIT

155. (a) Once at least in every year, the accounts of the Company shall be examined and the correctness of the Profit and Loss Account and Balance Sheet, as ascertained by the Auditor or Auditors of the Company.
- (b) The first Auditor or Auditors of the Company shall be appointed by the Directors within one month of the date of registration of the Company and the Auditor or Auditors so appointed shall hold office till the conclusion of the First Annual General Meeting of the Company.
- (c) The Company at each Annual General Meeting shall appoint an Auditor or Auditors to hold office until the next Annual General Meeting and their appointment, remuneration, rights and duties shall be regulated by Sections 224 to 227 of the Act.
- (d) Where the Company has a Branch Office the provisions of Section 228 of the Act shall apply.
- (e) All notices of and other communications relating to any General Meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditor of the Company and the Auditor shall also be entitled to attend any General Meeting and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor.
- (f) The Auditors' Report shall be read before the Company in Annual General Meeting and shall be open to inspection by any member of the Company.

SERVICE OF NOTICE AND DOCUMENTS

156. (1) A notice or other document shall be given or sent by the Company to any member either personally or by sending it by post to him to his registered address in India or if he has no registered address in India, by air mail post to the address outside India supplied to the Company for the giving of notice to him.
- (2) Where notice or other document is sent by post.
- (a) Service thereof shall be deemed to be effected by properly addressing prepaying and posting a letter containing the notice or document, provided that where a member has intimated to the Company in

advance that notice or documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sufficient sum to defray the expenses of doing so, service of the notice or document shall not be deemed to be effected unless it is sent in the manner intimated by the members; and

- (b) Such service shall be deemed to have been effected :-
 - (i) in the case of a notice of a meeting at the expiration of fortyeight hours after the letter containing the same is posted, and
 - (ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.
- (3) Notwithstanding any provision to the contrary any notice or document to be served on a member who has not given an address in India for service of notice or documents shall be sent to such member by air mail and posted not less than twenty-eight days before the same is to be served as required by the Act or by these Articles.

- 157. A notice or other document advertised in a newspaper circulating in the neighbourhood of the office of the Company shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address for the giving of the notices to him.
- 158. A notice or other document may be served by the Company on the joint-holders of a share by giving the notice to the joint-holder named first in the Register in respect of the share.
- 159. A notice or other document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title of representative of the deceased or assignee of the insolvent or by any like description, at the address in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which the same might have been if the death or insolvency had not occurred.
- 160. Any notice required to be or which may be given by advertisement shall be advertised once in one or more newspapers circulating in the neighbourhood of the office.
- 161. Every person who by operation of law or transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.
- 162. Subject to the provisions of Articles 157 to 161, any notice or document delivered or sent by the post or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such member be then deceased and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered share, whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint-holders thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his heirs, executors or administrators and all persons, if any, jointly interested with him in any such share.
- 163. The signature to any notice to be given by the Company may be written or printed.
- 164. Subject to the provisions of Sections 497 and 509 of the Act, in the event of a winding-up of the Company, every member of the Company who is not for the time being in Delhi shall be bound, within eight weeks, after the passing of an effective resolution to wind up the Company, to serve notice in writing on the Company appointing some householder residing in the neighbourhood of the office upon whom all summons, notices, process, orders and judgements in relation to or under the winding-up of the Company, may be served and in default of such nomination, the liquidator of the Company shall be at liberty on behalf of such member to appoint some such persons and service upon any such appointee whether appointed by the member or the liquidator shall be deemed to be good personal service on such member for all purposes and where the liquidator makes any such appointment he shall, with all convenient speed, give notice thereof to such member by advertisement in some daily newspaper circulating in the neighbourhood of the office or by a registered letter sent by post and addressed to such member

at his address as registered in the Register and such notice shall be deemed to be served on the day on which the advertisement appears or the letter should be delivered in the ordinary course of the post. The provisions of this Article shall not prejudice the right of the liquidator of the Company to serve any notice or other document in any other manner prescribed by these Articles.

INSPECTION

- 165 (a) The books of Account and other books and paper shall be open to inspection by any Director during business hours.
- (b) The Board shall, from time to time, determine whether and to what extent and at what time and place and under what conditions or regulations, the books of account and other book and documents of the Company, other than those referred to in Article 125(b) and 167 or any of them, shall be open to the inspection of the members not being director and no member (not being a Director) shall have any right to inspecting any books of account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in General Meeting.
166. Subject to the provisions of Section 209A of the Act, where under any provisions of the Act any person, whether a member of the Company or not, is entitled to inspect any register, return, certificate, deed, instrument or document required to be kept or maintained by the Company the person entitled to inspection shall on his giving to the Company not less than twenty-four hours previous notice in writing of his intention specifying which register, etc. he intends to inspect, be permitted to inspect the same during the hours of 11 a.m. and 1 p.m. on such business days as the Act requires them to be given for inspection.
167. The Company may in accordance with the provisions of Section 154(1) of the Act close the Register of Members or of the Debenture-holders, as the case may be.

RECONSTRUCTION

168. On any sale of the undertaking of the Company, the Board or the liquidator on a winding up may, if authorised by a Special Resolution, accept fully paid or partly paid up shares, debentures or securities of any other Company incorporated in India or to the extent permitted by law of a Company incorporated outside India, either then existing or to be formed for the purchase in whole or in part of the property of the Company and the Board (if the profits of the Company permit) or the Liquidator (in a winding-up) may distribute such shares or securities or any other property of the Company amongst the members without realisation or vest the same in trustees for them and any Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities or property at such price and in such manner the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or in the course of being wound up, such statutory rights (if any) under Section 494 of the Act, as are incapable of being varied or excluded by these Articles.

SECRECY

169. Every Director, Secretary, trustees for the Company, its members or debentureholders, member of a committee, servant, office, agent, accountant or other person employed in about the business of the Company shall if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all bonafide transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall be such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any general meeting or by Court of Law and except so far as may be necessary in order to comply with and the provisions in these articles contained.
170. No shareholder or other persons (not being a Director) shall be entitled to enter upon the properties of the Company or to inspect or examine the premises or properties of the Company without the permission of the Board or, subject to Articles 166(b) and 167 to require discovery of or any information respecting any detail of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process or of any matter whatever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to communicate.

WINDING-UP

- 171 (a) In the event of the Company being wound up, the holders of Preference Shares, if any, shall be entitled to have the surplus assets available for distribution amongst members as such applied in the first place in repayment to them the amount paid-up on the Preference Shares held by them respectively and payment of arrears of dividend up to the commencement of the winding up, whether declared or not, but shall not be entitled to any further participation in such surplus assets. If the surplus available as aforesaid shall be insufficient to repay the whole of the amount paid up on the Preference Shares and any arrears of dividend, such assets shall be distributed amongst the holders of Preference Shares so that the losses shall be borne by the holders of Preference Shares in proportion to the capital paid up or which ought to have been paid up thereon and the arrears of dividend as aforesaid.
- (b) If the Company shall be wound up and the assets available for distribution among the members as such after payment to the Preference Share holder as aforesaid shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding-up on the shares held by them respectively, and if in the winding-up the assets available for distribution among the members after payment to the Preference Shareholders as aforesaid shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding-up paid up or which ought to have been paid-up on the shares held by them respectively.
- (c) This Article is to be without prejudice to the right and privileges amongst the holders of Preference Shares of different series issued upon special terms and conditions.
172. If the Company shall be wound up, whether voluntarily or otherwise the liquidator may with the sanction of a Special Resolution, divide amongst the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of assets of the Company in trustees upon such trusts for the benefit of the contributories, or any of them, as the liquidators with the like sanction, shall think fit, subject to Sections 100 to 105 of the Act.

INDEMNITY

173. Subject to Section 201 of the Companies Act, 1956, every Director, Managing Director, manager, secretary or officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed as Auditor shall be indemnified out of the funds of the Company against all bonafide liability incurred by him as such Director, Managing Director, Manager, Secretary, Officer, employee or Auditor in defending any bonafide proceeding, whether Civil or Criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

SECTION XI - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which would be attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies, NCT of Delhi & Haryana for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company at A-21, Green Park, Main Aurbindo Marg, New Delhi-110 016 from 10.00 am to 3.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts

1. A copy of the Memorandum of Understanding dated 26th June 2006 between our Company and the BRLMs.
2. A copy of the Memorandum of Understanding dated 01st June 2006 executed by our Company with the Registrar to the Issue.
3. A copy of the Escrow Agreement dated 13th November 2006 among our Company, the BRLMs, Escrow Collection Banks, and the Registrar to the Issue.
4. A copy of the Syndicate Agreement dated 13th November 2006 among our Company, the BRLMs and Syndicate Member(s).
5. A copy of the Underwriting Agreement dated [●] among our Company and the BRLMs and Syndicate Member(s).

Material Documents

1. Our Company's Memorandum and Articles of Association, as amended from time to time.
2. Certificate of Incorporation in the name of LT Overseas Private Limited dated 16th October 1990 issued by the Registrar of Companies, NCT of Delhi and Haryana.
3. Fresh Certificate of Incorporation in the name of LT Overseas Limited dated 03rd May 1994 issued by the Registrar of Companies, NCT of Delhi and Haryana.
4. Certified true copy of the shareholders' resolution dated 01st April 2006 in relation to this Issue and other related matters.
5. Certified true copy of the Board resolution dated 17th February 2006 in relation to this Issue and other related matters.
6. Audit report by the statutory auditor, Tilak Chandna & Co., Chartered Accountants dated 25th October 2006 included in the Red Herring Prospectus and copies of the Balance Sheet referred in the said report i.e. for the last five years alongwith Balance Sheets of Subsidiaries i.e. Nature Bio Foods Limited (2005-2006), LT International Limited (5 years), Sona Global Limited (2005-2006), Nice International FZE (2005-2006).
7. Copy of the Certificate from the statutory auditors, Tilak Chandna & Co., Chartered Accountants, dated 28th October 2006 regarding the sources and deployment of funds as on 20th October 2006.
8. Certificate dated 12th April 2006 from Kanwal Malhotra & Co., Chartered Accountants, detailing the tax benefits.
9. General powers of attorney executed by the Directors in favor of Ms. Monika Chawla Jaggia, Company Secretary and Compliance Officer for signing and making necessary changes to this Red Herring Prospectus and other related documents.
10. Consents of Auditors, Bankers to our Company, BRLMs, Registrar to the Issue, Bankers to the Issue, the Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
11. Resolution dated 01st April 2006 defining the terms of appointment of Executive Directors.

12. Initial listing applications dated 29th June 2006 for in-principle listing approval to BSE and the NSE.
13. In-principle listing approval from BSE dated 01st August 2006 and from NSE dated 11th August 2006 and 17th November 2006.
14. Tripartite agreement between NSDL, our Company and the Registrar to the Issue dated 06th October 2006.
15. Tripartite agreement between CDSL, our Company and the Registrar to the Issue dated 16th September 2006.
16. Sanction letter no. OBC/NP/Loana/LTO/2006-07 dated 25th October 2006, issued by Oriental Bank of Commerce for a term loan of Rs. 5 crores.
17. Due diligence certificate dated 28th June 2006 to SEBI from UTI Securities Limited and IL&FS Investsmart Limited.
18. SEBI observation letter CFD/DIL/IPO/PB/MKS/78290 dated 09th October 2006 and our replies to the same.
19. Certificate from the Company Secretary and Compliance Officer that all observations/changes/modifications as suggested by SEBI vide their observation letter CFD/DIL/IPO/PB/MKS/78290 dated 09th October 2006 have been complied with.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

SECTION XII - DECLARATION

We, hereby declare that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the government or the guidelines issued by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS

Mr. Vijay Kumar Arora

Mr. Ashwani Arora

Mr. Surinder Arora

Mr. Suparas Bhandari

Mr. Pramod Bhagat

Dr. Satish Bal

SIGNED BY THE CHIEF FINANCIAL CONTROLLER

Mr. Shakti Kumar Salhotra

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Monika Chawla Jaggia

Date : 14th November 2006

Place : New Delhi

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK