DRAFT LETTER OF OFFER
Dated August 13, 2012
For Equity Shareholders of the Company only

Foods and Inns Limited

The Company was originally incorporated under the Companies Act, 1956 in the name of Country Inns Private Limited at Mumbai vide Certificate of Incorporation dated October 11, 1967 bearing Registration No. 11-13837. Subsequently, the name of the Company was changed to Foods and Inns Private Limited and a Fresh Certificate of Incorporation dated December 31, 1968 was issued by the RoC, Maharashtra at Mumbai. The Company was subsequently converted into a public limited company pursuant to a resolution passed at a shareholders meeting held on November 24, 1970 and the RoC issued a Fresh Certificate of Incorporation dated December 21, 1970. The Corporate Identity Number (CIN) of the Company is L55200MH1967PLC013837.

Registered Office: Food and Inns Building, Sion-Trombay Road, Punjabwadi, Deonar, Mumbai 400 088, India. For further details of changes in registered office, please refer to section titled "History and Certain Corporate Matters" beginning on page 121 of this Draft Letter of Offer.
Telephone: +91 22 2556 4326 **Facsimile**: + 91 22 2556 4327
Corporate Office: Dulwich Mansion, 224, 3rd Floor, Tardeo Road, Mumbai 400 007, India.
Telephone: +91 22 2353 3104 **Facsimile**: + 91 22 2353 3106/07
Contact Person & Compliance Officer: Mr. Moloy Saha, Vice President (Finance & Operations)
E-mail: rights@foodsandinns.com; **Website:** www.foodsandinns.com

PROMOTERS OF THE COMPANY: MR.UTSAV DHUPELIA, MS. PALLAVI DHUPELIA AND MR. MILAN DALAL

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

DRAFT LETTER OF OFFER

ISSUE OF [●] EQUITY SHARES WITH A FACE VALUE OF ₹ 10 EACH ("*RIGHTS SHARES*") FOR CASH AT A PRICE OF ₹ [●]/- PER RIGHT SHARE (INCLUDING A PREMIUM OF ₹ [●]/- PER RIGHTS SHARE) FOR AN AMOUNT AGGREGATING UPTO ₹1,550 LAKHS ON RIGHTS BASIS IN THE RATIO OF [●] ([●] RIGHTS SHARES FOR EVERY [●] FULLY PAID UP EQUITY SHARES) HELD BY THE EQUITY SHAREHOLDERS ON THE RECORD DATE, i.e. [●], 2012. THE FACE VALUE OF THE RIGHT SHARES IS ₹ 10 EACH AND THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE OF THE EQUITY SHARES.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue, including the risks involved. The Securities 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 the contents of this Draft Letter of Offer. Specific attention of the investors is invited to the statements in the section "Risk Factors" beginning on page 13 of this Draft Letter of Offer.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The existing Equity Shares of the Company are listed on the BSE and the PSE. The Company has received in-principle approval from BSE for the listing of the Rights Shares offered in this Issue pursuant to letter dated [●]. For the purposes of the Issue, the BSE shall be the Designated Stock Exchange.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
VIVRO	LINK INTIME INDIA PVT LTD (Formerly INTIME SPECTRUM REGISTRY LTD)
VIVRO FINANCIAL SERVICES PRIVATE LIMITED Manu Mansion, 1st Floor 16/18, Shahid Bhagatsingh Road Opp. Old Custom House Fort, Mumbai 400 023 Telephone: +91 22 2265 7364 Facsimile: +91 22 2265 8406 Email: fni@vivro.net Contact Person: Mr. Ketan Modi/ Mr. Shyamal Trivedi Website: www.vivro.net SEBI registration number: INM000010122	**LINK INTIME INDIA PRIVATE LIMITED** C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai 400078, India. Telephone: +91 22 2596 0320 Facsimile: +91 22 2596 0329 Email: evelin.subalatha @linkintime.co.in Contact Person: Ms. Evelin Subalatha Website: www.linkintime.co.in SEBI registration number: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates/implies, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Company Related Terms

Term	Description
"FNI", "Foods and Inns Limited", or "the Company"	Foods and Inns Limited, a public limited company incorporated under the provisions of the Companies Act, 1956.
AOA/Articles/ Articles of Association	Articles of Association of the Company
Board of Directors / Board	The Board of Directors of the Company
Corporate Office of the Company	Dulwich Mansion, 224, 3rd Floor, Tardeo Road, Mumbai 400 007, India.
Director(s)	Director(s) of the Company, unless otherwise specified
Financial Year/ Fiscal/ FY	The period of twelve (12) months ended September 30 of that particular year. The Company has recently changed its financial year from October 1 to September 30 to April 1 to March 31.
Bankers & Lenders of the Company	Andhra Bank, State Bank of India, Bank of Maharashtra, The Export Import Bank of India, Corporation Bank and Bank of India
MOA/ Memorandum/ Memorandum of Association	Memorandum of Association of the Company
Promoters of the Company	Mr. Utsav Dhupelia, Ms. Pallavi Dhupelia and Mr. Milan Dalal
Promoter Group Entities	Persons and entities covered under Regulation 2(1)(zb) of the SEBI (ICDR) Regulations.
Registered Office of the Company	Food and Inns Building, Sion-Trombay Road, Punjabwadi, Deonar, Mumbai 400 088, India.
Subsidiaries of the Company/The Subsidiary	Dravya Finance Limited and Asim Export International Limited
Statutory Auditors	The statutory auditors of the Company being M/s. B.S. Mehta & Co. Chartered Accountants.

Issue related terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Equity Shareholders as on the Record Date with respect to this Issue in accordance with SEBI (ICDR) Regulations.
Additional Rights Shares	The equity shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allotment	Unless the context requires, the allotment of Rights Shares pursuant to the Issue
Allottees	Persons to whom Rights Shares are allotted pursuant to the Issue
Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used by an Investor to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Investors	Any eligible Equity Shareholders who intend to apply through ASBA and (a) are holding Equity Shares in dematerialized form as on the Record Date and have applied for: (i) their Rights Entitlement or

Term	Description
	(ii) their Rights Entitlement and Additional Equity Shares, in dematerialized form; (b) have not renounced their Rights Entitlement in full or in part; (c) are not renouncees; and (d) are applying through blocking of funds in bank accounts maintained with SCSBs.
Bankers to the Issue	[●]
Composite Application Form / CAF	The form used by an Investor to apply for the Allotment of Rights Issue Equity Shares in the Issue and for application by Renouncees.
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that the Company would issue for the Rights Shares Allotted to one folio.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Designated Branches	Such branches of the SCSBs with which an ASBA Investor may physically submit the CAF, a list of which is available on http://www.sebi.gov.in/pmd/scsb.html, and at such other websites as may be prescribed by SEBI from time to time.
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Letter of Offer	This Draft Letter of Offer dated August 13, 2012.
Eligible Equity Shareholder	A holder(s) of Equity Shares as on the Record Date
Equity Shareholder /Shareholder	A holder of Equity Shares of the Company
Investor(s)	Equity Shareholders as on Record Date and/or Renouncees applying in the Issue
Issue / Rights Issue	Issue of [●] Equity Shares with a face value of ₹10 each ("*Rights Shares*") for cash at a price of ₹[●] per Right Share (including a premium of ₹[●] per Rights Share) for an amount aggregating upto ₹1,550 lakhs on Rights basis in the ratio of [●] ([●] Rights Shares for every [●] fully paid up Equity Shares) held by the Equity Shareholders on the Record Date, i.e. [●], 2012. The face value of the Right Shares is ₹10 each and the Issue Price is [●] times of the face value of the Equity Shares.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	[●]
Issue Proceeds	The proceeds of the Issue that are available to the Company
Issue Size	The issue of [●] Rights Shares aggregating upto ₹1,550 Lakhs
Lead Manager	Vivro Financial Services Private Limited
Letter of Offer	The final letter of offer filed with the Stock Exchanges after incorporating the observations from SEBI on the Draft Letter of Offer
Listing Agreement	The listing agreements entered into between the Company and the Stock Exchanges
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, please refer to section "Objects of the Issue" beginning on page 72 of this Draft Letter of Offer
Non Institutional Investors	All Investors including sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Rights Issue Equity Shares for cumulative amount more than ₹2,00,000.
Record Date	A record date fixed by the Company for the purposes of determining the names of the Equity Shareholders who are eligible for the issue of Equity Shares
Refund through electronic transfer of funds	Refunds through NECS, Direct Credit, RTGS or NEFT, as applicable
Registrar of Companies/ROC	The Registrar of Companies, Mumbai, Maharashtra
Registrar to the Issue	Link Intime India Private Limited
Renouncees	Any person(s), who have acquired Rights Entitlements from the Equity Shareholders
Retail Individual Investors	Application by an Investor whose cumulative value of Equity Shares applied for in the Issue is not more than ₹2,00,000
Rights Entitlements	The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his/ her shareholding in the Company as on the Record Date.

Term	Description
Rights Shares	The Equity Shares of face value of ₹10 each of the Company offered and to be issued and allotted pursuant to this Issue.
SAFs	Split Application Forms
Self Certified Syndicate Bank or SCSB(s)	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at http://www.sebi.gov.in/pmd/scsb.pdf
Securities	The Equity Shares offered through this Issue
Stock Exchange(s)	BSE and PSE where the Equity Shares are presently listed and traded

Conventional and General Terms

Term	Description
Companies Act	The Companies Act, 1956, as amended
Depositories Act	The Depositories Act, 1996, as amended
FEMA	Foreign Exchange Management Act, 1999 and the rules and regulations issued thereunder, as amended.
FII / Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
NIF	National Investment Fund set up by Resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India.
Non Resident	A person who is not resident in India except NRIs and FIIs.
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, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended.
Overseas Corporate Body / OCB	OCB/Overseas Corporate Body – Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Issue.
Person(s)	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Qualified Institutional Buyers or QIBs	A Mutual Fund, Venture Capital Fund and Foreign Venture Capital investor registered with the Board, a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; a public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of twenty five crore rupees; a pension fund with minimum corpus of twenty five crore rupees; National Investment Fund set up by resolution No. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
SCRR	Securities Contracts Regulations Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992.
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended

Term	Description
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, including instructions and clarifications issued by SEBI from time to time.
Special Court (TORTS) Act	Special Court under the Trial of Offences Relating to Transactions in Securities Act, 1992

General / Industry terms/ Abbreviations

Term	Description
₹ or Rs. or Rupees or INR	Indian Rupees
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
A.Y.	Assessment Year
BPLR	Bank Prime Lending Rate
BSE	Bombay Stock Exchange Limited
CARO	Companies (Auditor's Report) Order, 2003
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
CLB	Company Law Board
CSR	Corporate Social Responsibility
Decantation	A very quick method for separating a mixture of a liquid and a heavier solid
De -stoning	Removing the stones from fruits such as plums and apricots before using in cooking or before eating
DIN	Director Identification Number
DNV	Det Norske Veritas
ECS	Electronic Clearing System
EBITDA	Earnings before Interest, Tax Depreciation and Amortisation
EGM	Extraordinary General Meeting of the Shareholders of the Company
EHS	Environment Health and Safety
EPCG	Export Promotion Capital Goods
EPS	Earnings Per Share
ESOS	Employee Stock Option Scheme
ESPS	Employee Stock Purchase Scheme
ETP	Effluent Treatment Plant
FIPB	Foreign Investment Promotion Board
F.Y.	Financial Year/ Fiscal Year
FSCC 22000-2010	International Standard developed for the certification of Food Safety Management Systems for food manufacturers.
GoI/Government	Government of India
HUF	Hindu Undivided Family.
HEPA	High-Efficiency Particulate Air
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
I. T. Act	The Income Tax Act, 1961, as amended.
I. T. Rules	The Income Tax Rules, 1962, as amended, except as stated otherwise.
ISO	International Organization for Standardization
ISO 22000	Standard developed by the International Organization for Standardization dealing with food safety
N.A.	Not Applicable
NAV	Net Asset Value
NBFC	Non-Banking Financial Company
NoC	No Objection Certificate
NSDL	National Securities Depository Limited.
NTA	Net Tangible Assets
PAN	Permanent Account Number
Pasteurization	Process of heating a food, which is usually a liquid, to a specific temperature for a predefined length of time and then immediately cooling it after it is removed from the

Term	Description
	heat. This process slows spoilage due to microbial growth in the food
PAT	Profit After Tax
PSE	Pune Stock Exchange
R & D	Research and Development
RBI	Reserve Bank of India
RoC	Registrar of Companies
RONW	Return on Net Worth
SBI	The State Bank of India
SBLC	Stand-by Letter of Credit
SEDEX	Supplier Ethical Data Exchange
SGF	Sure Global Fair
STT	Securities Transaction Tax
UNFCC	United Nations Framework Convention on Climate Change
UTI	Unit Trust of India
YoY	Year on Year

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this Draft Letter of Offer and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue on a rights basis to the Equity Shareholders of the Company and will dispatch the Draft Letter of Offer/Abridged Letter of Offer and CAF to Equity Shareholders who have an Indian address. Those overseas shareholders who do not update the records with their Indian address, prior to the date on which we propose to dispatch the Draft Letter of Offer and the CAF, shall not be sent the Draft Letter of Offer and the CAF.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Rights Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Shares or the Rights Entitlements referred to in this Draft Letter of Offer. A shareholder shall not renounce his entitlement to any person resident in the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company‘s affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

The contents of the Draft Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Shares or Rights Entitlements. In addition, neither the Company nor the Lead Manager is making any representation to any offeree or purchaser of the Rights Shares or Rights Entitlements regarding the legality of an investment in the Rights Shares or Rights Entitlements by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

The Rights Shares or Rights Entitlements have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of the Draft Letter of Offer and the CAF. Any representation to the contrary is a criminal offence in the United States.

The rights and securities of the Company, including the Rights Shares have not been and will not be registered under the United States Securities Act, 1933, as amended (the "***Securities Act***"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the "***United States***" or "***U.S.***") or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("***Regulation S***"), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Draft Letter of Offer are being offered in India, but not in the United States. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights. Accordingly, this Draft Letter of Offer/ Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time. None of the company(ies), the Lead Manager or any person acting on their behalf will accept subscriptions from any person or his agent, if to whom an offer is made, would require registration of this Draft Letter of Offer with the United States Securities and Exchange Commission.

Neither the Company nor any person acting on behalf of the Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who the Company or any person acting on behalf of the Company has reason to believe is, either a U.S. person (as defined in Regulation S) or otherwise in the United States when the buy order is made. Envelopes containing CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer, and all persons subscribing for the Rights Shares and wishing to hold such Rights Shares in registered form must provide an address for registration of the Rights Shares in India. The Company is making this issue of Rights Shares on a rights basis to the Equity Shareholders of the Company and the Draft Letter of Offer/Abridged Letter of Offer and CAF will be dispatched to Equity Shareholders who have an Indian address. Any person who acquires rights and the Rights Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Rights Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a U.S. person (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorized to acquire the rights and the Rights Shares in compliance with all applicable laws and regulations.

The Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a U.S. person (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Rights Shares in compliance with all applicable laws and regulations; (ii) appears to the Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and the Company shall not be bound to allot or issue any Rights Shares or Rights Entitlement in respect of any such CAF.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from the restated standalone financial statements for the eighteen (18) months period ended on March 31, 2012 and F.Y. ended September 30, 2010, 2009, 2008 and 2007. The restated standalone and consolidated financial statements are based on the audited standalone and consolidated financial statements, respectively prepared in accordance with Indian GAAP, the Accounting Standards and other applicable provisions of the Companies Act and are restated in accordance with the SEBI (ICDR) Regulations. The Company's fiscal year from the present financial year commences on April 1 and ends on March 31 whereas for the earlier years the financial year of the Company commenced on October 1 and ends on September 30 of the next year, so all references to a particular fiscal year are to the twelve-month (12) period for the particular years. In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

All the numbers in this Draft Letter of Offer have been presented in lakhs or in whole numbers where the numbers have been too small to present in lakhs.

There are significant differences between Indian GAAP, U.S. GAAP and the International Financial Reporting Standards (IFRS). Accordingly, the degree to which the Indian GAAP restated financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited. The Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and the Company urges the Shareholders to consult their own advisors regarding such differences and their impact on the financial data of the Company.

Any percentage amounts, as set forth in the sections titled "Risk Factors", "Business of the Company" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 13, 102 and 167 respectively of this Draft Letter of Offer, unless otherwise indicated, have been calculated on the basis of the restated standalone financial information prepared in accordance with Indian GAAP.

For definitions, please refer to the section titled "Definitions and Abbreviations" beginning on page 3 of this Draft Letter of Offer. The defined terms have the meaning given to such terms in the Articles in the section titled "Main Provisions of the Articles of Association" beginning on page 319 of this Draft Letter of Offer.

Use of Industry and Market data

Unless stated otherwise, market, industry and demographic data used in this Draft Letter of Offer has been obtained from market research, publicly available information and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company nor the Lead Manager has made any representation as to the accuracy of that information. Accordingly, Investors should not place undue reliance on this information.

Additionally, the extent to which the market and industry data presented in this Draft Letter of Offer is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the Company conducts its business and methodologies and assumptions may vary widely among different industry sources.

Currency of Presentation

All references to "Rupees" or "₹" or "INR" are to Indian Rupees, the official currency of the Republic of India. Throughout this Draft Letter of Offer all figures have been expressed in Lakhs, Million and Crores. The word "Lakhs" or "Lakh" or "Lakhs" means "One hundred thousand", "Millon" means "Ten Lakhs" and "Crores" means "Ten Million".

Any percentage amounts, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on the restated standalone and consolidated financial statement prepared in accordance with Indian GAAP.

FORWARD LOOKING STATEMENTS

The Company has included statements in this Draft Letter of Offer which contain words or phrases such as "may", "will", "aim", "believe", "expect”, "will continue", "anticipate", "estimate", "intend", "plan", "seek to", "future", "objective", "goal", "project", "should", "potential" and similar expressions or variations of such expressions, that are or may be deemed to be forward looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the expectations of the Company with respect to, but not limited to, factors affecting:

1. The Company’s ability to compete effectively;
2. Increase in the price or the availability of raw materials;
3. The Company‘s inability to meet its substantial working capital requirements or maintain its existing credit facilities;
4. The Company’s inability to meet the consistent quality requirements of its customers or a change in customer preferences;
5. The Company’s ability to successfully implement its strategy;
6. The Company’s ability to customise its processes for the products required by the customers;
7. The Company’s exposure to market risks;
8. General economic and political conditions in India and globally, which have an impact on the business activities;
9. The Company’s ability to attract and retain qualified personnel;
10. Any adverse outcome in legal proceedings in which the Company, its Promoters, its Directors, Group Entities or key managerial personnel may be involved;
11. The monetary and fiscal policies of India;
12. Unanticipated turbulence in interest rates; and
13. Equity prices or other rates or prices, the performance of the financial markets in India and globally.

For a further discussion of factors that could cause the Company’s actual results to differ, please refer to the section titled "Risk Factors" beginning on page 13 of this Draft Letter of Offer. 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 the Company nor the Lead Manager nor any of their respective affiliates or advisors 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 and Stock Exchange’s requirements, the Company and Lead Manager will ensure that Investors are informed of material developments until the time of the grant of listing and trading permission for the Rights Shares by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. The Shareholders should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Rights Shares of the Company. The risks and uncertainties described in this Section are not the only risks that the Company currently face but also include risk relevant to the industry and geographic regions in which the Company operates. Additional risks and uncertainties not known to the Company or that it believes to be immaterial may also have an adverse effect on the business, results of operations and financial condition of the Company. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, the business, results of operations and financial condition of the Company could suffer, the price of the Equity Shares could decline, and the Shareholders may lose all or part of its investment.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the effect is not quantifiable and hence the same has not been disclosed in such risk factors.

To obtain a complete understanding, the Shareholders should read this section in conjunction with the sections titled "Business of the Company" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 102 and 243 respectively as well as the other financial and statistical information contained in this Draft Letter of Offer. Unless otherwise stated, the financial information of the Company used in this Section is derived from the restated standalone financial statements.

Internal Risk Factors

1. ***The Company, its Promoters, Directors and Group Entities are involved in certain litigations, the outcome of which could adversely affect the business prospects, financial condition and results of operations of the Company.***

The Company, its Promoters, Directors and Group Entities are involved in certain litigations, details of which are set out below:

No.	Particulars	No. of cases / disputes	Amount involved where quantifiable (₹ in Lakhs)
LITIGATION BY AND AGAINST THE COMPANY			
Revenue Proceedings filed against the Company			
1.	Direct Tax Proceedings	12	[*]
2.	Indirect Tax Proceedings	1	3.97
LITIGATION BY AND AGAINST THE PROMOTERS, DIRECTORS & GROUP ENTITIES			
Cases filed against the Promoters and Directors			
1.	Criminal Proceedings against Mr. Milan Dalal	3	NA
2.	Special Court cases under the Special Courts (TORTS) Act against Mr. Bhupen Dalal	15	[*]
3.	Income Tax Proceedings against Mr. Bhupen Dalal & Mr. Milan Dalal	20	[*]
4.	Prosecution proceedings under Income Tax against Mr. Bhupen Dalal	13	[*]
5.	Wealth Tax Proceedings against Mr. Bhupen Dalal	4	[*]
6.	Proceedings under Section 138 of the Negotiable Instruments Act, 1881 against Mr. Dinkarray Trivedi, Non-Executive & Independent Director	1	17.50
SEBI Orders & Directions for violation and non-compliance of Securities Law against Group Entities			
1.	SEBI orders against Tropical Securities & Investments Private Limited for violation and non-compliance of Securities Law	7	N.A.
Cases filed against the Group Entities			
1.	Civil cases filed against Bombay Swadeshi Stores Limited	2	N.A.
2.	Income Tax Proceedings against Muller & Phipps (India) Limited	3	825.66

No.	Particulars	No. of cases / disputes	Amount involved where quantifiable (₹ in Lakhs)
3.	Cases filed against Amalgamated Electricity Company Limited	1	659.64 + interest @ 9% p.a.
Cases filed by the Group Entities			
4.	Winding-up Petition filed by Bombay Swadeshi Stores Limited	1	50.90
5.	Civil cases filed by Bombay Swadeshi Stores Limited	1	3.56
6.	Compounding Application filed by Bombay Swadeshi Stores Limited	1	Not Ascertainable

[*]The amounts involved are not quantifiable in these matters.

For further details of the above litigation, please refer to the section titled "Outstanding Litigation and Material Developments" beginning on page 257 of this Draft Letter of Offer.

2. ***Certain promoter group and group entities, being a part of the Company's Co-Promoter Mr. Milan Dalal, have been listed on www.watchoutinvestors.com in relation to certain regulatory non-compliances and violation of securities laws.***

The details of the non-compliances and violation of securities laws by certain Promoter and Group entities and the actions taken against them by the regulatory authorities have been set out below:

Name of the Entity	Competent Authority	Regulatory Charges	Regulatory Actions/Date of Order/Further Developments
Bombay Swadeshi Stores Limited	BSE	Did not submit shareholding pattern under provisions of Clause 35 for the quarter ended June 30, 2011	Put up on the BSE website for public notice. June 30, 2011 Shareholding Pattern for June 30, 2011 is filed on August 11, 2011.
Cifco Finance Limited	BSE	Did not submit Corporate Governance Report for the quarter ended June 30, 2011	Put up on the BSE website for public notice June 30, 2011
Cifco Finance Limited	BSE	Did not comply with listing agreement	company suspended for trading November 30, 2007
Cifco Finance Limited	BSE	Did not comply with listing agreement	Notice dated November 28, 2006 to the company and public regarding proposed delisting. November 28, 2006
Cifco Finance Limited	CLB	Default in repayment of fixed public deposits including interest thereon on maturity	Directed to repay the deposits including interest thereon as per schedule prescribed. April 4, 2000
Cifco Finance Limited	RBI	Did not comply with the provisions of RBI Act, 1934	Rejection of application for certificate of registration as NBFC November 25, 1998
Champaklal Investment & Financial Consultancy Limited (New Name Cifco Limited)	SEBI	Did not pay fees to SEBI	Suspended registration as stock broker from September 01, 2009 to March 1, 2010 August 10, 2009

Name of the Entity	Competent Authority	Regulatory Charges	Regulatory Actions/Date of Order/Further Developments
(Member OTC)			
Cifco Limited (Old Name: Champaklal Investment & Financial Consultancy Limited)	RBI	Did not comply with the provisions of RBI Act, 1934	Rejection of application for certificate of registration as NBFC July 31, 2004
Cifco Limited	BSE (Bangalore Stock Exchange)	Delisted due to non-payment of annual listing fee from February 17, 1997 to August 9, 2005	
Oceanic Investments Limited	RBI	Collected money from public in money circulation schemes by making tall promises of high returns* * Oceanic Investments Limited has not accepted any deposits from the public nor has collected money under any scheme	Cautioned public about unauthorized companies collecting deposits November 29, 2010
Oceanic Investments Limited	BSE	Compulsory delisting	Compulsory delisting from January 14, 2004 October 11, 2004
Oceanic Investments Limited	RBI	Did not comply with the provisions of RBI Act, 1934	Rejection of application for certificate of registration as NBFC July 31, 2004
Sam Leaseco Limited	BSE	Companies not traceable at the last known address	Put up on BSE website under "unknown category" August 9, 2005
Sam Leaseco Limited	BSE	Did not comply with listing agreement	Notice dated November 28, 2006 to the company and public regarding proposed delisting November, 28 2006
Sam Leaseco Limited	RBI	Collected money from public in money circulation schemes by making tall promises of high returns* *Sam Leaseco Limited has not accepted any deposits from the public nor has collected money under any scheme.	Cautioned public about unauthorised companies collecting deposits November 29, 2010
Sam Leaseco Limited	BSE	Did not submit shareholding pattern under provisions of Clause 35 for the quarter ended June 30, 2011	Put up on BSE website for public notice June 30, 2011 Shareholding Pattern for June 30, 2011 is filed on September 22, 2011.
Sam Leaseco Limited	BSE	Did not comply with listing agreement	Companies suspended for trading November 30, 2007

Name of the Entity	Competent Authority	Regulatory Charges	Regulatory Actions/Date of Order/Further Developments
			Revocation of suspension in trading w.e.f. April 28, 2012
Shriya Capital Services Private Limited	SEBI	Indulged in creation of artificial market and price manipulation through structured, synchronized transactions and financing deals in scrip of Jagsonpal Pharmaceuticals Limited	Debarred / restrained from associating with / accessing capital market / intermediaries from August 2, 2011 to August 1, 2013 Debarred / Restrained from Buying / Dealing / IPOs in Securities / Specified Scrips Directly / Indirectly from August 2, 2011 to August 1, 2013 August 2, 2011 **SAT**: SAT vide its Order dated November 28, 2011 modified earlier order and reduced the penalty to a warning with no order as to costs.
Shriya Capital Services Private Limited	SEBI	Indulged in creation of artificial market and price manipulation through structured and synchronized transactions in scrip of VXL Instruments Limited	Debarred/Restrained from associating with / accessing capital market/ intermediaries from January 17, 2011 to March 16, 2011 Debarred/Restrained from Buying/Dealing/IPOs in Securities/Specified Scrips directly/Indirectly from January 17, 2011 to March 16, 2011 January 17, 2011
Shriya Capital Services Private Limited	RBI	Did not comply with the provisions of RBI Act, 1934	Rejection of application for Certificate of Registration as NBFC July 31, 2004
Shriya Capital Services Private Limited	SEBI	Indulged in creation of artificial market and price manipulation through structured deals in scrip of Ceat Limited	Debarred / Restrained from associating with / accessing capital market / intermediaries from January 17, 2011 To March 16, 2011 Debarred/Restrained from Buying/Selling/Dealing/IPOs In Securities/Specified Scrips Directly/Indirectly From January 17, 2011 to March 16, 2011 January 17, 2011
Arcadia Investments Co. Private Limited	RBI	Did not comply with the provisions of RBI ACT, 1934	Rejection of application for Certificate of Registration as NBFC

Name of the Entity	Competent Authority	Regulatory Charges	Regulatory Actions/Date of Order/Further Developments
			January 6, 2003
Tropical Securities & Investments Private Limited	SEBI	Indulged in creation of artificial market and price manipulation through structured, synchronized transactions and financing deals in scrip of Jagsonpal Pharmaceuticals Limited Did not maintain integrity, promptitude & fairness, did not exercise due skill, care & diligence and indulged in manipulative activities violating regulation 7 read with clauses a(1) to a(4) of code of conduct under schedule ii of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 in matter of Jagsonpal Pharmaceuticals Limited	Suspended Registration as Stock Broker from June 30, 2011 to August 29, 2011 June 9, 2011
Tropical Securities & Investments Private Limited	SEBI	Indulged in creation of artificial market and price manipulation through cross deals and matched transactions in scrip of VXL Instruments Limited Indulged in manipulative activities and did not comply with statutory requirements violating regulation 7 read with clauses a(3) to a(5) of code of conduct under schedule ii of SEBI (stock brokers and sub brokers) regulations, 1992 in matter of VXL Instruments Limited	Suspended Registration as stock broker from March 8, 2011 to March 21, 2011 March 8, 2011
Tropical Securities & Investments Private Limited	SEBI	Indulged in creation of artificial market and price manipulation through structured/matched transactions in scrips of Ravalgaon Sugar Farms Limited and Shrenuj & Co.Limited Did not maintain integrity, promptitude & fairness, did not exercise due skill, care & diligence and indulged in manipulative activities violating regulation 7 read with clauses a(1) to a(4) of code of conduct under	Suspended registration as stock broker from March 17, 2011 to May 16, 2011 February 24, 2011

Name of the Entity	Competent Authority	Regulatory Charges	Regulatory Actions/Date of Order/Further Developments
		schedule ii of SEBI (Stock Brokers And Sub Brokers) Regulations, 1992 in matter of Ravalgaon Sugar Farms Limited and Shrenuj & Co. Limited	
Tropical Securities & Investments Private Limited	SEBI	Indulged in creation of artificial market and price manipulation through structured deals in scrip of Ceat Limited Indulged in manipulative activities and did not comply with statutory requirements violating regulation 7 read with clauses a(3) to a(5) of code of conduct under schedule ii of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 in matter of Ceat Limited	Suspended registration as stock broker from January 17, 2011 to February 16, 2011 January 17, 2011
Tropical Securities & Investments Private Limited (Member: BSE)	SEBI	Did not pay fees to SEBI	Suspended registration as stock broker from December 29, 2009 to June 28, 2010 Suspended Registration As Sub-Broker from December 29, 2009 to June 28, 2010 December 7, 2009
Tropical Securities & Investments Private Limited (Member : BSE)	SEBI	Indulged in creation of artificial market and price manipulation in scrip of DCM Shriram Consolidated Limited Did not exercise due skill, care and diligence while executing transactions on behalf of clients in scrip of DCM Shriram Consolidated Limited	Suspended registration as stock broker from February 4, 2009 to August 3, 2009 January 14, 2009
Tropical Securities & Investments Private Limited (Member : BSE)	SEBI	Aided Pawankumar Parmeshwarlal Choudhary in the synchronized/structured deals in scrip of Prudential Pharmaceuticals Limited Violated code of conduct as prescribed under stock broker regulations	Suspended registration as stock broker from May 1, 2007 to May 31, 2007 April 10, 2007
Tropical Securities & Investments Private Limited	SEBI	Indulged in market manipulation in scrip of Surya Roshni Limited	Suspended registration as stock broker from October 19, 2004 to December 18, 2004

Name of the Entity	Competent Authority	Regulatory Charges	Regulatory Actions/Date of Order/Further Developments
(Member : BSE)			September 29, 2004
Tropical Securities & Investments Private Limited (Along with: CFL Securities Limited)	Banks	Default in payment of loans	Possession Notice UTI Bank, Mumbai May 19, 2004
Mullar & Phipps (India) Limited	BSE	Did not submit shareholding pattern under provisions of Clause 35 for the quarter ended June 30, 2011	Put up on BSE website for public notice June 30, 2011 (Not appearing in the list for the quarter ended September 30, 2011) Shareholding Pattern for June 30, 2011 and September 30, 2011 is filed on April 25, 2012.
Tropical Securities & Investments Private Limited (Along with: Pursarth Trading Co. Private Limited)	Banks	Default in payment of loans	Possession Notice UTI Bank, Mumbai May 19, 2004
CFL Securities Limited (Member : NSE)	SEBI	Indulged in creation of artificial market and price manipulation through structured, synchronized transactions and financing deals in scrip of Jagsonpal Pharmaceuticals Limited Did not maintain integrity, promptitude & fairness, did not exercise due skill, care & diligence and indulged in manipulative activities violating regulation 7 read with clauses a(1) to a(4) of code of conduct under schedule ii of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 in matter of Jagsonpal Pharmaceuticals Limited	Suspended registration as stock broker from June 30, 2011 to August 29, 2011 June 9, 2011 **SAT**: SAT vide its order dated July 25, 2011 modified order dated June 9, 2011. Date of commencement of suspension will be from the date of order instead of 21 days from the date of order with no order as to costs
CFL Securities Limited (Member : NSE)	SEBI	Indulged in creation of artificial market in scrip of Ravalgaon Sugar Farm Limited Indulged in creation of artificial market in scrip of Shrenuj & Co. Limited Executed structured transactions	Suspended registration as stock broker from January 19, 2005 to July 18, 2005 January 19, 2005

Name of the Entity	Competent Authority	Regulatory Charges	Regulatory Actions/Date of Order/Further Developments
		Did not exercise due care and diligence	
CFL Securities Limited (Member : NSE)	SEBI	Executed matched/structured trades with DGP Securities Limited Used exchange mechanism in order to meet financial obligations. Created artificial markets in scrip of Roofit Industries Limited	Suspended registration as stock broker from November 8, 2004 to January 7, 2005 October 18, 2004
Harbinger Trading Co. Private Limited	SEBI	Indulged in creation of artificial market in scrip of Shrenuj & Co. Limited Entered into spot deals thereby manipulating the price of scrip during the period May 02, 2001 to June 19, 2001	Debarred / restrained from associating with / accessing capital market / intermediaries from August 31, 2004 to February 28, 2005 Debarred/restrained from Buying/Selling/Dealing/IPOS in securities/specified Scrips directly/indirectly from August 31, 2004 to February 28, 2005 August 31, 2004
Harbinger Trading Co. Private Limited	SEBI	Indulged in creation of artificial market and price manipulation through structured deals in scrip of Ceat Limited	Restrained from accessing the securities market and further prohibiting from buying, selling or otherwise dealing in the securities market, either directly or indirectly, for a period of two months from January 17, 2011 to March 16, 2011. January 17, 2011
Harbinger Trading Co. Private Limited	SEBI	Indulged in creation of artificial market and price manipulation through structured, synchronized transactions and financing deals in scrip of Jagsonpal Pharmaceuticals Limited	Debarred / restrained from associating with / accessing capital market / intermediaries from August 2, 2011 to August 1, 2013 Debarred/restrained from buying/selling/dealing/IPOs in securities/specified scrips directly/indirectly from August 2, 2011 to August 1, 2013 August 2, 2011 **SAT**: SAT vide its Order dated November 28, 2011 modified earlier order and reduced the penalty to warning with no order as to costs.
Harbinger Trading Co.	SEBI	Indulged in creation of	Debarred / restrained from

Name of the Entity	Competent Authority	Regulatory Charges	Regulatory Actions/Date of Order/Further Developments
Private Limited		artificial market and price manipulation through structured and synchronized transactions in scrip of VXL Instruments Limited	associating with / accessing capital market / intermediaries from January 17, 2011 to March 16, 2011 Debarred/restrained from buying/selling/dealing/IPOs in securities/specified scrips directly/indirectly from January 17, 2011 to March 16, 2011 January 17, 2011
Harbinger Trading Co. Private Limited	SEBI	Indulged in market manipulation in scrip of Surya Roshni Limited	Debarred / restrained from associating with / accessing capital market / intermediaries from September 30, 2004 to March 29, 2005 debarred/restrained from buying/selling/dealing/ipos in securities/specified scrips directly/indirectly from September 30, 2004 to March 29, 2005 September 30, 2004
Harbinger Trading Co. Private Limited	SEBI	Indulged in creation of artificial market in scrip of Ravalgaon Sugar Farm Limited Manipulated the price of scrip of Ravalgaon Sugar Farm Limited During the period May 4, 2001 to June 29, 2001	Debarred / restrained from associating with / accessing capital market / intermediaries from August 31, 2004 to February 28, 2005 Debarred/restrained from buying/selling/dealing/IPOs in securities/specified scrips directly/indirectly from August 31, 2004 to February 28, 2005 August 31, 2004
Harbinger Trading Co. Private Limited	RBI	Did not comply with the provisions of RBI Act, 1934	Rejection of application for certificate of registration as NBFC July 31, 2004
M/s. S. Ramdas	SEBI	In the matter of dealings in the scrip of Ceat Limited	Restrained from accessing the securities market and further prohibiting from buying, selling or otherwise dealing in the securities market, either directly or indirectly, for a period of two months from January 19, 2011 to March 19, 2011. January 19, 2011

** Clarification from the Promoter Group Entity.*

3. ***The Company has a high debt equity ratio which may restrict its ability to avail further borrowings.***

The present Issue is the first issue of shares to investors since the initial public offering of the Company in the year 1971. Over the years, the Company has relied upon internal accruals and bank borrowings for funding capital expenditure and working capital requirements. The total debt/equity ratio as on March 31, 2012 is 6.62 which establish the fact that the Company has a high debt equity gearing ratio. While the funds received from the Issue will be utilized towards long term working capital requirements of the Company, there can be no assurance that the improvement in the debt equity ratio will facilitate additional borrowing requirements of the Company.

4. ***The Company has high working capital requirement, especially during the mango season.***

The Company's business requires a significant infusion of working capital to finance the purchase of raw materials i.e. fruits and vegetables and for processing them before the products are sold and payments are received from customers. The Company's working capital requirements increase significantly during the mango season i.e. April to July when the supply of mangoes for processing increase manifold and substantial payments are required to be made to the farmers on one end and the labour working at the Company's processing units on the other. In addition, the Company's working capital requirements have increased in recent years due to the growth of its business and we may face a shortfall of funds which may result in loss of business. All of these factors may result and have resulted in increase of the working capital requirements. The Company sources its working capital requirements from internal accruals and short terms borrowings from banks and financial institutions.

5. ***The Company has availed unsecured loans from other entities which are payable on demand. Any short notice for repayment may have an impact on financials of the Company.***

As on March 31, 2012, the Company has availed unsecured loans including fixed deposits aggregating to ₹836.93 Lakhs from various entities. These loans/ deposits may be recalled any time by these entities. In the event that these loans are required to be re-paid at short notice, the Company may have to arrange for additional funds at higher costs which may have an impact on financials of the Company.

6. ***The business of the Company is seasonal in nature.***

The Company processes a range of fruit & vegetable products and mainly processes mango products during the season from April to July. The processing units of the Company run at the maximum capacity during the period April to August of each fiscal year for mango processing as compared to the September to March of the fiscal year. During these periods the Company endeavor to work at optimum capacity utilization. Further, any disturbances or disruptions caused due to extreme climatic conditions in a particular season may lead to less or no availability of a particular fruit to be processed thereby leading to a reduction in the revenues of the Company and can have a material adverse impact on the financial performance of the Company.

7. ***Non-availability and cost of fruits and vegetables used for processing could adversely affect the Company's growth plans and business.***

The availability and cost of fruits and vegetables used by the Company are subject to crop and market factors that are outside of the control of the Company. The Company relies on farmers for most of its supply of fruits and vegetables, which it eventually processes into pulp & concentrates. Before procurement, the Company does a sample quality check to ensure that the right quality required for processing is procured. The availability and cost of fruits and vegetables thus affect the quality quantity and price of the processed products that the Company eventually sells.

The Company cannot assure that it will receive the required quantities of fruits and vegetables to commensurate with its requirements from farmers and mandis. The business of the Company depends on its ability to procure quality fruits and vegetables at commercially viable cost, and the Company cannot assure you that it will be able to procure all of its raw material requirements in the future, or that it will be able to pass any increases in the price of fruits and vegetables on to its customers. The Company's inability to procure sufficient raw material at a reasonable cost could adversely affect its growth plans, business, results of operations and financial condition.

8. ***An unreasonable increase in the price of fruits and vegetables, labour or other inputs may affect the Company's profitability and results of operations if it is not able to pass on the costs upon its customers.***

The cost of fruits and vegetables for processing, labour and other inputs constitutes a significant part of its operating expenses. Energy costs for operating the Company's units and other equipment also constitute a significant part of its operating expenses. Under the terms and conditions of the contracts entered into by the Company, it generally agrees to provide products for a fixed price on cash against document basis. Though, generally the Company fixes the price for such raw materials with its suppliers, the price agreed with the supplier may have to be revised upon the occurrence of specific events.

9. ***The Government of India may impose export duties or other export restrictions related to the products of the Company, which could adversely affect its business and financial condition.***

The Government of India (the "***Government***") may in the future impose export duties or other export restrictions that could adversely affect business and financial condition of the Company. For example, during the first half of the financial year 2008, the Government had imposed an export duty on basmati rice. While the export duty on basmati rice has been lifted recently, the Company cannot assure that the Government will not impose similar duties or other export restrictions on export of certain items of food products in the future.

10. ***Restrictions on the imports of fruit pulp and concentrates or levy of high import duties by certain countries may affect the sales of the Company.***

Certain countries may impose a ban on the import of fruit pulp and concentrate or may levy higher import duties or tariff to discourage import of such products as a protectionist measure to safeguard their own products manufactured or processed by the local industry.

11. ***The contracts entered into by the Company with its customers are subject to the laws of the foreign jurisdictions.***

The Company supplies its products to various countries around the world. Any change in the laws/rules and regulations in such countries requiring the entities processing food products to meet certain standards or increase their standards to other benchmarks may have a material impact on the sales of the Company. Further, contracts with the Company's customers provide for terms subjecting the Company to their laws and jurisdiction of their courts over any disputes that may arise between the parties. International litigation is often expensive and time consuming and could distract management's attention away from the operation of the business. The Company's failure to address these risks adequately could materially and adversely affect its business, results of operations and financial condition.

12. ***Any disruptions in the transportation or freight arrangements or increase in transportation costs may adversely affect the margins and results of operations of the Company.***

The Company primarily uses third party transportation providers to transport fruits and vegetables to its processing facilities. For exports, the products are shipped on cash against documents basis. Failure to obtain adequate transportation facilities, in a timely manner, or at all, could adversely affect the operations and profitability of the Company. In addition, raw materials and products may be damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of raw materials and products which may also affect the business and results of operation negatively. Transportation strikes by members of various Indian truckers' unions have in the past, and could in the future, adversely affect the ability to deliver the products of the Company. In addition, transportation costs have steadily increased and are subject to fuel price volatility and other disruptions. Continued increases in transportation costs or the unavailability of transportation services may adversely affect the Company's business and results of operations.

13. ***The Company is subject to risks arising from foreign exchange rate fluctuations, which could adversely affect its financial condition.***

The Company exports its products to multinational companies situated in various geographies over the world. The payments for such exports are denominated in foreign currency and any adverse fluctuation in the exchange rate has an effect on financial condition and operations. The Company has incurred foreign exchange losses to the tune of ₹1,322.79 lakhs and ₹2,020.77 lakhs for the period ending on March 31, 2012 and September 30, 2009 respectively whereas the Company has made a gain of ₹222.61 lakhs for the year ending on September 30, 2010 due to a favourable foreign exchange scenario. The Company partially hedges its foreign exchange risks by way of entering into forward contracts as most of the contracts entered into by the Company involve the supply of products at a future date at the price agreed at the time of entering into the contract.

14. ***The Company's inability to meet the consistent quality requirements of its customers or adapt to changes in the preferences of its customers could adversely affect its business.***

The Company believes that it must consistently satisfy the quality requirements of its customers in the Indian and international markets. The Company also believes that it must also continue to invest in new technology and processes so that, as the market for its products continues to grow, the Company will continue to adapt its product to anticipate the preferences of its customers. If the Company is unable to provide the quality desired by, or adapt its product to anticipate the preferences of, the customers, its growth and business may be adversely affected.

15. ***Any failure to adhere to the standard operating procedures and have effective quality control systems at the processing units will adversely affect the business, results of operations or financial condition of the Company.***

The quality of the product is critical to the success of its business. These factors depend significantly on the effectiveness of the quality control systems and standard operating procedures adopted by the Company at its processing units. Any failure or deterioration of the quality control systems could adversely affect the business, results of operations and financial condition of the Company.

16. ***Reduction in output due to pest attack and disease of the crop may impact the Company's operations and profitability.***

The Company procures fruits and vegetables required for processing from the states of Andhra Pradesh, Gujarat, Karnataka, Maharashtra, Madhya Pradesh, Tamil Nadu, and Uttar Pradesh. The Company is dependent upon the production of the primary raw material from these States, which might be affected by disease to the crop mainly caused by fungi, bacteria and viruses. Some of the diseases affecting the crops include sheath blight which is caused due to growth of fungus as result of humidity in the air, similarly leaf blight is a bacterial disease affecting the crops. The other reasons for the loss of crop are due to pest infestation. Any loss of crop due to pest attack or disease may affect the production of the crops in the respective state which may in turn impact the procurement for the Company's processing units and consequently affect business and profits of the Company.

17. ***Adverse weather conditions leading to a crop failure may affect the Company's business and financial condition.***

The Company is engaged in the business of processing fruit pulps, concentrate and spray dried natural fruit & vegetable powder. The Company extracts the pulp from fruits such as mango, guava, papaya and vegetables like tomatoes. The produce of such fruits and vegetables is highly dependent on weather conditions in the regions they are grown in India. In case of any adverse weather condition affecting the fruit growing areas like drought, floods or extreme cold may affect the quantity and the quality of the produce to be supplied to the Company by the farmers.

The processing at the Company's units depends on the quality and size of the fruit supplied to the Company. The pulp yield depends primarily on the variety of the fruit grown, the presence of any crop disease, weather conditions such as adequate rainfall and temperature which may vary even in a particular season. Adverse weather conditions may also affect the processing operations. Flood or drought can adversely affect the supply and pricing of the fruits procured by the Company from the farmers or the local mandis. There can be no assurance on weather patterns, crop disease or the cultivation of certain fruit varieties and the yield from the fruits supplied to the Company.

18. ***Improper storage, processing and handling of unprocessed fruits and vegetables and the finished product may cause damage to the stock of the Company.***

The inventory of the Company consists of fresh fruits on one side and the pulp & concentrates, aseptic and spray dried products on the other. The Company typically stores its inventory in the warehouses either owned or leased. The Company's warehouses at its processing units are capable of storing approximately 53,000 tons as of June 30, 2012. These warehouses enable the Company to store its finished product i.e. canned, Aseptic and Spray dried products for extended periods of time. In the event, the processed product is not appropriately stored, handled and processed it may affect the content and the quality of the product, which would in turn have an adverse impact the Company's business and financials. In addition, the occurrence of any accident, negligence or oversight in the storage process under sub-optimal conditions and/or for an extended period of time, may also affect the quality standards of the products, which could give rise to possible rejection of these products.

19. ***The Company's business is dependent on quality certifications issued by various government and private agencies. Any failure or delay in obtaining or renewal of such approvals and certifications or any revocation thereof may affect the Company's ability to process and sell its products to multinational companies which may adversely affect the Company's business, financial condition and results of operations.***

The Company has registered its processing units with government authorities. In addition to government approvals, multinational companies require its processes and/or products to meet quality standards laid down by international agencies. These organizations conduct the necessary examination of the processing units, review the research and development of its techniques and processes, including the testing of the products to ensure that the products provided by the Company meet the international standards for health and safety of human life. Whether or not a product or facility is approved in India, laws of certain countries or practices followed by multinational companies require registration of the products and processes with these agencies before they are distributed in their country. Any failure or delay in future in meeting to maintain quality standards of such agencies or conditions that are required to be met in order to obtain such certifications, could harm the sale of the Company's products in some countries and affect the Company's business prospects and financial condition. Presently, the Company's processing units at Chittoor and Nasik are FSSC 22000-2010 accredited by DNV Business Assurance for food safety management. The Valsad unit of the Company is ISO 22000 certified. In addition to the above, the Company's units are SGF accredited in recognition of the quality practices adopted by the Company over the years. Further, failure to maintain such registrations or certifications may result in the interruption of the operations and have a material adverse effect on the business, financial condition and results of operations of the Company. For further information, please refer to the section titled "History and Certain Corporate Matters – Awards and Accreditations" beginning on page 121 of this Draft Letter of Offer.

20. ***The indebtedness and the conditions and restrictions imposed by the financing arrangements entered into by the Company could adversely affect the ability to conduct the business and operations of the Company.***

The agreements entered with banks and financial institutions by the Company contain certain restrictive covenants and shall require the prior written approval from lenders for matters such as:

- ❖ Effect changes in the company's capital structure;
- ❖ Formulate any scheme of amalgamation/reconstruction;
- ❖ Enter into borrowing arrangement either secured or unsecured with any other bank, financial institution, company, firm or persons;
- ❖ Undertake guarantee obligation on behalf of any other company, firm or persons;
- ❖ Create any further charge, lien or encumbrance over assets and properties of the company, which are to be charged to our bank, in favour of any other bank, financial institutions, company, firms or person;
- ❖ Sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the Bank;

- Make investments/advances or deposit amounts with any other concern;
- Declare dividends for any year except out of profits relating to that year;
- Change in the composition of the company's Board of Directors;
- Undertake any new project or expansion scheme without obtaining the Bank's prior consent thereof, unless the expenditure on such expansion, etc is covered by the Company's net cash accruals after providing for debt servicing, etc or from long term funds receiving for financing such new projects or expansion;
- Invest by way of share capital in or lend or advance funds to or place deposits with any other concern. Normal trade credit or security deposits in usual course of business or advances to employees are however not covered by the covenant;
- Enter into borrowing arrangement either secured or unsecured with any other bank, financial institution, Company or otherwise or accept deposits apart from the arrangement indicated in the funds flow statements submitted to the Bank from time to time and approved by the Bank;
- Enter into any contractual obligation of a long term nature or affecting the Company financially to a significant extent;
- Change the practice with regard to remuneration of Directors by means of ordinary remuneration or commission, scale of sitting fees, etc.;
- Undertake any trading activity other than the sale of products arising out of its own manufacturing operations;
- Permit any transfer of the controlling interest or make any drastic change in management operations;
- Repay monies brought in by the promoters/directors/principal shareholders and their friends and relatives by way of deposits/loans/advances should be lower than the rate of interest charged by the bank on its Term Loan and payment of such interest will be subject to regular repayment of installments under Term Loans granted/deferred payment guarantees executed by the Bank or other repayment obligation, if any, due from the Company to the Bank; and
- Approach capital market for mobilizing additional resources either in the form of debts or equity.

While, the Company has received No Objection Certificate (NoC) for the proposed Issue from all its lenders, there can be no assurance that it will be able to comply with the above covenants or that it will be able to obtain the consents necessary to take the actions that it believes are required to operate and grow the business of the Company. Repayment of certain loans may be demanded at any time by the lenders pursuant to terms of the agreements. An event of default under any of these loan arrangements, if not cured or waived, could have a material adverse effect on the Company.

21. ***Shutdown of operations at the processing units may have a material adverse effect on the business, financial condition and results of operations of the Company.***

The processing units of the Company are subject to various operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labor disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect the Company's operating results. Further, the results of operations of the Company are also dependent on the successful operation of its processing units. Long periods of business disruption could result in a loss of customers. Although, the Company takes precautions to minimize the risk of any significant operational problems at its processing units, its business, financial condition and results of operations may be adversely affected by any disruption of operations at its processing units.

22. ***The Company is susceptible to product liability claims which may have a material adverse effect on its business and financial condition.***

The Company supplies products to customers of various industries who use the products for their activities and products. If the Company supplies products that do not meet the standards or specifications of the order or the requirements of the application or applicable regulatory standards, this may cause disruptions in the activities of the end customer. There could also be consequential damages resulting from the use of such products. The Company faces the risk of loss resulting from product liability claims resulting from defects in its products or lack of quality, negligence in storage, handling and transportation of its products to its ultimate destination. In foreign jurisdictions, even in the semi-regulated markets, the quantum of damages, especially punitive, awarded in cases of product liability could be extremely high. While, the Company is in the process of availing product liability insurance coverage, it does not have such insurance coverage and a major claim for damages related to products sold as on the date of this Draft Letter of Offer. Moreover, defending claims against the Company will divert the management's time and attention, may adversely affect its reputation and future sale of its products. The consequential liabilities and costs could have a material adverse effect on its business and financial condition. In the event, the Company is not able to recover the product liability claim from the insurance company, it may have a material adverse effect on the financial condition. Further, business is dependent on trust instilled upon the Company by its customers and the quality of the Company's products. Any negative publicity regarding the Company or products could affect its reputation and eventually its business and financials.

23. ***The insurance coverage may prove inadequate to satisfy future claims against the Company, and the Company may be subject to losses that might not be covered in whole or in part by existing insurance coverage.***

The Company maintains insurance for its processing units as well as that of its office premises. Insurance policies such as fire & special perils policy, stock transit policy, policies for furniture & fixture, Plant & Machinery, finished goods etc. for the processing units as well as the office premises of the Company have been obtained. In addition, the Company has also availed Workmen Compensation policy for its employees. However, in some cases, the Company might not have obtained the required or contemplated insurance or such insurance policies may have lapsed. The Company cannot assure that any claim under the insurance policies maintained will be honored fully, in part, or in a timely manner, nor that the Company has taken sufficient insurance to cover all its losses. For example, the Company does not maintain third party liability, product liability or business interruption insurance. In addition, a majority of the inventory consists of processed products. In the event the inventory is not appropriately stored or is affected by fires or natural disasters such as floods, storms or earthquakes, it may be damaged or destroyed, which would adversely affect the results of operations. While the Company maintains insurance against inventory loss, it cannot be assured that such insurance will be adequate to cover the entirety of all potential losses. There may be various other types of risks and losses for which the Company may not be insured, such as loss of business and environmental liabilities, because they are either uninsurable or not insurable on commercially acceptable terms. Any such loss could result in an adverse effect to the financial condition of the Company.

24. ***The food processing industry is subject to significant regulations. Failure on the part of the Company to adhere to these regulations may attract penalties or other directives from the regulators.***

We are subject to numerous laws and regulations in the jurisdictions in which we operate, including those relating to the food processing and sale of such processed products, receipt of all required licenses, permits, environmental, health and safety permits etc. Failure on the part of the Company to comply with such regulations may adversely affect the business and results of operations of the Company.

25. ***The contingent liabilities, if crystallized could adversely affect the financial condition of the Company since there is no provision made in the books of accounts of the Company.***

The contingent liabilities as on March 31, 2012 are as follows:

Nature of Liability	Amount as on March 31, 2012 (₹ in lakhs)
Estimated amount of contracts remaining to be executed on capital account and not provided for	268.26
Less: Advance paid	110.83
Net Amount	157.43
Corporate Guarantees given to a bank against the credit facility extended to an associate company	1,170.00
Export obligations of ₹3,96,95,260 against advance licenses – duty saved	104.85
Export obligations of ₹12,77,26,137 against EPCG licenses utilized for purchase of fixed assets but not yet installed – duty saved	170.65

Nature of Liability	Amount as on March 31, 2012 (₹ in lakhs)
Income tax matters under appeal	
- A.Y. 2006-2007	4.30
- A.Y. 2007-2008	3.36
- A.Y. 2008-2009	6.26
- A.Y. 2009-2010	766.88
Service tax matter under appeal (A.Y. 2004-2005 to 2007-2008)	3.97

If any of these contingent liabilities materialize, fully or partly, the financial condition of the Company could be materially and adversely affected.

26. ***The business of the Company is dependent on continuing relationships with its customers.***

The business of the Company is dependent on relations with existing and potential customers. The results and operations of the Company may be adversely affected if the Company is not able to maintain a continuing relationship with its existing customers or develop relations with potential customers.

27. ***The Company may not be able to secure additional funding in the future.***

The Company may need additional external financing to meet future funding requirements, which may include commercial borrowings or issuance of further equity shares or other securities. The Company cannot assure that it will be able to raise adequate financing to fund future requirements on acceptable terms. Any failure to obtain sufficient funding could result in the delay or abandonment of future plans and have a material adverse effect on the business and financial results of the Company.

28. ***The Company depends on the adequate and timely supply of basic raw material i.e. fruits and vegetables at commercially acceptable prices and the inability of the Company to receive such raw materials at such prices could affect the profitability adversely.***

The operations of the Company are significantly dependent on the availability, cost and quality of basic raw materials *viz*. fruits and vegetables which the Company needs for processing. The price and supply of these raw materials depend on factors not under the control of the Company, competition, availability of the required quality, production levels, transportation costs and import duties. If, for any reason, the primary suppliers of these ingredients curtail or discontinue the supply to the Company in the quantities that are required by the Company, or at prices that are not competitive or not expected, the Company's ability to meet its material requirements for its operations could be impaired.

29. ***The Company has made an application for registration of various trademarks under the Trade Marks Act, 1999. In case the registration is not received by the Company, the same could be used by other businesses or the competitors as such the business may suffer.***

The Company has filed applications with the Trade Marks Registry for registration of certain trademarks under the relevant provisions of the Trade Marks Act, 1999, which are pending as on date of this Draft Letter of Offer. These applications may not be allowed or third parties may challenge the validity or scope of this application or the trademark.

30. ***The Company's failure or inability to manage the growth could limit the business expansion and profitability.***

Over the past few years, the Company has expanded its capacities and has grown in terms of its sales and profitability. Such continued growth will place significant demands on the Company and will require the Company to continuously evolve and improve its operational, financial and internal controls across the organisation. An inability to keep up pace with the demands of such growth could limit the business expansion and profitability of the Company.

31. ***The Company may be subject to industrial unrest, slowdowns and increased labour costs.***

As at July 31, 2012, the Company has approximately 256 full-time employees. In addition, the Company hires contract labour. While the Company believes that it maintains good relationships with the employees and contract labor, there can be no assurance that the Company will not experience future disruptions to its operations due to disputes or other problems with its work force, which may materially and adversely affect the business and operations of the Company.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain financial obligations on employers during employment and upon retrenchment. Under Indian law, workers also have a right to establish trade unions. Although the employees are not currently unionized, the Company cannot assure that they will not unionize in the future. If some or all of the employees unionize or if the Company experience unrest or slowdowns, it may become difficult for the Company to maintain flexible labour policies and the Company may experience increased wage costs and employee numbers and may materially and adversely impact the operations and financial condition.

32. ***The Company may be unable to obtain, renew or maintain its statutory and regulatory permits and approvals required to operate the business.***

The Company requires certain statutory and regulatory permits and approvals for conducting its business. For example, laws or regulations in some countries, including India, may require the Company to obtain licenses or permits to conduct its operations. In the future, the Company will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by the Company. Failure by the Company to renew, maintain or obtain the required permits or approvals may result in the interruption of its operations and may have a material adverse effect on the business, financial condition and results of the Company.

33. ***The auditors of the Company, for the respective financial years, have identified certain matters in their auditors report on statutory audited financial statements as qualification.***

The Auditors of the Company have identified certain matters in their Auditor's Report on statutory audited financial statements as qualification which are set out below:

1. Pursuant to the decision of the Board of Directors in its meeting held on August 23, 2002, the Company had revalued its Land and Building at Deonar, Mumbai, on the basis of fair value as per the Valuation Report as on September 26, 2002 and Valuation Report dated September 27, 2002 of an expert. Consequently, ₹1066.79 lakhs was credited to the Revaluation Reserve Account in the year of revaluation.

   The Company had written off ₹103.07 lakhs and ₹87.18 lakhs, amounts outstanding from a company and Dravya Finance Limited (including investments therein), a subsidiary company, respectively, and adjusted the said amount of write off against the Revaluation Reserve so created. Further, the Company had provided for diminution in value of long-term investments aggregating, to ₹58.81 lakhs (including investments of ₹48 lakhs in Finns Frozen Foods (I) Limited, the associate, and that too was adjusted against the Revaluation Reserve.Such adjustments were made in the year 2002. As a result, the balance in Revaluation Reserve Account was lower by the aggregate sum of ₹249.06 lakhs.

   The statutory auditors have since been qualifying their opinion on the financial statements (including those for the years ended September 30, 2010, 2009, 2008 and 2007) for adjustments for amounts written off and diminution in value of investments for the abovementioned amounts against the Revaluation Reserve, Account on the basis that such treatment was not in accordance with the Guidance Note on "Treatment of Reserves created on Revaluation of Fixed Assets" issued by the Institute of Chartered Accountants of India. Since the amounts were written off/provided against the Revaluation Reserve prior to October 1, 2006, adjustments for the Auditor's Qualification are made to the statement of financial statements, as restated as on October 1, 2006.

During the Financial Year of Eighteen Months Period ended March 31, 2012, to fall in line with the requirements of the Guidance Note, the Company has rectified such non-compliance by charging the said aggregate sum of ₹249.06 lakhs to the Profit and Loss Account as a prior period adjustment and thereby restating Revaluation Reserve by ₹249.06 lakhs. However as explained earlier, since such rectification has been appropriately adjusted in Restated Statements as on October 1, 2006, no other adjustment is required for the same.

2. Other qualifications in Auditors' Report, which do not require any corrective adjustment in the financial information are as follows :

   i. Financial Year ended September 30, 2007 –Non-receipt of confirmation from few Debtors, Creditors and few parties from whom advances are recoverable in cash or in kind and its consequential impact on Profit and Loss Account for the year on account of subsequent reconciliation/adjustment, if any.

   ii. Under CARO, 2003

      a. Physical Verification of Fixed Assets – for Financial Years ended September 30, 2010, 2009, 2008 and 2007 :

         "No physical verification of fixed assets has been conducted during the year. Hence, we are unable to comment on any material discrepancies, if any."

      b. Internal Control - for the Financial Year ended September 30, 2007 :

         "In respect of purchase of inventory viz., raw fruits and packing materials, the purchase of which is directly controlled by head of operations at respective locations and further the same is ratified by the Director who is looking after the day to day affairs of the Company, the internal control procedure should be commensurate with the size of the Company and nature of its business."

      c. Internal Audit –
         * For Financial Years ended September 30, 2008, 2009 and 2010

           The Internal Audit to the extent not carried out for its manufacturing unit and Corporate Office it is not commensurate with the size of the Company and the nature of its business operations.
         * For the Financial Year ended September 30, 2007:

           The Internal Audit of the Company has been carried out by an independent firm of Chartered Accountants. In our opinion the scope of the Internal Audit is not commensurate with the size of the Company and the nature of its business operations and needs to be further strengthened.

      d. Default in repayment of dues to a bank for the Financial Year ended September 30, 2009:

         "The Company had defaulted in repayment of dues to a bank amounting to ₹37 lakhs (including interest), which had become due by the year end, the same was paid subsequent to the Balance Sheet date."

      e. Utilisation of fund for Financial Years ended September 30, 2010 and 2008 –

         At the close of the year short-term funds amounting to ₹ 422.77 lakhs (For the year ended September 30, 2008: ₹ 465.19 lakhs) stand utilised for long-term purposes.

For further information, please refer to Annexure IV of the Restated Standalone Financial Statements under the section titled "Financial Information" beginning on page 161 of this Draft Letter of Offer.

34. ***The Company has entered into transactions with related party and may continue to do so.***

The Company has entered into various transactions with related parties aggregating to ₹1,585.13 lakhs and ₹1,757.83 lakhs for the eighteen month period ended on March 31, 2012 and year ended as on September 30, 2010 respectively. There can be no assurance that these transactions with such related parties will be, entered into on an arm's length basis. Such agreements give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. For further details, please refer to the section titled "Financial Information" beginning on page 161 of this Draft Letter of Offer.

35. ***The Company is subject to risks arising from interest rate fluctuations, which could adversely affect the financial results of the Company.***

As on March 31, 2012, the Company has availed term loans and working capital facilities to the tune of ₹2,141.14 lakhs and ₹10,680.98 lakhs respectively from various banks and financial institutions. Any increase in the interest rates could significantly raise the costs of borrowing adversely affecting the results of the Company.

36. ***The senior management team and other key personnel are critical to the sustained operations of the Company and the loss of or the inability to attract and retain such personnel in the future could harm the business of the Company.***

The sustained operations of the Company depend on the continued service and performance of the members of the senior management team and other key personnel in the business for the management and running of the daily operations and the planning and execution of the business strategy. The ability to implement the business strategy will depend, in large part, on the Company's ability to attract and retain/replace highly skilled personnel. Any shortage of skilled personnel or loss of services of the senior management could adversely affect the business and results of the Company.

37. ***The Company has had negative operating cash flows for the previous financial years. Sustained negative cash flow may have an adverse effect on the growth and business of the Company.***

The Company has experienced standalone negative cash flow from operating activities for the year ended September 30, 2010 and 2008. Further, the Company has experienced negative cash flow from investing activities for the eighteen (18) months period ended on March 31, 2012 and each of the financial year ended September 30, 2010, 2009, 2008 and 2007. The Company has also experience negative cash flows from financing activities for the eighteen (18) months period ended on March 31, 2012 and year ended on September 30, 2009. Any negative cash flows in the future could adversely affect the results of operations and financial conditions of the Company.

Particulars	Eighteen months period ended on March 31, 2012	For the year ended			
		September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Net Cash From Operating Activities	6,223.15	(799.26)	948.91	(1,859.38)	619.54
Net Cash From Investing Activities	(1,193.57)	(700.31)	(1,033.56)	(2,785.16)	(674.64)
Net Cash From Financing Activities	(5,053.21)	1,657.40	(50.26)	5,021.73	9.57

For further details, please refer to the section titled "Financial Information" beginning on page 161 of this Draft Letter of Offer.

38. ***The Company has incurred losses for the eighteen (18) months period ended on March 31, 2012.***

The Company has incurred net loss of ₹514.76 Lakhs during eighteen (18) months period ended on March 31, 2012 as compared to Net Profits of ₹188.50 Lakhs for the year ended September 30, 2010.

The Company has incurred foreign exchange loss of ₹1,322.80 Lakhs due to wide fluctuation in foreign exchange rates during the said period. The said loss is mainly due to such wide fluctuation in foreign exchange rates. The table set out below reflects the restated standalone sales and profit after tax for the five (5) years:

(₹ in Lakhs)

Particulars	**Eighteen (18) months Period ended**	**For the year ended**			
	March 31, 2012	**September 30, 2010**	**September 30, 2009**	**September 30, 2008**	**September 30, 2007**
Net Sales	38,114.94	20,857.42	18,927.65	16,478.51	14,138.01
Net profit/(loss) after tax, as restated	(514.76)	188.50	666.37	70.58	221.11

There is no certainity that the Company may not incur losses in future and these could affect the business, results of operations and financial conditions. For further details please refer to section titled "Financial Information" beginning on page 161 of this Draft Letter of Offer.

39. ***Certain Group Entities of the Company have incurred losses in the previous years.***

Certain Group Companies have incurred losses in the recent past. The details of profits or losses by the Group Entities are set out below:

Particulars	**March 31, 2011 (₹ in Lakhs)**	**March 31, 2010 (₹ in Lakhs)**	**March 31, 2009 (₹ in Lakhs)**
Tropical Securities & Investments Private Limited	(6.92)	(2.43)	2.77
Bombay Store Retail Company Limited	11.22	(17.93)	(45.67)
Bombay Swadeshi Store Limited	37.37	(13.88)	(42.79)
Kalpavruksh Holdings & Investments Company Private Limited	(0.18)	(0.08)	0.38
Swar Investments & Trading Company Private Limited	(0.05)	(0.07)	(0.09)
Arcadia Investments Company Limited	2.44	2.35	(2.67)
Gateway International Private Limited	(0.78)	0.34	2.91
Swarnadhara Holdings Private Limited	(0.21)	(0.07)	(0.07)
Cheshtha Holdings Private Limited (Formerly Known as Asim Holdings Private Limited)	(1.06)	(0.98)	(0.98)

In case these Group Entities incur further losses in future it could affect on the business, results of operations and financial condition of the Company. For further details, please refer to section titled "Group Entities of the Company" beginning on page 145 of this Draft Letter of Offer.

40. ***Certain Group Entites of the Company has negative net worth during the preceding three (3) years.***

Certain Group Entities of the Company have negative net worth during the preceding three (3) years as per their audited accounts, the details of which are set out below:

Particulars	**March 31, 2011 (₹ in Lakhs)**	**March 31, 2010 (₹ in Lakhs)**	**March 31, 2009 (₹ in Lakhs)**
Tropical Securities & Investments Private Limited	(681.68)	(674.76)	(672.33)

Particulars	March 31, 2011 (₹ in Lakhs)	March 31, 2010 (₹ in Lakhs)	March 31, 2009 (₹ in Lakhs)
Bombay Store Retail Company Limited	(58.82)	(70.03)	(52.10)
Amalgamated Business Solutions Limited	5.05	2.25	(1.44)
Muller & Phipps (India) Limited	(302.71)	(314.86)	(370.97)
Arcadia Investments Company Limited	(679.21)	(681.65)	(684.00)
Gateway International Private Limited	(48.61)	(47.83)	(48.17)
Swarnadhara Holdings Private Limited	(16.71)	(16.49)	(16.42)
Cheshtha Holdings Private Limited	(15.12)	(14.06)	(13.08)

The negative networth of these Group Entities may have an adverse affect on the business and financial condition of the Company. For further details, please refer to section titled "Group Entities of the Company" beginning on page 145 of this Draft Letter of Offer.

41. ***The Financial statements of the Company for the Current year may not be comparable to previous year.***

The financial statements of the Company for the Fiscal 2012 is for Eighteen (18) months period ended March 31, 2012 while the financial statements for Fiscal 2010 is for twelve month (12) ended September 30, 2010. The financial statements of the Company for the F.Y. 2010, 2009, 2008 and 2007 are for the twelve (12) months ended September 30, 2010, 2009, 2008 and 2007 respectively. Further, the Company has changed its present financial year from April 1 to March 31, whereas for the earlier years the F.Y. of the Company commenced on October 1 and ends on September 30 of the next year. Consequently, the financial statements for these F.Y. are not comparable due to different accounting periods.

42. ***The Company has unfulfilled export obligation as on March 31, 2012 which may lead to payment of duty saved on imports along with interest and penalty thereby affecting the financials of the Company.***

As at March 31, 2012, the outstanding export obligations of the Company on EPCG and Advance licenses is ₹1,674.21 lakhs (*₹16,74,21,397*). In the event of non-fulfillment of the aforementioned export obligation within the stipulated period as specified under the Scheme, the Company may have to pay the duty saved amounting to ₹275.50 lakhs (*₹2,75,49,831*) along with interest and penalty as may be levied.

43. ***The Company's income and profits may decline as a result of intense competition from other food processing companies.***

Contracts from customers may decline if the Company’s competitors achieve global certifications and augment capacities that compete with the Company in getting their business. In addition, as a result of operating in a highly competitive industry, the Company's competitors are increasingly consolidating, and the strength of the combined companies could affect the Company's competitive position in all of its business areas. Furthermore, if the competitors achieve in procuring contacts from the Company's customers, it may become difficult to procure the same contract from the customer again due to the establishment of a relationship between the competitor and the customer.

Risk in relation to Objects of the Issue

44. ***The Objects of the Issue is mainly to fund long term working capital margin which are based on management estimates.***

The Company proposes to raise approx. ₹1,410.49 lakhs to fund the margin requirements for long term working capital based on management estimates. For further details, please refer to section titled

"Objects of the Issue" beginning on page 72 of this Draft Letter of Offer. The Company's working capital requirements increase significantly during the mango season i.e. April to July when the supply of mangoes for processing increase manifold and substantial payments are required to be made to the farmers on one end and the labour working at the Company's processing units on the other. In addition, the Company's working capital requirements have increased in recent years due to the growth of its business and we may face a shortfall of funds which may result in loss of business. All of these factors have resulted in increased working capital requirements. The funds received pursuant to this Issue will augment the Company's ability to avail further financial assistance by way of working capital facilities from banks and financial institutions for the Company's operations.

45. ***There is no monitoring agency appointed by the Company, though it shall be monitored by the Audit Committee formed under Corporate Governance norms.***

As per the SEBI (ICDR) Regulations, appointment of monitoring agency is required only for Issue size above ₹50,000 Lakhs. Hence, we have not appointed a monitoring agency to monitor the utilization of Issue proceeds. However, the Audit Committee will monitor the utilization of Issue proceeds. Further, the Company shall inform about material deviations in the utilization of issue proceeds to the Stock Exchanges and shall also simultaneously make the material deviations / adverse comments of the Audit Committee to the public as required under law.

External Risk Factors

46. ***Global economic downturn, adverse market conditions and a slowdown in the economic growth in India could cause the business of the Company to suffer.***

The developed economies of the world viz. U.S., Europe, Japan and others are in midst of a downturn affecting their economic condition and markets general business and consumer sentiment has been adversely affected due to the global slowdown and there can be no assurance whether the developed economies or the emerging market economies will see good economic growth in the near future. Consequently, this has also affected the global stock and commodity markets. The performance and growth of the Company is directly related to the performance of the Indian economy. The performance of the Indian economy is dependent among other things on the interest rate, political and regulatory actions, liberalization policies, commodity and energy prices etc. A change in any of the factors would affect the growth prospects of the Indian economy, which may in turn adversely impact the results of operations, and consequently the price of the Equity Shares of the Company.

47. ***Any downgrade of India's debt rating by an independent agency may adversely affect the Company's ability to raise financing.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect the Company's ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on the capital expenditure plans, business, financial condition and the price of the Company's Equity Shares.

48. ***The Company's ability to pay dividends in the future will depend upon its future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in its financing arrangements.***

The Company's future ability to pay dividends will depend on its earnings, financial condition and capital requirements. Dividends distributed by the Company will attract dividend distribution tax at rates applicable from time to time. The Company cannot assure that it will generate sufficient income to cover its operating expenses and pay dividends to its shareholders, or at all. The Company's ability to pay dividends could also be restricted under certain financing arrangements that it may enter into. In addition, dividends that the Company has paid in the past may not be reflective of the dividends that the Company may pay in a future period. The Company may be unable to pay dividends in the near or medium term, and its future dividend policy will depend on its capital requirements, financing arrangements, results of operations and financial condition.

49. ***Natural calamities and significant climatic changes could adversely affect the Indian economy, business and the price of Equity Shares of the Company.***

India has experienced natural calamities such as earthquakes, floods, drought and a tsunami in recent years and the extent and severity of such natural disasters determine their impact on the Indian economy. Any spells of below or above normal rainfall or other unforeseen circumstances and natural calamities in the future could have a negative impact on the Indian economy and on the business of the Company in particular. The Company cannot assure that climatic changes or natural disasters will not occur in the future thereby adversely affecting the production of fruits and vegetables used for processing which may in turn have an adverse impact on its business and results of operations.

Risk Factors in relation to the Issue

50. ***You will not be able to immediately sell any of the Rights Shares you purchase in this Issue on the Stock Exchanges.***

Under the SEBI (ICDR) Regulations, the Company is permitted to allot Rights Shares within fifteen (15) days of the Issue Closing Date. Consequently, the Rights Shares you purchase in the Issue may not be credited to your dematerialized account with Depository Participants until fifteen (15) days of the Issue Closing Date. You can start trading in the Rights Shares only after they have been credited to your dematerialized account and listing and trading permissions are received from the Stock Exchanges.

51. ***There is no guarantee that the Right Shares issued pursuant to the Issue will be listed on the BSE and PSE in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing and trading of the Rights Shares issued pursuant to the Issue will not be granted until after such Rights Shares have been issued and allotted. Such approval will require all other relevant documents authorising the issuing of Rights Shares to be submitted. There could be a failure or delay in listing these Rights Shares on the BSE and PSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of the Rights Shares. Further, historical trading prices may not be indicative of the prices at which the Securities will trade in the future.

52. ***There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***

We are subject to a daily 'circuit breaker' imposed by the Stock Exchanges, which may not allow transactions beyond specified increases or decreases in the price of the Equity Shares of the Company. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the circuit breakers is set by the Stock Exchanges based on the historical volatility in the price and trading volume of the Equity Shares of the Company. The Stock Exchanges will not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without the knowledge of the Company. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares of the Company. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

53. ***Shareholders may be subject to Indian taxes arising out of capital gains on the sale of the Rights Shares.***

Capital gains arising from the sale of the equity shares of a company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than twelve (12) months will not be subject to capital gains tax in India if the STT has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than twelve (12) months to an Indian resident, which are sold other than on a recognized stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of twelve (12) months or less will be subject to capital gains tax in India. Capital gains arising from the sale of the Rights Shares of the Company will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident.

Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gain upon a sale of the Rights Shares. For further details, please refer to the section titled "Statement of Tax Benefits" beginning on page 80 of this Draft Letter of Offer.

54. ***Volatility in the stock market may have an impact on the market price and trading of the Equity Shares of the Company.***

Stock markets have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of the Equity Shares of the Company. There may be significant volatility in the market price of the Equity Shares of the Company. If we are unable to operate profitably or as profitably as we have in the past, investors may sell the Equity Shares resulting in a decrease in the market price of the Equity Shares. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

Prominent Notes to Risk Factors

1. Issue of [●] Equity Shares with a face value of ₹10 each ("***Rights Shares***") for cash at a price of ₹[●] per equity share (including a premium of ₹[●] per rights share) for an amount aggregating upto ₹1,550 lakhs on rights basis in the ratio of [●] ([●] Rights Shares for every [●] fully paid up equity shares) held by the equity shareholders on the record date, i.e. [●], 2012. The face value of the Rights Shares is ₹10 each and the issue price is [●] times of the face value of the Equity Shares.

2. The Net Worth of the Company as per the restated consolidated financial statements and restated standalone financial statements as on March 31, 2012 is ₹2,195.48 lakhs and ₹2,376.16 lakhs, respectively. For further details, please refer to section titled "Financial Information" beginning on page 161 of this Draft Letter of Offer.

3. The Net Asset Value per Equity Share of the Company as per the restated consolidated financial statements and restated standalone financial statements as on March 31, 2012 is ₹151.30 and ₹163.76 respectively. For further details, please refer to section titled "Financial Information" beginning on page 161 of this Draft Letter of Offer.

4. For further details regarding the related party transactions and business interest, please refer to Annexure XVIII titled "*Restated Standalone Statement of Related Party Transactions*" in the section titled "Financial Information" beginning on page 161 of this Draft Letter of Offer.

5. The Company has not issued any Equity Shares for consideration other than cash.

6. For details of transactions in the securities of the Company by the Promoters, the Promoter Group and Directors in the last six (6) months, please refer the section titled "Capital Structure - Notes to the Capital Structure" beginning on page 61 of this Draft Letter of Offer.

7. For information on changes in the Company's name, registered office and Objects Clause of the Memorandum of Association of the Company, please refer to the section titled "History and Certain Corporate Matters" beginning on page 121 of this Draft Letter of Offer.

8. Except as disclosed in the sections titled "Capital Structure", "Promoters, Promoter Group and Group Entities of the Company" and "Management of the Company" beginning on pages 61, 142 and 130 respectively of this Draft Letter of Offer, none of the Promoters, Directors or Key Managerial Personnel have any interest in the Company.

9. There are no financing arrangements whereby the Promoter Group, the Directors and their relatives have financed the purchase by any other person of the Equity Shares of the Company during the period of six (6) months immediately preceding the date of filing of this Draft Letter of Offer with SEBI.

10. Any clarification or information relating to the Issue shall be made available by the Lead Manager and the Company to the Investors at large and no selective or additional information would be available for a section of Investors in any manner whatsoever. Investors may contact the Lead Manager for any complaints, information or clarifications pertaining to the Issue. The Lead Manager is obliged to provide the same to Investors.

11. The Lead Manager and the Company shall update this Draft Letter of Offer and keep the shareholders and the public informed of any material changes till the listing and trading commencement, and the Company shall continue to make all material disclosures as per the terms of the listing agreement.

12. Trading in Equity Shares for all investors shall be in dematerialised form only.

13. Investors may contact Compliance Officer or the Lead Manager for any complaints pertaining to the Issue.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

Unless stated otherwise, information in this section is derived from various government sources and public 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 that 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. Industry sources and publications are also prepared based on information and estimates as of specific dates and may no longer be current. The data may have been re-classified by us for the purpose of presentation.

India Overview

India's GDP on a purchasing power parity basis is estimated to be US $4.463 trillion in 2011 making it the fourth largest economy in purchasing power parity (PPP) terms after European Union, USA and China *(Source: CIA World Factbook).* Indian population as per Census 2011 is 1,210 million. The decadal growth rate of population for India in the last decade was 17.64%.
(Source: Ministry of Home Affairs, www.censusindia.gov.in)

As per the latest information (Advance Estimates) of National Income for 2011-12 (at constant 2004-05 prices), released by the Central Statistical Organization, the growth of Gross Domestic Product (GDP) at factor cost is estimated at 6.9% in 2011-12. The 'agriculture, forestry and fishing' sector is likely to show a growth of 2.5% in its GDP during 2011-12. Among the horticultural crops, production of fruits and vegetables is expected to increase by 3.5% and 2.1%, respectively, during the year 2011-12. *(Source: Ministry of Statistics & Programme Implementation, http://pib.nic.in/newsite/erelease.aspx?relid=80151).*

Overview of Indian Agriculture

Agriculture sector is vital for the food and nutritional security of the nation. The sector remains the principal source of livelihood for more than 58% of the population though its contribution to the national GDP has declined to 14.2% due to high growth experienced in industries and services sectors. Compared to other countries, India faces a greater challenge, with only 2.3% share in world's total land area; it has to ensure food security of its population which is about 17.5% of world population.
(Source: Annual Report 2010-11, Department of Agriculture & Cooperation, Ministry of Agriculture).

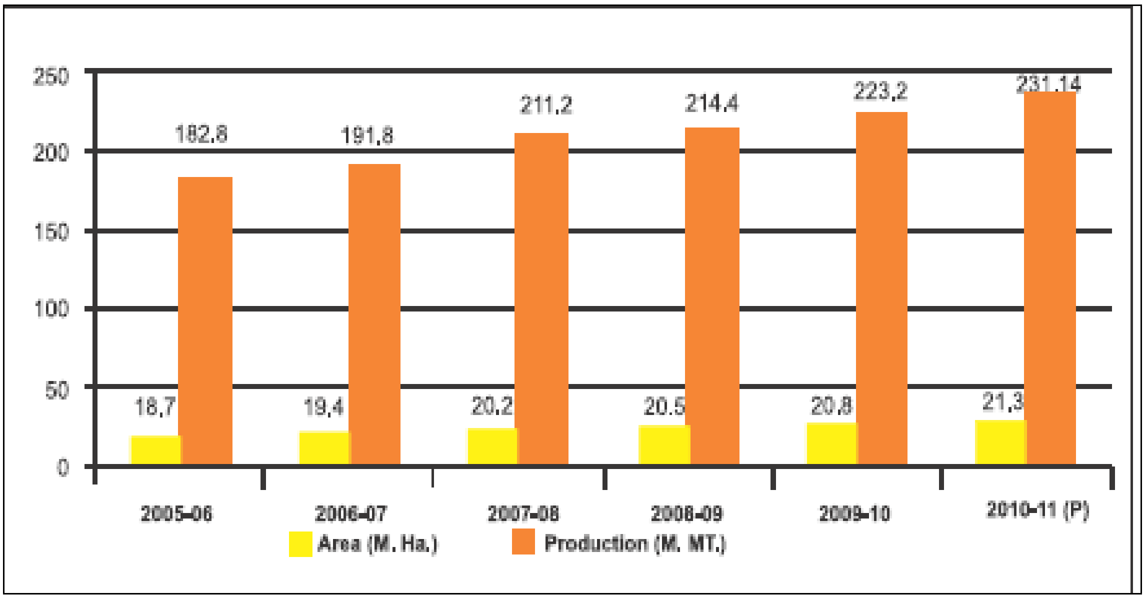
Agriculture sector has touched a growth rate of 4.4% in the second quarter of 2010-11 thereby achieving an overall growth rate of 3.8% during the first half of 2010-11. The low growth rate of 0.4% recorded by this sector in 2009-10 was mainly due to poor rainfall in 2009.

Overview of the Horticulture Industry in India

The horticulture sector covers a wide range of crops such as fruits, vegetables, root and tuber crops, flowers, aromatic and medicinal plants, spices and plantation crops, which facilitate diversification in agriculture. There is a growing realization that horticulture crops is now an option to improve livelihood security, enhance employment generation, attain food and nutritional security and increase income through value addition. As of 2010-11, horticultural crops occupied an area of 21.3 million hectares producing 231.14 Million tonnes of horticultural produce.

Fruits and vegetables together constitute about 92.4% of the total horticultural production in the country. *(Source: Annual Report 2011-12, Department of Agriculture & Cooperation, Ministry of Agriculture)*

Fig 1: Area & Production of Horticulture Crops



(Source: Annual Report 2011-12, Department of Agriculture & Cooperation, Ministry of Agriculture)

India Processed Food Industry

India's food processing sector covers fruit and vegetables; spices; meat and poultry; milk and milk products, alcoholic beverages, fisheries, plantation, grain processing and other consumer product groups like confectionery, chocolates and cocoa products, soya-based products, mineral water, high protein foods etc. There are 25, 367 registered food processing units in the country whose total invested capital is Rs 84,094 crores (US$ 15.90 billion), as per a competitiveness report of the National Manufacturing Competitiveness Council.
(Source: http://www.ibef.org/industry/foodindustry.aspx)

The Gross Domestic Product (GDP) at 2004-05 prices in India has gone up to Rs.44,93,743 crores in 2009-10 from Rs 32,54,216 crores in 2005-06, with Compound Annual Growth Rate (CAGR) of 8.40%. Contribution of FPI sector has increased to Rs. 66,078 crores in 2009-10 from Rs. 47,689 crores in 2005-06 with CAGR of 8.49%. CAGR for total manufacturing sector during the same period has been 9.35% (*Source: Ministry of Food Processing Industries, "Data Bank on Economic Parameters off the Food Processing Sector"*).

Food processing industry is one of the largest industry in India and is ranked 5th in terms of production, consumption and export. Food Processing encompasses products of fruits and vegetables, dairy, meat, poultry, fishery, consumer food, grains, alcoholic drinks, aerated water and soft drink. It involves all types of value addition to agricultural or horticultural produce and includes processes such as grading, sorting, and packaging which enhance shelf life of food products. Market size of food processing sector has been estimated at US$ 80 billion in 2006-07 and the sector grew at a rate of above 13% in last few years. The importance of food processing sector can be gauged from the fact that the total deployment of the gross bank credit is over 6% of the total gross credit deployment across all industry segments.

The food and agro processing industry employed over 16% of total workforce in the organized manufacturing sector whereas it is 32% of the total workforce in the unorganized sector. In absolute numbers terms, the industry currently employs around 13 million people directly and 35 million people indirectly. It also has the potential to generate significant employment as the multiplier effect of investment in food processing industry is 2.5 times than in other industrial sectors. Even within food processing industry, the employment intensity is significantly higher in the unorganized sector as compared to the organized sector for the same level of investment.

The share of food and agro processing industries in total number of enterprises is about 19%. However, the sector is dominated by unorganized players who contribute more than 70% of the output in volume terms and around 50% in value terms. Since a few leading corporate entities of the country have entered the food retail in big way, the organized sector is likely to grow at a faster pace
(Source: Ministry of Food Processing Industries, "Strategic Plan").

Food Processing Industry Growth Drivers

1. Population growth and Rise in Disposable Income
2. Shift in demographic profile towards younger population
3. Increasing number of working women
4. Spare Land availability
5. Increasing use of Technology
6. Increase in Consumption
7. Improved Supply Chain Management
8. Emergence of organized food retail

For further details, please refer to section titled "Industry Overview" beginning on page 90 of this Draft Letter of Offer.

SUMMARY OF BUSINESS OF THE COMPANY

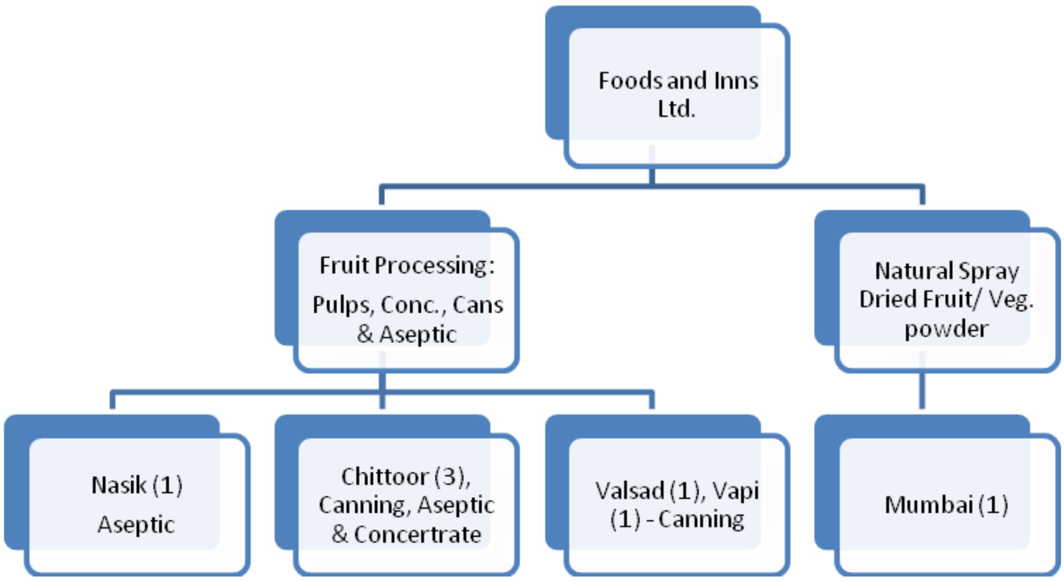
Business Overview

The Company is a multi-locational Trading House, primarily into the business of processing and marketing fruit pulps, concentrates and spray dried fruit and vegetable powders both into domestic and international markets. The Company exports its products to various geographies such as Europe, Middle East, USA and Japan catering to companies in the foods, beverage and dairy industry. The Company through its various divisions *viz.* (i) Aseptic, (ii) Canning and (iii) Spray Dried products make a diverse portfolio of processed food products.

The Company presently operates from seven (7) processing units strategically located near the fruit and vegetable growing areas at Chittoor (Andhra Pradesh), Valsad (Gujarat), Nasik (Maharashtra) and Mumbai. The Company's eighth (8^{th}) processing unit at Nasik for spray drying is currently under development and is expected to be operational by March 2013. The Company's units at Chittoor and Nasik are FSSC 22000-2010 accredited by DNV Business Assurance for food safety management of the Company. The Valsad unit of the Company is ISO 22000 certified. In addition to the above, the Company's units are SGF accredited in recognition of the quality practices adopted by the Company over the years. These certifications enable the Company to sell its products in the regulated markets like Europe, USA and Japan.

The Company derives significant portion of its income from sale of range of mango products to various domestic and international companies in the food and beverage industry such as Sumitomo Corporation (*Japan*), Agrana Fruit, Dohler Group, A.G. Barr, Lacnor (*UAE*), Haldirams, Heinz India Private Limited, etc. The domestic business of the Company is driven by its own sales and marketing network. For the international business, the Company participates in leading international trade fairs and exhibitions such as Anuga (*Germany*), Sial (*France*), Gulf Food (*Dubai*) to procure customer orders.

The present business of the Company can be described as set out below:



The Company on standalone basis have achieved sales of ₹38,357.68 lakhs and net loss of ₹514.76 lakhs for eighteen (18) months period ended on March 31, 2012. For the year ended September 30, 2010, the Company on standalone basis had a total sales of ₹2,08,61.82 lakhs and net profit after tax of ₹188.50 lakhs as compared to total income of ₹18,930.55 lakhs and net profit after tax of ₹666.37 lakhs for the year ended September 30, 2009.

THE COMPETITIVE STRENGTHS

The following are the key strengths which the Company believes enabled it to be competitive in its business:

1. ***Range of processes for meeting customer requirements.***

The Company is in the business of processing and marketing fruit pulps, concentrates and spray dried fruit and vegetable powders both into domestic and international markets. The Company believes that having all the three (3) divisions i.e. canning, aseptic and spray drying enables the Company to cater to various customer requirements. Further, due to the availability of the entire process line in-house, the Company's dependence on third parties for providing specific and customised processed products to its customers reduces to a large extent. We believe that this ability to provide customised products to its customers is the key strength for further growth of the Company.

2. ***International Quality Management Certifications for both products and processing units***.

The Company presently operates from seven (7) processing units strategically located near the fruit and vegetable growing areas at Chittoor (Andhra Pradesh), Valsad (Gujarat), Nasik (Maharashtra) and Mumbai. The Company's units at Chittoor and Nasik are FSSC 22000-2010 accredited by DNV Business Assurance for food safety management of the Company. The Valsad unit of the Company is ISO 22000 certified. In addition to the above, the Company's units are SGF accredited in recognition of the quality practices adopted by the Company over the years. These certifications enable the Company to sell its products in the regulated markets like Europe, USA and Japan. The Company has always endeavored to fulfill the requirements of the foreign regulatory authorities to ensure quality and food safety standards laid down by the customers of the Company and certifying authorities.

3. ***Strong Customer Base.***

The Company exports its products to various geographies such as Europe, Middle East, USA and Japan to various companies in the foods and beverage industry. The Company has a strong customer base in India as well as internationally which includes leading food & beverage companies of the world such as Sumitomo Corporation (*Japan*), Agrana Fruit, Dohler Group, A.G. Barr, Lacnor (*UAE*), and domestic companies like Haldiram, Heinz India Private Limited, etc. These customers have been a part of the growth story of the Company for more than a decade which we believe is essentially due to the product quality and customer centric approach of the Company.

4. ***Environment protection and Clean Energy measures.***

The Company is committed to provide a safe, clean and healthy environment and conduct its business and services in a manner so as to prevent harm to people and damage to environment or property. The Company endeavours to handle the Environment, Health and Safety (EHS) issues with the same responsibility as issues concerning quality, productivity, profitability and cost-efficiency. The Company actively manages the EHS norms as an integral part of its business, operations and practices. The Company continuously strives to minimize the pollution at source and that can be achieved by adopting cleaner technologies, reducing the use of natural resources and reusing and recycling wastes. Some initiatives taken by the Company include usage of agro boiler which uses biomass briquette as fuel to run the boiler for steam generation, condensate recovery system reducing fuel consumption as an energy conservation measure. Further, the Company is also a part of SEDEX and has been certified green. We believe that we are one of the first in the Indian food industry to have listing on UNFCC website for being eligible to earn carbon credits for usage of biomass briquette for generation of processed steam without usage of fossil fuel and to be accredited for the CSR status for its Chittoor unit.

5. ***Innovation and Product Development.***

The Company strives to retain its position within the industry by investing strategically in new technologies which give its customers better quality of products and cost advantages. The Company commenced its operations with processing egg powder and eventually diversified into processing of fruits and vegetables. The Company continuously attempts to provide solutions for specific customer needs through innovation and development of new product, packing blending developments. The Company has an experienced and professionally qualified team which constantly works with its customers to ensure customer satisfaction.

6. ***Experienced and qualified management and executives.***

The Company's team includes senior executives, a majority of whom have substantial years experience in the food processing industry. We believe that the management of the Company has a long-term vision which provides stability and continuity to its business. We also believe that the understanding and expertise of the Company's management and executive team in R&D, regulatory affairs, processing, finance, sales and marketing will enable its business to grow in a focused and constructive manner. As of July 31, 2012, approximately 23 of the Company's employees hold food industry related experience and qualifications.

THE STRATEGIES OF THE COMPANY

The business strategy of the Company focuses on the following elements:

1. ***Operational efficiency by utilizing existing infrastructure.***

The Company processes a range of fruit & vegetable products and mainly mango products during the season from April to July. The processing units of the Company run at the maximum capacity during the period April to August of each fiscal year for mango processing as compared to the September to March of the fiscal year. During these periods the Company endeavor to work at optimum capacity utilization. The Company presently processes other seasonal fruits such as Guava and Papaya during August to December and February to March. The Company further intends to process other fruits and vegetable such as banana, strawberry, tomatoes etc. during such lean period so as to utilize the existing capacities at its units.

2. ***Enhancing quality standards.***

The Company processes fruits such as Mango, Guava, Papaya etc. which are processed to make pulp & concentrates. The Company generally stores these products which has a shelf life of 1-2 years from the date of production, depending upon various factors such as storage condition and packaging so as to ensure supplies to consumers of these products even during the off season periods. The Company further intends to deploy technology to increase the shelf life of these stored products along with its quality.

3. ***Adapting new technologies to meet customer requirements.***

The Company endeavours to cater to the requirements of its customers by making regular advancements in technology and acquiring or developing new technologies for its processing activities. The Company is also exploring newer technologies available for application to food processing with a view to enhance its product portfolio. In-house research for adapting international technology such as satellite processing facility is at an advanced stage. Newer technologies for energy saving are being explored and efforts to replace the usage of fossil fuels with bio-fuels for all the existing units of the Company for reducing emissions are under consideration.

4. ***Creating, establishing and enhancing presence in newer markets.***

The Company believes that demand for its products currently which are being sold in the regulated markets such as Europe, USA and Japan will continue to grow. The Company is also making efforts to enhance its presence in Pacific Rim countries such as China, Japan and Indonesia and further to create its presence in countries like Mongolia, Korea, Australia and New Zealand by participating in trade fairs, exhibitions and seminars. The Company had participated in the Gulf Food seminars which have resulted in orders from countries like Jordan and Lebanon.

5. ***New Product Development.***

The Company believes that new fruits with commercial potential will be a key area of growth for the Company. The Company has initiated trials to evaluate such opportunities. Further, the Company is working towards introducing new product such as Aseptic, Banana puree, tomato paste and citrus concentrates. The Company also intends to do a forward integration of spray drying in the form of prepared seasoning for various applications in snack products.

For further details, please refer to section titled "Business of the Company" beginning on page 102 of this Draft Letter of Offer.

SUMMARY OF FINANCIAL INFORMATION

The following summary of financial data has been prepared in accordance with the Companies Act and the SEBI (ICDR) Regulations and restated as described in the Auditors' Report of M/s. B.S. Mehta & Co, Chartered Accountants, Mumbai dated August 13, 2012 in the section titled "Financial Information" beginning on page 161 of this Draft Letter of Offer. The Shareholders should read this restated standalone and consolidated financial data in conjunction with the Company's financial statements for the eighteen (18) months period ended as on March 31, 2012 and each of the F.Y. ended on September 30, 2010, 2009, 2008 and 2007, including the Notes thereto and the Reports thereon, which appears under the section titled "Financial Information" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages 161 and 243 of this Draft Letter of Offer.

Restated standalone Statement of Assets and Liabilities

(₹ In lakhs)

Particulars		As At				
		March 31, 2012	**September 30, 2010**	**September 30, 2009**	**September 30, 2009**	**September 30, 2007**
A.	**Fixed Assets:**					
	Gross Block	10,625.49	9,083.50	7,875.78	6,312.18	4,332.64
	Less: Depreciation	2,343.69	1,752.12	1,327.53	1,000.65	767.37
	Net Block	**8,281.80**	**7,331.38**	**6,548.25**	**5,311.53**	**3,565.27**
	Less: Balance in Revaluation Reserve	982.21	995.56	1,004.47	1,013.37	1,022.27
	Net Block after adjustment of Revaluation Reserve	**7,299.59**	**6,335.82**	**5,543.78**	**4,298.16**	**2,543.00**
	Add: Capital work in progress	960.71	630.59	902.28	1,129.09	258.35
	Sub – total	**8,260.30**	**6,966.41**	**6,446.06**	**5,427.25**	**2,801.35**
B.	**Investments**	**213.88**	**213.88**	**213.88**	**216.70**	**217.12**
C.	**Current Assets, Loans and Advances**					
	Inventories	6,539.00	19,145.39	10,740.37	6,496.32	4,390.49
	Sundry Debtors	4,096.62	3,748.10	3,102.69	4,030.36	2,303.15
	Cash and Bank Balances	616.39	640.01	482.18	617.08	257.11
	Loans and Advances	3,089.08	2,701.90	2,145.96	1,961.64	1,363.61
	Sub - total	**14,341.09**	**26,235.41**	**16,471.21**	**13,105.41**	**8,314.36**
	Total (A+B+C)	**22,815.27**	**33,415.69**	**23,131.15**	**18,749.35**	**11,332.83**
D.	**Liabilities and Provisions**					
	Secured Loans	14,885.38	14,795.12	12,837.12	11,362.87	5,896.14
	Unsecured Loans	836.93	2,700.95	1,292.22	1,141.78	386.53
	Current Liabilities and Provisions	4,238.10	12,651.97	6,120.34	4,089.00	3,157.61
	Deferred Tax Liability (Net)	478.70	517.89	411.30	412.79	198.74
	Sub - total	**20,439.11**	**30,665.93**	**20,660.98**	**17,006.44**	**9,639.01**
E.	**Net Worth (A+B+C-D)**	**2,376.16**	**2,749.76**	**2,470.17**	**1,742.91**	**1,693.82**
F.	**Represented By:**					
	Share Capital	145.10	132.88	122.58	122.58	122.58
	Amount for Preferential Convertible Warrants	-	47.06	86.71	-	-

Particulars		As At				
		March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2009	September 30, 2007
	Reserves and Surplus, as Restated	3,213.27	3,565.38	3,265.35	2,633.70	2,593.51
	Less: Revaluation Reserve, as Restated	982.21	995.58	1,004.47	1,013.37	1,022.27
	Reserves (Net of Revaluation Reserve), as Restated	2,231.06	2,569.82	2,260.88	1,620.33	1,571.24
	Net Worth	**2,376.16**	**2,749.76**	**2,470.17**	**1,742.91**	**1,693.82**

Note: The above statement should be read with the significant accounting policies, adjustments/effects and Notes on Restated Statements as appearing in Annexure IV to the report.

Restated Statement of Standalone Profit & Loss Account

(₹ In Lakhs)

Particulars	Eighteen Months Period Ended	For the year ended			
	March 31, 2012	**September 30, 2010**	**September 30, 2009**	**September 30, 2008**	**September 30, 2007**
INCOME					
Sale of Product Manufactured	38,026.86	20,650.58	17,723.80	15,475.28	12,672.64
Sale of Traded Goods	330.82	211.24	1,206.75	1,006.12	1,468.64
Total Sales	**38,357.68**	**20,861.82**	**18,930.55**	**16,481.40**	**14,141.28**
Less: Excise Duty	242.74	4.40	2.90	2.89	3.27
Net Sales	**38,114.94**	**20,857.42**	**18,927.65**	**16,478.51**	**14,138.01**
Other Operating Income, (includes Gain or loss on Premium on Forward Contracts) as Restated	1,575.11	892.90	790.02	710.70	485.19
Other Income	197.85	31.86	16.92	47.80	218.58
	1,772.96	924.76	806.94	758.50	703.77
Total	**39,887.90**	**21,782.18**	**19,734.59**	**17,237.01**	**14,841.78**
EXPENDITURE					
Cost of Materials	24,438.94	11,538.35	7,669.86	8,487.10	7,441.06
Manufacturing and Other Expenses	11,486.64	7,127.48	7,865.81	5,947.24	4,382.63
Purchase of Traded Goods	302.97	190.02	1,004.50	822.62	1,299.50
Employee Cost	1,335.88	719.35	704.35	593.14	465.81
Financial Charges	2,319.53	1,540.20	1,435.62	908.44	697.23
Depreciation	587.27	415.69	322.16	224.48	160.53
Total	**40,471.23**	**21,531.09**	**19,002.30**	**16,983.02**	**14,446.76**
PROFIT/(LOSS) BEFORE TAX	**(583.33)**	**251.09**	**732.29**	**253.99**	**395.02**
Provision for Taxation					
Current Tax, as Restated	-	18.04	61.00	(37.98)	90.78
Fringe Benefit Tax	-	-	6.42	7.34	16.91
Deferred Tax	(39.20)	106.60	(1.50)	214.05	66.22
MAT Credit	(29.37)	(62.05)	-	-	-
NET PROFIT/(LOSS) AFTER TAX, AS RESTATED	**(514.76)**	**188.50**	**666.37**	**70.58**	**221.11**
Profit and Loss amount at the beginning of the year, as Restated	461.97	401.36	260.80	711.73	522.83
Balance available for appropriations, as Restated	**(52.79)**	**589.86**	**927.17**	**782.31**	**743.94**
APPROPRIATIONS					
General Reserve	-	100.00	500.00	500.00	15.00
Dividend Proposed	-	23.92	22.06	18.39	14.71
Tax on Dividend Proposed	-	3.97	3.75	3.12	2.50
Total	-	**127.89**	**525.81**	**521.51**	**32.21**
BALANCE CARRIED FORWARD RESTATED	**(52.79)**	**461.97**	**401.36**	**260.80**	**711.73**

Note: The above statement should be read with the significant accounting policies, adjustments/effects and Notes on Restated Statements as appearing in Annexure IV to the report.

Restated Standalone Cash flow Statement

(₹ In Lakhs)

	Particulars	Eighteen Months Period Ended	For the year ended			
		March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
A	**CASH FLOW ARISING FROM OPERATING ACTIVITIES :**					
	Net Profit /(Loss) before Tax and Extraordinary items	(583.33)	251.09	732.29	253.99	395.02
	Add :					
	Depreciation	587.27	415.69	322.16	224.47	160.53
	Interest and Finance Charges (gross)	2,856.57	1,700.96	1,634.56	954.33	509.77
	Loss on Sale of Assets	7.41	-	7.10	0.21	6.62
	Provision for Gratuity (net of payments)	24.52	(14.94)	28.58	1.93	10.11
	Provision for Leave Encashment (net of payments)	6.16	7.80	(0.74)	(4.66)	22.75
	Balances / Provisions Written Back	-	-	-	3.10	1.11
	Bad Debts Written Off	-	1.70	-	-	-
	Reversal Of Gain	-	-	-	9.31	-
	Foreign Currency Reinstatement Loss/ (Gain)	994.15	65.58	53.90	369.01	-
	Wealth Tax	0.56	0.25	0.35	0.33	-
	Excise Duty on Un-cleared Finished Goods	20.06	0.27	(1.26)	0.63	-
	Loss due to Fire	116.13	-	-	-	-
	Loss due to Accident	3.98	-	-	-	-
	Mark to market gain on outstanding Forward Contracts	344.82	(86.26)	(17.39)	-	-
		4,378.29	2,342.14	2,759.55	1,812.65	1,105.91
	Less:					
	Dividend Income	0.51	0.48	0.40	0.61	0.62
	Interest Received	580.00	177.37	209.60	52.95	9.24
	Prior year (Income) / Expenses (Net)	-	-	-	-	(18.31)
	Recovery of Advances written off	-	-	-	-	-
	Balances / Provision Written Back	0.23	5.35	2.12	2.23	-
	Bad Debts Written Off	-	1.70	-	4.00	-
	Gain on Redemption of Investment	-	0.52	-	-	-
	Recovery of Advance Written off	136.18	-	-	-	-
	Operating Profits Before Working Capital Changes	**3,661.37**	**2,156.72**	**2,547.43**	**1,752.86**	**1,114.37**
	Adjustments For:					

	Particulars	Eighteen Months Period Ended	For the year ended			
		March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
	Increase/(Decrease) in Other Receivables	(437.15)	(454.89)	(160.63)	(416.95)	79.52
	Increase/(Decrease) in Trade Receivables	(301.66)	(656.25)	927.66	(1,755.20)	(75.57)
	Increase/(Decrease) in Inventories	12,606.41	(8,405.02)	(4,244.06)	(2,105.83)	(976.80)
	Increase/(Decrease) in Trade Payables	(8,644.84)	4,701.34	2,336.00	365.75	528.48
	Increase/(Decrease) in Other Payable	(619.35)	1,915.87	(366.39)	450.33	236.84
		2,603.41	(2,898.94)	(1,507.42)	(3,461.90)	(207.53)
		6,264.78	(742.23)	1,040.01	(1,709.04)	906.84
	Less:					
	Direct Taxes Paid - Income Tax	41.63	57.04	91.10	121.42	252.12
	Direct Taxes Paid - Fringe Benefit Tax	-	-	-	11.71	18.41
	Net Cash From Operating Activities (A) :	**6,223.15**	**(799.26)**	**948.91**	**(1,859.38)**	**619.54**
B	**CASH FLOW FROM INVESTING ACTIVITIES :**					
	Additions to Fixed Assets	(1,790.09)	(878.68)	(1,252.38)	(2,839.29)	(461.85)
	Purchase of Capital Work in Progress	-	-	-	-	(220.57)
	Additions to Investments	-	(10.00)	-	-	(10.00)
	Sale of Fixed Assets	16.00	-	6.00	0.15	7.92
	Sale of Investments	-	10.00	2.82	0.42	-
	Gain on Redemption of Investment	-	0.52	-	-	-
	Dividend and Interest Received	580.52	177.85	210.00	53.56	9.86
	Net cash from Investing Activities (B) :	**(1,193.57)**	**(700.31)**	**(1,033.56)**	**(2,785.16)**	**(674.64)**
C	**CASH FLOW FROM FINANCING ACTIVITIES :**					
	Increase/(Decrease) in Share Capital	9.17	7.73	-	-	-
	Increase/(Decrease) in Securities Premium Account	132.00	111.24	-	-	-
	Increase/(Decrease) in Secured Loans	(436.80)	1,897.42	1,474.95	5,215.04	474.50
	Increase/(Decrease) in Loans from Directors	(32.60)	(109.91)	(21.98)	81.92	(4.10)
	Increase/(Decrease) in Fixed Deposits from Public	(270.65)	484.97	244.11	44.88	33.25
	Increase/(Decrease) in	(1,585.00)	1,050.55	(95.16)	629.62	-

	Particulars	Eighteen Months Period Ended	For the year ended			
		March 31,2012	**September 30, 2010**	**September 30, 2009**	**September 30, 2008**	**September 30, 2007**
	Inter Corporate Deposits					
	Increase/(Decrease) in Interest Accrued and Due	(6.98)	(1.27)	17.98	(1.17)	(1.08)
	Increase/(Decrease) in Share Application Money	-	-	86.71	-	-
	Interest paid	(2,572.42)	(1,438.92)	(1,315.32)	(675.11)	(509.77)
	Recovery of advances written off	136.18	-	-	-	-
	Dividend Paid (Including Dividend Tax)	(27.47)	(25.00)	(20.82)	17.21	16.77
	Guarantee Commission and Other Financial Charges	(284.15)	(262.03)	(319.24)	(279.22)	-
	Interest on Term Loans Capitalised	(114.48)	(57.35)	(101.49)	(11.44)	-
	Net Cash From Financing Activities (C) :	**(5,053.21)**	**1,657.40**	**(50.26)**	**5,021.73**	**9.57**
D	**NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS : D=(A+B+C)**	**(23.62)**	**157.83**	**(134.90)**	**359.98**	**(62.30)**
	Cash and Cash Equivalents (Opening Balance)	640.01	482.18	617.08	257.11	319.41
	Cash and Cash Equivalents (Closing Balance)	616.39	640.01	482.18	617.08	257.11

Consolidated Statement of Assets and Liabilities

(₹ in Lakhs)

	Particulars	As At				
		March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
A.	**Fixed Assets:**					
	Gross Block	10,625.49	9,083.50	7,875.78	6,312.18	4,332.63
	Less: Depreciation	2,343.69	1,752.12	1,327.53	1,000.65	767.37
	Net Block	**8,281.80**	**7,331.38**	**6,548.25**	**5,311.53**	**3,565.26**
	Less: Balance in Revaluation Reserve	982.21	995.56	1,004.47	1,013.37	1,022.27
	Net Block after adjustment of Revaluation Reserve	**7,299.59**	**6,335.82**	**5,543.78**	**4,298.16**	**2,542.99**
	Add: Capital work in progress	960.71	630.59	902.28	1,129.09	258.35
	Sub - total	**8,260.30**	**6,966.41**	**6,446.06**	**5,427.25**	**2,801.34**
B.	**Investments**	**16.88**	**16.88**	**16.88**	**19.70**	**20.12**
C.	**Current Assets, Loans and Advances**					
	Inventories	6,556.87	19,163.28	10,758.27	6,514.21	4,408.40
	Sundry Debtors	4,096.62	3,748.10	3,102.69	4,030.36	2,303.15
	Cash and Bank Balances	618.46	642.19	485.19	618.61	259.07
	Loans and Advances	3,121.29	2,809.69	2,251.42	2,069.13	1,471.25
	Sub - total	**14,393.24**	**26,363.26**	**16,597.57**	**13,232.31**	**8,441.87**
	Total (A+B+C)	**22,670.42**	**33,346.56**	**23,060.51**	**18,679.26**	**11,263.33**
D.	**Liabilities and Provisions**					
	Secured Loans	14,885.38	14,795.12	12,837.12	11,362.87	5,896.14
	Unsecured Loans	875.95	2,807.16	1,396.76	1,246.32	491.06
	Current Liabilities and Provisions	4,234.93	12,652.75	6,121.03	4,090.08	3,158.72
	Deferred Tax Liability (Net)	478.69	517.89	411.29	412.79	198.74
	Sub - total	**20,474.95**	**30,772.92**	**20,766.20**	**17,112.06**	**9,744.66**
E.	**Net Worth (A+B+C-D)**	**2,195.48**	**2,573.64**	**2,294.31**	**1,567.20**	**1,518.67**
F.	**Represented By:**					
	Share Capital	145.10	132.88	122.58	122.58	122.58
	Amount for Preferential Convertible Warrants	-	47.05	86.71	-	-
	Reserves and Surplus, as Restated	3,032.58	3,389.27	3,089.49	2,457.99	2,418.36
	Less: Revaluation Reserve, as Restated	982.21	995.56	1,004.47	1,013.37	1,022.27
	Reserves (Net of Revaluation Reserve), as Restated	2,050.38	2,393.71	2,085.02	1,444.62	1,396.09
	Net Worth	**2,195.48**	**2,573.64**	**2,294.31**	**1,567.20**	**1,518.67**

Statement Showing Consolidated Profit and Losses

(₹ in Lakhs)

Particulars	Eighteen Months Period Ended	For the year ended			
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
INCOME					
Sale of Product Manufactured	38,026.86	20,650.58	17,723.80	15,475.28	12,672.64
Sale of Traded Goods	330.82	211.24	1,206.75	1,006.12	1,468.64
Total Sales	**38,357.68**	**20,861.82**	**18,930.55**	**16,481.40**	**14,141.28**
Less: Excise Duty	242.74	4.40	2.90	2.89	3.27
Net Sales	**38,114.94**	**20,857.42**	**18,927.65**	**16,478.51**	**14,138.01**
Other Operating Income, (includes gain or loss on Premium on Forward Contracts) as Restated	1,575.11	892.90	790.02	710.70	485.19
Other Income	132.02	32.28	17.60	47.94	218.78
	1,707.13	925.18	807.62	758.64	703.97
Total	**39,822.07**	**21,782.60**	**19,735.27**	**17,237.15**	**14,841.98**
EXPENDITURE					
Cost of Materials	24,438.94	11,538.35	7,669.86	8,487.10	7,441.06
Manufacturing and Other Expenses	11,487.84	7,128.09	7,866.35	5,947.80	4,382.99
Purchase of Traded Goods	302.97	190.02	1,004.50	822.63	1,299.50
Employee Cost	1,335.88	719.51	704.64	593.26	465.85
Financial Charges	2,320.63	1,540.20	1,435.63	908.45	697.24
Depreciation	587.27	415.69	322.16	224.48	160.53
Total	**40,473.53**	**21,531.86**	**19,003.12**	**16,983.72**	**14,447.17**
PROFIT/(LOSS) BEFORE TAX	**(651.46)**	**250.74**	**732.15**	**253.43**	**394.81**
Provision for Taxation					
Current Tax , as Restated	-	17.93	61.00	(37.98)	90.78
Fringe Benefit Tax	-	-	6.42	7.33	16.91
Deferred Tax	(39.20)	106.60	(1.50)	214.05	66.21
MAT Credit	(29.37)	(62.06)	-	-	-
NET PROFIT/(LOSS) AFTER TAX, AS RESTATED	**(582.89)**	**188.25**	**666.23**	**70.03**	**220.91**
Profit and Loss amount at the beginning of the year, as Restated	459.50	399.14	258.72	710.20	521.50
Balance available for appropriations, as Restated	**(123.39)**	**587.39**	**924.95**	**780.23**	**742.41**
APPROPRIATIONS					
General Reserve		100.00	500.00	500.00	15.00
Dividend Proposed	-	23.92	22.06	18.39	14.71
Tax on Dividend Proposed	-	3.97	3.75	3.12	2.50
Total	-	**127.89**	**525.81**	**521.51**	**32.21**
BALANCE CARRIED FORWARD RESTATED	**(123.39)**	**459.50**	**399.14**	**258.72**	**710.20**

Consolidated Restated Statement of Cash Flow

(₹ in Lakhs)

	Particulars	Eighteen Months Period Ended	For the Year ended			
		March 31, 2012	**September 30, 2010**	**September 30, 2009**	**September 30, 2008**	**Septembe r 30, 2007**
A	**CASH FLOW ARISING FROM OPERATING ACTIVITIES :**					
	Net Profit /(Loss) before Tax and Extraordinary items	(651.46)	250.74	732.15	253.43	394.81
	Add :					
	Depreciation	587.27	415.69	322.16	224.48	160.53
	Interest and Finance Charges (gross)	2,857.67	1,700.96	1,634.56	954.34	509.78
	Loss on Sale Of Assets	7.41	-	7.10	0.21	6.62
	Provision for Gratuity (net of payments)	24.52	(14.94)	28.58	1.93	10.11
	Provision for Leave Encashment (net of payments)	6.16	7.80	(0.74)	(4.66)	22.75
	Balances / Provisions Written Back	-	-	-	3.10	1.11
	Bad Debts Written Off	-	1.70	-	-	-
	Reversal Of Gain	-	-	-	9.31	-
	Foreign Currency Reinstatement Loss / (Gain)	994.15	65.58	53.90	369.01	-
	Wealth Tax	0.56	0.25	0.35	0.33	-
	Excise Duty On Uncleared Finished Goods	20.06	0.27	(1.26)	0.63	-
	Loss due to fire	116.13				
	Loss due to Accident	3.98				
	Mark to market gain on outstanding Forward Contracts	344.82	(86.26)	(17.39)	-	-
		4,311.26	2,341.79	2,759.40	1,812.10	1,105.71
	Less:					
	Dividend Income	0.86	0.90	0.75	0.75	0.82
	Interest Received	580.89	177.37	209.60	52.95	6.24
	Prior Year (Income) / Expenses (Net)	-	-	-	-	(18.31)
	Provision For Doubtful Debts No Longer Required	-	1.70	-	4.00	2.94
	Provision Written Back	0.35	5.35	2.33	2.25	-
	Gain On Redemption of Investment	-	0.52	-	-	-
	Recovery of Advance Written Off	69.00	-	-	-	-
	Operating Profits Before Working Capital Changes	**3,660.16**	**2,155.95**	**2,546.72**	**1,752.15**	**1,114.01**
	Adjustments For:					
	Increase/ (Decrease) in Other receivables	(361.57)	(457.11)	(158.60)	(416.81)	83.54
	Increase/ (Decrease) in Trade receivables	(301.66)	(656.25)	927.66	(1,755.20)	(75.57)
	Increase/ (Decrease) in	12,606.41	(8,405.01)	(4,244.06)	(2,105.83)	(976.80)

	Particulars	Eighteen Months Period Ended	For the Year ended			
		March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
	Inventories					
	Increase/ (Decrease) in Trade Payables	(8,648.72)	4,701.38	2,335.49	365.77	527.82
	Increase/ (Decrease) Other Payable	(579.18)	1,915.92	(366.06)	450.29	237.01
		2,715.28	(2,901.07)	(1,505.57)	(3,461.77)	(204.00)
		6,375.44	(745.12)	1,041.16	(1,709.63)	910.01
	Less:					
	Direct Taxes Paid - Income Tax	37.91	57.04	91.10	133.13	252.12
	Direct Taxes Paid-Fringe Benefit Tax	-	-	-	-	18.41
		37.91	57.04	91.10	150.34	287.30
	Net Cash From Operating Activities (A) :	**6,337.53**	**(802.16)**	**950.05**	**(1,859.95)**	**622.71**
B	**CASH FLOW FROM INVESTING ACTIVITIES**:					
	Additions to Fixed Assets	(1,790.09)	(878.68)	(1,252.38)	(2,839.29)	(461.85)
	Purchase of Capital Work in Progress	-	-	-	-	(220.57)
	Additions to Investments	-	(10.00)	-	-	(10.00)
	Sale of Fixed Assets	16.00	-	6.00	0.15	7.92
	Sale of Investments	-	10.00	2.82	0.42	-
	Gain on Redemption of Investment	-	0.52	-	-	-
	Dividend and Interest Received	581.76	178.27	210.35	53.70	7.06
	Net Cash From Investing Activities (B) :	**(1,192.33)**	**(699.88)**	**(1,033.21)**	**(2,785.02)**	**(677.43)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**:					
	Increase / (Decrease) in Share Capital	9.17	7.73		-	-
	Increase / (Decrease) in Securities Premium Account	132.00	111.24		-	-
	Increase / (Decrease) in Secured Loans	(436.80)	1,897.42	1,474.95	5,215.04	474.50
	Increase / (Decrease) in Loans from Directors	(32.60)	(109.91)	(21.97)	81.92	(4.10)
	Increase / (Decrease) in Fixed Deposits from Public	(270.65)	484.97	244.11	44.88	33.25
	Increase / (Decrease) in Inter Corporate Deposits	(1,585.00)	1,050.55	(95.16)	629.62	-
	Increase / (Decrease) in Interest Accrued & Due	(6.98)	0.40	17.98	(1.17)	(1.08)
	Increase/(Decrease) in Share Application Money	-	-	86.71	-	-
	Interest paid	(2,573.52)	(1,438.92)	(1,315.32)	(675.11)	(509.78)
	Recovery of advances written off	69.00				
	Dividend Paid (Including	(27.46)	(25.00)	(20.82)	17.21	16.77

	Particulars	Eighteen Months Period Ended	For the Year ended			
		March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
	Dividend Tax)					
	Guarantee Commission and Other Financial Charges	(284.16)	(262.04)	(319.24)	(279.23)	-
	Interest on Term Loans Capitalised	(114.48)	(57.35)	(101.49)	(11.44)	-
	Net Cash From Financing Activities (C):	**(5,121.49)**	**1,659.06**	**(50.26)**	**5,021.72**	**9.56**
D	**NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS : D=(A+B+C)**	**(23.73)**	**157.00**	**(133.42)**	**359.55**	**(61.93)**
	Cash and Cash Equivalents (Opening Balance)	642.19	485.19	618.61	259.07	321.00
	Cash and Cash Equivalents (Closing Balance)	618.46	642.19	485.19	618.61	259.07
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(23.73)**	**157.00**	**(133.42)**	**359.55**	**(61.93)**

For further details, please refer to section titled "Financial Information" beginning on page 161 of this Draft Letter of Offer.

THE ISSUE

The following is the summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in "Terms of the Issue" beginning on page 292 of this Draft Letter of Offer.

Equity Shares offered by the Company	[●] Equity Shares of ₹10 each
Rights Issue size	Upto ₹1,550 Lakhs
Rights Entitlement	[●] Equity Shares for every [●] Equity Shares held on the Record Date
Record Date	[●]
Issue Price per Rights Share	₹[●]
Equity Shares outstanding prior to the Issue	14,51,040 Equity Shares of ₹10 each
Equity Shares outstanding after the Issue *(*assuming full subscription and allotment of the Equity Shares*)	[●]Equity Shares of ₹10 each
Use of Issue Proceeds	Please refer to the section titled "Objects of the Issue" beginning on page 72 of this Draft Letter of Offer.
Terms of the Issue	Please refer to the section titled "Terms of the Issue" beginning on page 292 of this Draft Letter of Offer.
Terms of Payment	Please refer to sub-title "Payment Terms" as described below in this section.

Payment Terms

The full amount of ₹[●] per Equity Shares is payable on application.

GENERAL INFORMATION

The Company was originally incorporated under the Companies Act, 1956 in the name of Country Inns Private Limited at Mumbai vide Certificate of Incorporation dated October 11, 1967 bearing Registration No. 11-13837. Subsequently, the name of the Company was changed to Foods and Inns Private Limited and a Fresh Certificate of Incorporation dated December 31, 1968 was issued by the RoC, Maharashtra at Mumbai. The Company was subsequently converted into a public limited company pursuant to a resolution passed at a shareholders meeting held on November 24, 1970 and the RoC issued a Fresh Certificate of Incorporation dated December 21, 1970. The Corporate Identity Number (CIN) of the Company is L55200MH1967PLC013837.

The Board of Directors of the Company had initially approved the Issue under Section 81(1) of the Companies Act, at their meeting held on August 12, 2011. Pursuant to another resolution passed by the Board of Directors of the Company at its meeting held on August 13, 2012 it has been decided to make the following offer to Eligible Equity Shareholders of the Company with a right to renounce:

ISSUE OF [●] EQUITY SHARES WITH A FACE VALUE OF ₹10 EACH ("*RIGHTS SHARES*") FOR CASH AT A PRICE OF ₹[●]/- PER RIGHT SHARE (INCLUDING A PREMIUM OF ₹[●]/- PER RIGHTS SHARE) FOR AN AMOUNT AGGREGATING UPTO ₹1,550 LAKHS ON RIGHTS BASIS IN THE RATIO OF [●] ([●] RIGHTS SHARES FOR EVERY [●] FULLY PAID UP EQUITY SHARES) HELD BY THE EQUITY SHAREHOLDERS ON THE RECORD DATE, i.e. [●], 2012. THE FACE VALUE OF THE RIGHT SHARES IS ₹10 EACH AND THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE OF THE EQUITY SHARES.

For further details please refer to the section titled "Terms of the Issue" on page 292 of this Draft Letter of Offer.

Registered Office of the Company

Foods and Inns Limited
Food and Inns Building, Sion-Trombay Road
Punjabwadi, Deonar
Mumbai 400 088, India
Telephone: +91 22 2556 4326
Facsimile: +91 22 2556 4327

Corporate Office of the Company

Foods and Inns Limited
Dulwich Mansion
224, 3rd Floor, Tardeo Road
Mumbai 400 007, India
Telephone: +91 22 2353 3104
Fax: + 91 22 2353 3106/07
Website: www.foodsandinns.com
Email id: rights@foodsandinns.com

Registrar of Companies

The Company is registered at the Registrar of Companies, Mumbai located at 100, Everest, Marine Drive Mumbai 400 002, Maharashtra, India.

Board of Directors
The Company's board comprises of the following Directors:

Name, Nature of Directorship and DIN	Age	Residential Address
Mr. Bhupendra Champaklal Dalal Non-Executive Chairman & Alternate Director* DIN No: 00061492	70 years	42, Chitrakoot, Altmount Road, Mumbai 400 026
Mr. Utsav Kantilal Dhupelia Managing Director DIN No.: 01493571	65 years	100, Ocean View Annexe, Bhulabhai Desai Road, Mumbai 400 026

Name, Nature of Directorship and DIN	Age	Residential Address
Mr. Milan Bhupendra Dalal Non-Independent & Non-Executive Director DIN No.: 00062453	50 years	42, Chitrakoot, Altmount Road, Mumbai 400 026
Mr. Dadi Bejonji Engineer Independent & Non-Executive Director DIN No.: 00047028	79 years	Flat No.4, 1st Floor, Shiv Shanti Bhuvan, 146 M. Karve Road, Opp. Oval Maidan, Mumbai 400 020
Mr. Chaitan Manbhai Maniar Independent & Non-Executive Director DIN No.: 00034121	76 years	Garden House, Dadyseth, 2nd Cross Lane, Chowpatty, Bandstand, Mumbai 400 007
Mr. Raymond George Simkins Non-Independent & Non-Executive Director DIN No.: 01573312	68 years	16, Chelsea Square, London SW 3 6LF United Kingdom
Mr. Dinkarray Durgashankar Trivedi Independent & Non-Executive Director DIN No.: 00380306	80 years	02, Shanti Niketan, Near Kamaldeep Apts, Behind Khadayata Colony, Ellis Bridge, Ahmedabad 380 006
Mr. Sriram Pallavur Subramaniam Nominee Director, EXIM Bank DIN No.: 03546280	46 years	Flat No. 403, C-Wing, Consort, Link Road, I.C. Colony Extension, Borivali (West), Mumbai 400103
Mr. George Patterson Gonszor Independent & Non-Executive Director DIN No.: 02138054	63 years	The Annexe Flat, Hingaston House, Sturminster Newton, Dorset, United Kingdom, DT101NL

** Alternate Director to Mr. George Gonzor.*

For further details of the Board of Directors, please refer to the section titled "Management of the Company" beginning on page 130 of this Draft Letter of Offer.

Compliance Officer

Mr. Moloy Saha, Vice President (Finance & Operations)
Foods and Inns Limited
224, Dulwich Mansion, 3rd Floor, Tardeo Road, Tardeo, Mumbai 400 007
Email: rights@foodsandinns.com

Investors may contact the Compliance Officer for any pre-issue /post-issue related matters such as non receipt of letters of allotment/ share certificates/ refund orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.

Lead Manager
Vivro Financial Services Private Limited
Manu Mansion, 1st Floor
16/18, Shahid Bhagatsingh Road
Opp. Old Custom House
Fort, Mumbai 400 023
Telephone: +91 22 2265 7364
Facsimile: +91 22 2265 8406
Email: fni@vivro.net
Contact Person: Mr. Ketan Modi/
Mr. Shyamal Trivedi
Website: www.vivro.net
SEBI registration number: INM000010122

Legal Counsel to the Issue
Rajani Associates
Advocates & Solicitors
204-207 Krishna Chambers
59, New Marine Lines
Mumbai 400 020, India
Telephone: +91 22 4096 1000
Facsimile: +91 22 4096 1010
Email: info@rajaniassociates.net

Registrar to the Issue

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400078, India.
Telephone: +91 22 2596 0320
Facsimile: +91 22 2596 0329
Email: evelin.subalatha @linkintime.co.in
Contact Person: Ms. Evelin Subalatha
Website: www.linkintime.co.in
SEBI registration number: INR000004058

Statutory Auditors

M/s. B.S. Mehta & Co.
11/13, Botawala Building
2nd Floor, Horniman Circle
Fort, Mumbai 400 001
Telephone: +91 22 2266 1255
Facsimile: +91 22 2266 5666
Email: bsmcol@vsnl.net
Contact Person: Mr. Paresh Clerk
Membership No.: 36148
Peer Review Certificate No.: FRN 106190W

Bankers to the Company

Andhra Bank
18, Homi Mody Street, Nanavati Mahalalya
Fort Branch, Mumbai 400 001, India.
Telephone: +91 22 2282 8951
Facsimile: +91 22 2215 3969
Email: customerser@andhrabank.co.in
Contact Person: Mr. Srivastava

State Bank of India
Industrial Finance Branch, IInd Floor
World Trade Centre, Cuffe Parade
Mumbai 400 026, India.
Telephone: +91 22 2218 9788
Facsimile: +91 22 2215 5046
Email: sbi.08965@sbi.co.in
Contact Person: Mr. Alok Sinha

Bank of Maharashtra
Overseas Branch, Nariman Point
Mumbai 400 021, India.
Telephone: +91 22 2204 9953
Facsimile: +91 22 2288 1845
Email: bom671@mahabank.co.in
Contact Person: Mr. Sharma

The Export Import Bank of India
8th Floor, Maker Chambers No.IV
Nariman Point, Mumbai 400 021, India.
Telephone: +91 22 2282 3320
Facsimile: +91 22 2202 2132
Email: eximwrro@vsnl.com
Contact Person: Mr. Nimit Vaid

Corporation Bank
George Town Branch, No.101, (Old 49)
Armenian Street, P.B. No.237
George Town, Chennai 600 001, India.
Telephone: +91 44 2534 4026
Facsimile: +91 44 2534 2339
Email: eb0005@corpbank.co.in
Contact Person: Mr. Shiva Kumar

Bank of India
Mumbai Mid Corporate Branch
Bank of India Bldg, Mezzanine Floor
70-80 Mahatama Gandhi Road
Fort Mumbai 400 001, India.
Telephone: +91 22 2262 3656
Facsimile: +91 22 2269 2196
Email: mcb.mumbaisouth@bankofindia.co.in
Contact Person: Mr. Santosh

Experts

Except for the "Financial Information" and the "Statement of Tax Benefits" beginning on pages 161 and 80 respectively of this Draft Letter of Offer, the Company has not obtained any expert opinions under the Companies Act. The term "expert' as used in the Draft Letter of Offer is not intended to be considered an "expert" within the meaning of Section 11 of the U.S. Securities Act.

Bankers to the Issue

[●]

Self Certified Syndicate Banks (SCSBs)

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on http://www.sebi.gov.in/pmd/scsb.html.

Monitoring Agency

In terms of Regulation 16(1) of the SEBI (ICDR) Regulations, since the size of the present Issue is less than ₹50,000 lakhs, the Company is not required to appoint a monitoring agency for the purposes of this Issue. As required under the listing agreements with the Stock Exchanges, the Audit Committee appointed by the Board of Directors will monitor the utilization of the Issue proceeds. The Company will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head in the quarterly financial disclosures and annual audited financial statements until the Issue proceeds remain unutilized, to the extent required under the applicable law and regulation.

Statement of *inter se* allocation of Responsibilities for the Issue

Vivro Financial Services Private Limited is the sole Lead Manager to the Issue and all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them. The various activities have been set out below:

No.	Activities
1.	Structuring of the Issue in conformity with the SEBI (ICDR) Regulations, undertaking liaison with the Stock Exchanges, as may be required under the prevailing framework of regulations/rules/guidelines issued by the SEBI and the Stock Exchanges.
2.	Assisting the Company and its legal advisors in drafting the Letter of Offer, the Abridged Letter of Offer and the CAF; conduct due diligence as may be required on the Company and assist in compliance with regulatory requirements of the SEBI and the Stock Exchanges. The Lead Manager shall ensure compliance with the SEBI (ICDR) Regulations and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges and the SEBI.
3.	Institutional marketing strategies and assisting the Company in preparing the Issue advertisements.
4.	Follow-up with the Bankers to the Issue to get quick estimates of collection and advising such Banks about closure of the Issue, based on the correct figures.
5.	Assisting in the listing of the Rights Shares issued pursuant to the Issue on the Stock Exchanges.
6.	Assist in the selection of various agencies connected with the Issue, including printers, advertising agencies, legal advisors, bankers to the Issue (selecting collection centers) and Registrar to the Issue.
7.	The post-Issue activities will involve essential follow up steps which must 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 activities such as Registrars to the Issue, Bankers to the Issue. Whilst, many of the post-Issue activities will be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the Company.

Credit Rating

As the Issue is of Equity Shares, credit rating is not required.

Trustee

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

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution.

Underwriting

The Company has not entered into any underwriting arrangement with the Lead Manager in connection with the Issue.

Additional Subscription by the Promoters

The Promoters hereby confirm and undertake to subscribe to the full extent of their entitlement in the proposed Rights Issue, either by themselves or through one or more Promoter Group and either singly or jointly amongst any of them. The Promoters (either through one or more Promoter Group and either singly or jointly amongst any of them) also intend to subscribe to any unsubscribed portion of the Issue such that not less than 90% of the Issue is subscribed. As a result of this subscription and consequent allotment, the Promoters and one or more Promoter Group may acquire Equity Shares over and above their Rights Entitlement, which may result in an increase of Promoter and/or the Promoter Group shareholding above its current shareholding and including their allotment pursuant to Rights Entitlement of Equity Shares and to the extent of the unsubscribed portion of the Issue as mentioned above. This subscription and acquisition of additional Equity Shares by the Promoters/Promoter Group through this Issue, if any, will not result in a change of control of the management of the Company and shall be in compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and other applicable regulations therein.

Presently, the Company is complying with Clause 40A of the Listing Agreement and the minimum public shareholding required to be maintained for continuous listing is 25% of the total paid-up equity capital.

The Promoter and/or members of the Promoter Group intend to subscribe for any undersubscribed portion as per the provisions of applicable law. Allotment to the Promoter and/or members of the Promoter Group of any undersubscribed portion, over and above their Rights Entitlement, shall be completed in compliance with Clause 40A of the Listing Agreements and other applicable laws prevailing at that time relating to continuous listing requirements and the minimum public shareholding of 25% of the total paid up equity capital required to be maintained for continuous listing shall be maintained. For further details of under subscription and allotment to the Promoter and Promoter Group, please refer to sub-section titled "Basis of Allotment" under the section titled "Terms of the Issue" beginning on page 292 of this Draft Letter of Offer.

In case the permission to deal in and for an official quotation of the Rights Shares is not granted by the BSE, the Company shall forthwith repay without interest, all monies received from the applicants in pursuance of this Draft Letter of Offer and if such money is not repaid within eight days after the day from which the Company is liable to repay it, the Company shall pay interest @ 15% per annum as prescribed under Section 73(2) / 73(2A) of the Companies Act, 1956.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Issue Opens on	**[●]**
Last date for request for Split Application Forms	**[●]**
Issue Closes on	**[●]**

The Board may however decide to extend the Issue period, as it may determine from time to time, but not exceeding thirty (30) days from the Issue Opening Date.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, the Company shall refund the entire subscription amount received within fifteen (15) days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight (8) days after the Company becomes liable to pay the subscription amount (i.e. fifteen (15) days after the Issue Closing Date), the Company will pay interest for the delayed period at 15% per annum as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

CAPITAL STRUCTURE

The Company's share capital, as of the date of filing this Draft Letter of Offer, before and after the proposed Issue, is set forth below:

No.	Particulars	Nominal Value (₹)	Aggregate value at Issue Price (₹)
A	**Authorised Share Capital**		
	60,00,000 Equity Shares of ₹10 each	6,00,00,000	
	3,00,000 Redeemable Preference Shares of ₹100 each	3,00,00,000	
B	**Issued, Subscribed and Paid Up Capital before the Issue**		
	14,51,040 Equity Shares of ₹10 each	1,45,10,400	
C	**Present Issue in terms of this Draft Letter of Offer**		
	[●] Equity Shares of ₹10 each at an Issue Price of ₹[●] each	[●]	[●]
D	**Issued, Subscribed and Paid-up Capital after the Issue**		
	[●] Equity Shares of ₹10 each	[●]	[●]
E	**Share Premium Account**		
	Before the Issue		4,12,22,680
	After the Issue		[●]

1. **Details of changes in Authorised Share Capital**

No.	Year/ date of change in Authorized Share Capital	Details of change
1.	1970*	Authorised Share Capital of ₹50,00,000 comprising of 50,000 Equity Shares of ₹100 each.
2.	*As appearing in the Balance Sheet as at October 31, 1970, the Company had sub-divided the face value of Equity Shares from ₹100 to ₹10. The Authorized Share Capital on sub-division of the face value then comprised of ₹50,00,000 comprising of 5,00,000 Equity Shares of ₹10 each.*	
3.	1987**	Increase in Authorised Share Capital from ₹50,00,000 to ₹1,00,00,000 comprising 10,00,000 Equity Shares of ₹10 each
4.	1990***	Increase in Authorised Share Capital from ₹1,00,00,000 to ₹3,00,00,000 comprising 30,00,000 Equity Shares of ₹10 each
5.	March 30, 2009	Increase in Authorised Share Capital from ₹3,00,00,000 to ₹9,00,00,000 comprising 60,00,000 Equity Shares of ₹10 each and 3,00,000 Redeemable Preference Shares of ₹100 each.

**Data derived from the Balance Sheet as at October 31, 1970.*
***Data derived from the Balance Sheet as at January 31, 1987.*
****Data derived from the Balance Sheet as at March 31, 1990.*

Notes on Capital Structure

2. **Share Capital History of the Company**

(a) Equity Share capital history

The following is the history of the Equity Share capital of the Company:

Date/Year of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (Cash or Other than Cash)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Share Capital (₹)	Cumulative Share Premium (₹)
1970	1,500	100	100 (fully paid-up)	Cash	Data not available	1,500	1,50,000	--
	8,500	100	100 (₹40 paid-up)	Cash	Data not available	10,000	10,00,000	--
Total	**10,000**							
As appearing in the Balance Sheet as at October 31, 1970, the Company had sub-divided the face value of Equity Shares from ₹100 to ₹10. The Equity Shares on sub-division of the face value then amounted to 1,00,000 Equity Shares of ₹10 each.								
Total	**1,00,000**							
1971	2,50,000	10	10	Cash	Initial Public Offering (IPO)*	3,50,000	35,00,000	--
March 16, 1979	(6,850)	10	10	--	Forfeiture of Equity Shares**	3,43,150	34,31,500	--
September 9, 1987	6,850	10	10	Cash	Re-issue of forfeited Equity Shares***	3,50,000	35,00,000	--
February 1, 1988	1,75,000	10	Bonus	Bonus	Bonus Issue (2:1)****	5,25,000	52,50,000	--
January 17, 1991	5,25,000	10	Bonus	Bonus	Bonus Issue (1:1)*****	10,50,000	1,05,00,000	--
January 19, 1999	1,75,820	10	60	Cash	Preferential Allotment#	12,25,820	1,22,58,200	87,91,000
March 31, 2010	1,03,000	10	154	Cash	Allotment of Equity Shares pursuant to conversion of warrants	13,28,820	1,32,88,200	2,36,23,000
January 28, 2011	1,22,220	10	154	Cash	Allotment of Equity Shares pursuant to conversion of warrants	14,51,040	1,45,10,400	4,12,22,680
Total	**14,51,040**							

**Data derived from the Balance Sheet as at October 31, 1971.*
***Data derived from the Balance Sheet as at October 31, 1979.*
****Data derived from the Balance Sheet as at January 31, 1988.*
*****Data derived from the Balance Sheet as at March 31, 1989. 1,75,000 Equity Shares were allotted as bonus shares by capitalization of General Reserves.*
******Data derived from the Balance Sheet as at March 31, 1991. 5,25,000 Equity Shares were allotted as bonus shares by capitalization of General Reserves.*
 # Data derived from the Balance Sheet as at March 31, 1999.

(b) Promoter Capital Built-up

No.	Date of Allotment/ transfer	Allotment / Transfer	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition Price per Equity Share (₹)	Nature of consideration	% of pre-Issue Capital	% of post Issue Capital
Mr. Utsav Dhupelia								
1.	August 16, 1999	Transfer	10,950	10	50.75	Cash	0.75	[●]
2.	September 22, 1999	Transfer	300	10	57.50	Cash	0.02	[●]
3.	November 29, 1999	Transfer	2,550	10	50.60	Cash	0.18	[●]
4.	December 20, 1999	Transfer	50	10	52.65	Cash	Negligible	[●]
5.	May 2, 2000	Transfer	900	10	50.00	Cash	0.06	[●]
6.	May 22, 2000	Transfer	50	10	49.00	Cash	Negligible	[●]
7.	July 3, 2000	Transfer	950	10	46.50	Cash	0.07	[●]
8.	July 17, 2000	Transfer	750	10	53.90	Cash	0.05	[●]
9.	July 24, 2000	Transfer	600	10	48.00	Cash	0.04	[●]
10.	August 7, 2000	Transfer	150	10	48.25	Cash	0.01	[●]
11.	September 25, 2000	Transfer	1,300	10	46.95	Cash	0.09	[●]
12.	October 31, 2006	Transfer	450	10	105.30	Cash	0.03	[●]
13.	January 15, 2007	Transfer	1,400	10	163.00	Cash	0.10	[●]
14.	March 31, 2010	Allotment	51,500	10	154	Cash	3.55	[●]
15.	January 28, 2011	Allotment	61,110	10	154	Cash	4.21	[●]
		Total	**1,33,010**					
Ms. Pallavi Dhupelia								
1.	May 3, 1979	Transfer	39,950	10	Not Available	Cash	2.75	[●]
2.	July 17, 1979	Transfer	10,050	10	Not Available	Cash	0.69	[●]
3.	December 22, 1983	Transfer	100	10	Not Available	Cash	0.01	[●]
4.	November 1, 1985	Transfer	150	10	Not Available	Cash	0.01	[●]
5.	May 7, 1987	Transfer	650	10	Not Available	Cash	0.04	[●]
6.	September 19, 1987	(Transfer)	(4,000)	10	52	Cash	0.28	[●]
7.	October 27,1987	Transfer	400	10	Not Available	Cash	0.03	[●]
8.	December 3,1987	Transfer	450	10	Not Available	Cash	0.03	[●]
9.	December 10,1987	Transfer	600	10	Not Available	Cash	0.04	[●]
10.	January 5, 1988	Transfer	1,950	10	48	Cash	0.13	[●]
11.	January 25,1988	Transfer	1,400	10	Not Available	Cash	0.10	[●]
12.	January 28, 1988	Transfer	9,350	10	Not Available	Cash	0.64	[●]
13.	February	Bonus	31,550	10	N.A.	N.A.	2.17	[●]

No.	Date of Allotment/ transfer	Allotment / Transfer	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition Price per Equity Share (₹)	Nature of consideration	% of pre-Issue Capital	% of post Issue Capital
	1,1988							
14.	March 24, 1988	Transfer	775	10	Not Available	Cash	0.05	[•]
15.	April 25, 1988	Transfer	2,700	10	Not Available	Cash	0.19	[•]
16.	June 14, 1988	Transfer	1,000	10	Not Available	Cash	0.07	[•]
17.	October 8, 1988	Transfer	1,000	10	Not Available	Cash	0.07	[•]
18.	December 7, 1988	Transfer	600	10	Not Available	Cash	0.04	[•]
19.	January 28, 1989	Transfer	75	10	Not Available	Cash	0.01	[•]
20.	June 29, 1989	Transfer	1,225	10	Not Available	Cash	0.08	[•]
21.	November 8, 1989	Transfer	3,950	10	Not Available	Cash	0.27	[•]
22.	November 8, 1989	Transfer	1,000	10	Not Available	Cash	0.07	[•]
23.	December 28, 1989	(Transfer)	(200)	10	Not Available	Cash	0.01	[•]
24.	April 12, 1990	Transfer	200	10	Not Available	Cash	0.01	[•]
25.	September 25, 1990	(Transfer)	(47,050)	10	Not Available	Cash	3.24	[•]
26.	December 10, 1990	(Transfer)	(6,900)	10	Not Available	Cash	0.48	[•]
27.	January 17, 1991	Bonus	53,025	10	N.A.	N.A.	3.65	[•]
28.	July 15, 1993	Transfer	15,000	10	95	Cash	1.03	[•]
29.	Date not available	(Transfer)	(150)	10	Not Available	Cash	0.01	[•]
30.	December 31, 1996	Transfer	3,750	10	40	Cash	0.26	[•]
31.	July 28, 1997	Transfer	50	10	40	Cash	Negligible	[•]
32.	August 4, 1997	Transfer	2,050	10	50	Cash	0.14	[•]
33.	August 11, 1997	Transfer	5,750	10	50	Cash	0.39	[•]
34.	August 25, 1997	Transfer	100	10	40	Cash	0.01	[•]
35.	September 1, 1997	Transfer	500	10	50	Cash	0.03	[•]
36.	January 12, 1998	Transfer	4,600	10	48	Cash	0.32	[•]
37.	February 9, 1998	Transfer	950	10	44	Cash	0.07	[•]
38.	February 23, 1998	Transfer	100	10	48	Cash	0.01	[•]
39.	March 2, 1998	Transfer	2,200	10	46	Cash	0.15	[•]
40.	March 9, 1998	Transfer	100	10	47	Cash	0.01	[•]
41.	June 30, 1998	(Transfer)	(250)	10	51	Cash	0.02	[•]
42.	November 23, 1998	Transfer	250	10	44	Cash	0.02	[•]

No.	Date of Allotment/ transfer	Allotment / Transfer	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition Price per Equity Share (₹)	Nature of consideration	% of pre-Issue Capital	% of post Issue Capital
43.	November 23, 1998	Transfer	5,000	10	44	Cash	0.34	[●]
44.	March 31, 1998	Transfer	4,750	10	44	Cash	0.33	[●]
45.	March 31, 1999	Transfer	22,600	10	76	Cash	1.56	[●]
46.	March 31, 2000	(Transfer)	(15,000)	10	49	Cash	1.03	[●]
47.	April 17, 2000	Transfer	50	10	56.15	Cash	Negligible	[●]
48.	March 31, 2006	Transfer	100	10	85	Cash	0.01	[●]
49.	September 30, 2007	Transfer	6,405	10	204	Cash	0.44	[●]
		Total	**1,62,905**					
Mr. Milan Dalal								
1.	September 19, 1987	Transfer	100	10	Not Available	Cash	0.01	[●]
2.	February 1, 1988	Bonus	50	10	N.A.	N.A.	Negligible	[●]
3.	January 17, 1991	Bonus	150	10	N.A.	N.A.	0.01	[●]
4.	May 4, 2005	Transfer	10,000	10	55.20	Cash	0.69	[●]
5.	September 28, 1994	Transfer	250	10	25.35	Cash	0.28	[●]
6.	June 30, 2004	Transfer	4,000	10	170	Cash	0.02	[●]
		Total	**14,550**					

3. **Acquisition and sale/transfer of Equity Shares by the Promoters in last one (1) year**

   There has been no acquisition, sale or transfer of Equity Shares by the Promoters in the last one (1) year preceding the date of filing of this Draft Letter of Offer.

4. **Shareholding Pattern of the Company**

   The table below presents the shareholding pattern of the Company as on August 10, 2012 as per Clause 35 of the Equity Listing Agreement.

(*Face value of Equity Shares of* ₹ *10 each*)

	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					% of (A+B)	% of (A+B+C)	No. of shares	%
(A)	**Promoter and Promoter Group**							
(1)	**Indian**							
(a)	Individuals/ Hindu Undivided Family	19	5,20,508	4,58,300	35.87	35.87	--	--
(b)	Central Government/ State Government(s)	--	--	--	--	--	--	--
(c)	Bodies Corporate	4	1,45,742	1,36,142	10.04	10.04	39,472	27.08
(d)	Financial Institutions/ Banks	--	--	--	--	--	--	--
(e)	Any Other:	--	--	--	--	--	--	--
	Sub-Total (A)(1)	**23**	**6,66,250**	**5,94,442**	**45.92**	**45.92**	**39,472**	**2.72**
(2)	**Foreign**							
(a)	Individuals (Non-	--	--	--	--	--	--	--

	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					% of (A+B)	% of (A+B+C)	No. of shares	%
	Resident Individuals/ Foreign Individuals)							
(b)	Bodies Corporate	--	--	--	--	--	--	--
(c)	Institutions	--	--	--	--	--	--	--
(d)	Any Other (specify)	--	--	--	--	--	--	--
	Sub-Total (A)(2)	**--**	**--**	**--**	**--**	**--**	**--**	**--**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**23**	**6,66,250**	**5,94,442**	**45.92**	**45.92**	**39,472**	**5.92**
(B)	**Public shareholding**							
(1)	**Institutions**							
(a)	Mutual Funds/UTI	--	--	--	--	--	--	--
(b)	Financial Institutions/ Banks	--	--	--	--	--	--	--
(c)	Central Government/ State Government(s)	--	--	--	--	--	--	--
(d)	Venture Capital Funds	--	--	--	--	--	--	--
(e)	Insurance Companies	1	150	--	0.01	0.01	--	--
(f)	Foreign Institutional Investors	1	21,000	21,000	1.45	1.45	--	--
(g)	Foreign Venture Capital Investors	--	--	--	--	--	--	--
(h)	Any Other	--	--	--	--	--	--	--
	Sub-Total (B)(1)	**2**	**21,150**	**21,000**	**1.46**	**1.46**	**--**	**--**
(2)	**Non-institutions**							
(a)	Bodies Corporate	49	1,89,771	1,57,220	13.08	13.08	--	--
(b)	Individuals							
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	1,858	3,09,975	2,08,501	21.36	21.36	--	--
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	4	83,673	83,673	5.77	5.77	--	--
(c)	Any Other (specify)							
	i. Non-resident Indians (Repat)	9	2,839	2,639	0.20	0.20	--	--
	ii. Non-resident Indians (Non-Repat)	3	725	725	0.05	0.05	--	--
	iii. Overseas Bodies Corporate	--	--	--	--	--	--	--
	iv. Clearing Member	5	137	137	0.01	0.01	--	--
	v. Directors/Relatives	3	1,76,520	700	12.17	12.17	--	--
	vi. Trusts	--	--	--	--	--	--	--
	Sub-Total (B)(2)	1,931	7,63,640	4,53,595	54.08	54.08	--	--
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**1,933**	**7,84,790**	**4,74,595**	**54.08**	**54.08**	**--**	**--**
	TOTAL (A)+(B)	**1,956**	**14,51,040**	**10,69,037**	**100.00**	**100.00**	**39,472**	**2.72**

(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	--	--	--	--	--	--	--
	GRAND TOTAL (A)+(B)+(C)	**1,956**	**14,51,040**	**10,69,037**	**100.00**	**100.00**	**39,472**	**2.72**

5. The aggregate shareholding of the Promoters & Promoter Group as on August 10, 2012.

Particulars	Number of Shares	Percentage (%) holding
Promoters		
Ms. Pallavi Dhupelia	1,62,905	11.23
Mr. Utsav Dhupelia	1,33,010	9.17
Mr. Milan Dalal	14,550	1.00
Total (A)	**3,10,465**	**21.40**
Promoter Group		
Western Press Private Limited	1,14,357	7.88
Ms. Rekha Dalal	72,950	5.03
Mr. Satyen Dalal	60,093	4.14
Ms. Veena Dalal	35,050	2.42
CIFCO Limited	21,685	1.49
Mr. Asim Dalal	21,350	1.47
Ms. Aditi Dalal	15,950	1.10
Satyen Holdings Limited	9,600	0.66
Mr. Devdut Dalal	4,200	0.29
Ms. Avanti Dalal	300	0.02
Ms. Gaurika Dalal	150	0.01
Bombay Swadeshi Stores Limited	100	0.01
Total (B)	**3,55,785**	**24.52**
Total (A+B)	**6,66,250**	**45.92**

6. The aggregate shareholding of the Promoter Group subject to pledge as on August 10, 2012.

Particulars	Number of Shares	Percentage (%) holding
Promoter Group		
Western Press Private Limited	39,472	2.72
Total	**39,472**	**2.72**

7. The aggregate shareholding of the Promoters & Promoter Group subject to lock-in as on August 10, 2012.

Particulars	Number of Shares	Percentage (%) holding
Promoter		
Mr. Utsav Dhupelia	1,12,610	7.76
Promoter Group		
Western Press Private Limited	72,610	5.00
Ms. Rekha Dalal	40,000	2.76
Total	**2,25,220***	**15.52**

**The above Equity Shares issued on preferential basis have been locked-in pursuant to the requirements of Chapter VII of the SEBI (ICDR) Regulations.*

8. The shareholding pattern of the Company before and after the Issue is set forth below:

Particulars	Pre-Issue		Post-Issue	
	Number of shares	**Shareholding (%)**	**Number of shares**	**Shareholding (%)**
Promoters				
Ms. Pallavi Dhupelia	1,62,905	11.23	[●]	[●]
Mr. Utsav Dhupelia	1,33,010	9.17	[●]	[●]
Mr. Milan Dalal	14,550	1.00	[●]	[●]

Particulars	Pre-Issue		Post-Issue	
	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)
Sub-Total (A)	**3,10,465**	**21.40**	**[•]**	**[•]**
Promoter Group				
Western Press Private Limited	1,14,357	7.88	[•]	[•]
Ms. Rekha Dalal	72,950	5.03	[•]	[•]
Mr. Satyen Dalal	60,093	4.14	[•]	[•]
Ms. Veena Dalal	35,050	2.42	[•]	[•]
CIFCO Limited	21,685	1.49	[•]	[•]
Mr. Asim Dalal	21,350	1.47	[•]	[•]
Ms. Aditi Dalal	15,950	1.10	[•]	[•]
Satyen Holdings Limited	9,600	0.66	[•]	[•]
Mr. Devdut Dalal	4,200	0.29	[•]	[•]
Ms. Avanti Dalal	300	0.02	[•]	[•]
Ms. Gaurika Dalal	150	0.01	[•]	[•]
Bombay Swadeshi Stores Limited	100	0.01	[•]	[•]
Sub-Total (B)	**3,55,785**	**24.52**	[•]	[•]
Total Holding of Promoter & Promoter Group (A+B)	**6,66,250**	**45.92**	**[•]**	**[•]**
C. Public Shareholding	7,84,790	54.08	**[•]**	**[•]**
Sub-Total(C)	**7,84,790**	**54.08**	**[•]**	**[•]**
Equity Shares Offered through the Issue	--	--	**[•]**	**[•]**
Total (A+ B+C) = (D)	**14,51,040**	**100.00**	**[•]**	**[•]**

9. Except as disclosed below, none of the Directors or Key Managerial Personnel hold Equity Shares in the Company:

Name of the Director/ Key Managerial Personnel	Number of Equity Shares held	Shareholding (%)
Mr. Raymond Simkins	1,75,820	12.12
Mr. Utsav Dhupelia	1,33,010	9.17
Mr. Milan Dalal	14,550	1.00
Mr. Moloy Saha	5,730	0.39
Mr. Dinkarray Trivedi	400	0.03
Mr. Chaitan Maniar	300	0.02

10. **Details of the shareholders holding more than one percent (1%) of the share capital of the Company as on June 30, 2012:**

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
Promoter and Promoter Group			
1.	Ms. Pallavi Dhupelia	162,905	11.23
2.	Mr. Utsav Dhupelia	1,33,010	9.17
3.	Western Press Private Limited	114,357	7.88
4.	Ms. Rekha Dalal	72,950	5.03
5.	Mr. Satyen Dalal	60,093	4.14
6.	Ms. Veena Dalal	35,050	2.42
7.	CIFCO Limited	21,685	1.49
8.	Mr. Asim Dalal	21,350	1.47
9.	Ms. Aditi Dalal	15,950	1.10
	Total (A)	**6,37,350**	**43.92**
Others			
1.	Mr. Raymond Simkins	1,75,820	12.12
2.	Pilot Consultants Private Limited	50,028	3.45
3.	Oceanic Investments Limited	29,600	2.04
4.	Amrabathi Investra Private Limited	29,242	2.02
5.	Ms. Aditi Mehta	28,561	1.96
6.	Ms. Vijaya Nahar	21,656	1.49

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
7.	Orange Mauritius Investments Limited	21,000	1.44
8.	Mr. Chandrasen Jhaveri	17,143	1.18
9.	Ms. Sarju Jhaveri	16,313	1.12
10.	Anjana Projects Limited	16,032	1.10
	Total (B)	**4,05,395**	**27.94**
	Grand Total (A+B)	**10,42,745**	**71.86**

11. **Top Ten Shareholders of the Company**

a. The top ten (10) shareholders of the Company as of the date of the filing of the Draft Letter of Offer with SEBI are as follows:

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
1.	Mr. Raymond Simkins	1,75,820	12.12
2.	Ms. Pallavi Dhupelia	1,62,905	11.23
3.	Mr. Utsav Dhupelia	1,33,010	9.17
4.	Western Press Private Limited	1,14,357	7.88
5.	Ms. Rekha Dalal	72,950	5.03
6.	Mr. Satyen Dalal	60,093	4.14
7.	Pilot Consultants Private Limited	50,028	3.45
8.	Ms. Veena Dalal	35,050	2.42
9.	Oceanic Investments Limited	29,600	2.04
10.	Amrabathi Investra Private Limited	29,242	2.02
	Total	**8,63,055**	**59.48**

b. The top ten (10) shareholders of the Company as of ten (10) days prior to the filing of the Draft Letter of Offer with SEBI are as follows:

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
1.	Mr. Raymond Simkins	1,75,820	12.12
2.	Ms. Pallavi Dhupelia	1,62,905	11.23
3.	Mr. Utsav Dhupelia	1,33,010	9.17
4.	Western Press Private Limited	1,14,357	7.88
5.	Ms. Rekha Dalal	72,950	5.03
6.	Mr. Satyen Dalal	60,093	4.14
7.	Pilot Consultants Private Limited	50,028	3.45
8.	Ms. Veena Dalal	35,050	2.42
9.	Oceanic Investments Limited	29,600	2.04
10.	Amrabathi Investra Private Limited	29,242	2.02
	Total	**8,63,055**	**59.48**

c. The top ten (10) shareholders of the Company as of two (2) years prior to the filing of the Draft Letter of Offer with SEBI are as follows:

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
1.	Mr. Raymond Simkins	1,75,820	13.23
2.	Ms. Pallavi Dhupelia	1,52,755	11.49
3.	Western Press Private Limited	67,797	5.10
4.	Mr. Satyen Dalal	60,093	4.51
5.	Mr. Utsav Dhupelia	51,500	3.87
6.	Ms. Veena Dalal	35,050	2.63
7.	Oceanic Investments Limited	29,600	2.22
8.	Anjana Projects Limited	27,282	2.05
9.	Ms. Rekha Dalal	23,175	1.74

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
10.	Cifco Limited	21,685	1.63
	Total	**6,44,757**	**48.47**

12. The Company does not have any ESOS and ESPS Schemes as of the date of filing of this Draft Letter of Offer.

13. The Company has not issued or allotted any Equity Shares in terms of scheme approved under Section 391-394 of the Companies Act.

14. The Company, its Directors, Promoter or the Lead Manager have not entered into any buy-back or standby arrangements for the purchase of the Equity Shares of the Company.

15. The Company undertakes that there shall be only one (1) denomination for the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.

16. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares as on the date of this Draft Letter of Offer.

17. The Equity Shares are fully paid up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Letter of Offer.

18. The Company has not issued Equity Shares out of Revaluation Reserves. Further, the Company has not issued any Equity Shares for consideration other than cash. The Company had issued 1,75,000 and 5,25,000 Equity Shares as bonus shares in the year 1988 and 1991 respectively to the existing shareholders of the Company out of the General Reserves of the Company which has been disclosed under this section.

19. The Equity Shares issued pursuant to this Issue shall be fully paid-up.

20. Except for the initial public offering of the Company which closed in the year 1971, the Company has not made any public issue of any kind or class of securities of the Company since its incorporation.

21. As on August 10, 2012, the Company has 1,956 shareholders.

22. The Company has not raised any bridge loan against the proceeds of this Issue.

23. The Company does not have any proposal or intention to alter the equity capital structure by way of split/ consolidation of the denomination of the Equity Shares, or the issue of securities on a preferential basis or issue of bonus or rights or further public issue of securities or qualified institutions placement within a period of six (6) months from the date of opening of the Issue. However, if business needs of the Company so require, the Company may alter the capital structure by way of split / consolidation of the denomination of the Equity Shares / issue of Equity Shares on a preferential basis or issue of bonus or rights or public or preferential issue of Equity Shares or any other securities during the period of six (6) months from the date of opening of the Issue or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required.

24. The Promoter and shareholders forming a part of the Promoter Group ("***Promoter Group Shareholders***") have undertaken to fully subscribe for their Rights Entitlement under the Issue. In addition to subscription to their Rights Entitlements, the Promoter and Promoter Group Shareholders intend to subscribe to additional Equity Shares for any unsubscribed portion in the Issue. As a result of such additional subscription, the Promoters and Promoter Group Shareholders may acquire Equity Shares over and above their respective Rights Entitlements, which may result in an increase of the shareholding of the Promoter and the Promoter Group Shareholders above the current shareholding. The subscription to such additional Equity Shares to be made by the Promoter and Promoter Group Shareholders will be in accordance with Regulation 10(4)(b) of the SEBI Takeover Regulation and other applicable provisions of law.

Presently the Company is complying with clause 40A of the Listing Agreement and the minimum public shareholding required to be maintained for continuous listing is 25% of the total paid up equity capital.

The Promoter and the Promoter Group Shareholders intend to subscribe for any undersubscribed portion as per the provisions of applicable law. Allotment to the Promoter and the Promoter Group Shareholders of any undersubscribed portion, over and above their Rights Entitlement, shall be completed in compliance with clause 40A of the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements and the minimum public shareholding of 25% of the total paid up equity capital required to be maintained for continuous listing shall be maintained. For further details of under subscription and allotment to the Promoter and Promoter Group Shareholders, please refer to the section titled "Basis for Allotment" below under this section titled "Terms of the Issue" on page 292 of this Draft Letter of Offer.

In case the permission to deal in and for an official quotation of the Rights Securities is not granted by the BSE, the Company shall forthwith repay without interest, all monies received from the applicants in pursuance of this Draft Letter of Offer and if such money is not repaid within eight (8) days after the day from which the Company is liable to repay it, the Company shall pay interest @ 15% per annum as prescribed under Section 73(2) / 73(2A) of the Companies Act, 1956.

25. The Company has not revalued its assets during the last five (5) financial years. However, Land and Building at Deonar, Mumbai of the Company was revalued on the basis of Valuation as on September 26, 2002 and Valuation Report dated September 27, 2002. Consequently, ₹10,66,79,383 has been credited to Revaluation Reserve Account in the year 2002.

26. The Lead Manager and its associates do not hold any Equity Shares in the Company as on the date of filing this Draft Letter of Offer.

OBJECTS OF THE ISSUE

The proceeds of the Issue, after deducting Issue related expenses (the "***Net Proceeds***"), are estimated to be approximately [●] lakhs.

The Net Proceeds are proposed to be utilized by the Company for the following objects ("***Objects***"):

- Augmenting Long Term Working Capital; and
- General Corporate Purposes.

The Main Objects and the Objects incidental or ancillary to the Main Object as set out in the Memorandum of Association of the Company permits it to undertake the existing activities and the activities for which the funds are being raised through the present issue. Further, the Company confirms that the activities it has been carrying on until now are in accordance with the Objects Clause of its Memorandum of Association of the Company.

The details of proceeds of the Issue are summarized below:

Description	Amount (₹ in lakhs)
Gross Proceeds of the Issue	[●]
Issue related Expenses*	[●]
Net Proceeds of the Issue*	[●]

** To be finalized upon determination of Issue Price*

Cost of the Project

Particulars	Amount (₹ in lakhs)
Augmenting Long Term Working Capital	1,410.49
General Corporate Purposes	[●]
Total	[●]

Means of Finance

The details of the means of finance are provided below:

Particulars	Amount (₹ in lakhs)
Net Proceeds of the Issue	[●]
Total	[●]

There is no requirement for the Company to make firm arrangements of finance through verifiable means towards seventy five percent (75 %) of the stated means of finance as entire Objects of the Issue is proposed to be funded through proceeds of this Issue.

Details of Use of Issue Proceeds

1. **Augmenting Long term Working Capital Margin**

   The Company is engaged in fruits & vegetables processing industry, which has seasonality in its operations. Procurement and processing of fruits and vegetables is generally carried out in four months in a year and where as the storage and dispatch of final products are spread over next twelve (12) months from the date of production. Working Capital requirement of Company on account of its peculiar nature of industry, in which it operates, is generally high as compared to other industries.

   The Company has increased its sales over past five (5) years from ₹14,141.28 Lakhs for the financial period ended on September 30, 2007 to ₹38,357.68 Lakhs for the eighteen (18) months period ended on March 31, 2012. During this five (5) year period, the Company has not infused fresh long-term working capital margin by way of promoters' contribution except as equity share capital of ₹346.84 Lakhs (including equity share premium of ₹324.32 Lakhs) and unsecured loan amounting ₹450.40 Lakhs aggregating to ₹797.24 Lakhs. In order to improve debt equity ratio the Company is under stipulation from its working capital lenders to augment the long-term working capital margin by infusion of equity resources.

Presently, the Company has been sanctioned fund based working capital facilities of ₹12,417 Lakhs from consortium of banks led by Andhra Bank and other member banks *viz*. State Bank of India, Bank of Maharashtra, Corporation Bank, Exim Bank, Bank of India and Deutsche Bank. The Company proposes to utilize approx. ₹1,410.49 lakhs from the proceeds of the issue for meeting the long-term working capital requirement. For further details of the loans refer to the section titled "Financial Indebtedness" beginning on page 251 of this Draft Letter of Offer.

Basis for Estimation for Working Capital for the period ended on March 31, 2013:

The Company is primarily into the business of processing and marketing fruit pulps, concentrates and spray dried fruit and vegetable powders both into domestic and international markets. The Company exports its products to various geographies such as Europe, Middle East, USA and Japan catering to companies in the foods, beverage and dairy industry. The Company through its various divisions *viz*. (i) Aseptic, (ii) Canning and (iii) Spray Dried products make a diverse portfolio of processed food products.

The Company's business requires a significant infusion of working capital to finance the purchase of raw materials i.e. fruits and vegetables and for processing them before the products are sold and payments are received from customers over the next twelve (12) months.

The Company's working capital requirements increase significantly during the mango season i.e. April to July when the procurement of mangoes for processing increase manifold and substantial payments are required to be made to the farmers on one hand and the labour working at the Company's processing units on the other. In addition to the above, the Company's eighth (8^{th}) processing unit at Nasik for spray drying is currently under development and is expected to be operational by March 2013 thereby further increasing the overall installed capacities and revenues of the Company.

Inventory level is estimated to be approximately of five (5) months' of total sales. The reasons for high inventory levels are due to long holding period of finished inventory against confirmed orders. As a seasonal industry, the Company produces mango products (70% of total production) during mid April to July and the finished inventory is dispatched in tranches over a period of next twelve (12) month period. Since April to July being peak season for the processing operations, the Company has have estimated working capital requirements for a twelve months period ended March 31, 2013.

The average debtors are estimated to be approximately two (2) months of sales for the twelve months. In addition, the Company also receives customer advances of approx. fifteen (15) days of total sales in view of the confirmed orders and holding of inventory. The Creditors for raw-materials and packing materials are estimated to be approximately one (1) month. The creditor for manufacturing expenses and general expenses are estimated to be seven (7) days of total expenditure.

The detailed break up of working capital requirement is provided below:

Assessment of Working Capital & Margin Requirement	**Audited**	**Projected**
	March 31, 2012 (₹ in lakhs)	**March 31, 2013 (₹ in lakhs)**
(A) Current Assets		
Receivables	4,096.62	4,633.45
Inventories	6539.00	8,727.67
Loans and Advances	3,089.08	3,382.42
Total Current Asset (A)	**13,724.70**	**16,743.54**
(B) Current Liabilities		
Sundry Creditors	2053.81	1,636.44
Customer Advances	2,062.74	1,158.36
Other Current Liabilities	121.55	121.25

Assessment of Working Capital & Margin Requirement	Audited March 31, 2012 (₹ in lakhs)	Projected March 31, 2013 (₹ in lakhs)
Total Current Liabilities (B)	**4238.10**	**2,916.05**
(C) Net Working Capital (A - B)	**9,486.60**	**13,827.49**
Funding Through		
Working Capital Borrowings (Outstanding as on March 31, 2012 and Sanctioned)	10,680.98	12,417.00
Overdraft Facility from Deutsche Bank against hypothecation of specific identified stocks of certain products manufactured and stored on behalf of customer (This overdraft facility is availed from Deutsche Bank on the basis of Stand-by Letter of Credit (SBLC) provided by Customer and is against the delivery schedule of products for the period ending on December 31, 2012)	2,000.00	--
Working Capital Margin	(3,194.38)	1,410.49
Working Capital Margin proposed to be funded through the proceeds of the Issue		1,410.49

2. **General Corporate Purposes**

The Company intends to deploy the balance issue proceeds ₹[•] Lakhs towards the general corporate purposes, including but not restricted to brand building exercises, investment in other segments of the industry or any other purposes as approved by the Board of Directors of the Company. However, not more than 25% of the proceeds of issue would be deployed for the General Corporate Purposes.

3. **Issue related expenses**

The Issue related expenses consist of fees payable to the Lead Manager to the Issue, Legal Counsels, Bankers to the Issue and Registrars to the Issue, Printing and Distribution expenses, Advertising and Marketing expenses, Listing fees to the Stock Exchanges, Depository fees and all other incidental and miscellaneous expenses related to the Issue. The Company intends to use about ₹[•] Lakhs towards these expenses for the Issue. All expenses with respect to the Issue will be borne out of Issue proceeds.

No.	Particulars	Amount (₹ in Lakhs)	Percentage of Total Estimated Issue Expenditure *	Percentage of Issue Size *
1.	Fees of Lead Manager/ Registrar/Legal Advisor	[•]	[•]	[•]
2.	Advertising & marketing expenses, printing & stationery, distribution, postage etc.	[•]	[•]	[•]
3.	Filing fees of SEBI & Stock Exchanges fees including processing fees	[•]	[•]	[•]
4.	Commission to SCSB's	[•]	[•]	[•]
5.	Other expenses (Auditors fees, etc.)	[•]	[•]	[•]
	Total Estimated Issue Expenditure	**[•]**	**[•]**	**[•]**

Appraisal of the Objects

None of the Objects for which the Net Proceeds will be utilized have been financially appraised. The estimates of the costs of Objects mentioned above are based on internal management estimates.

Schedule of Implementation

The proceeds of the Issue would be utilized for working capital purposes in the Company. As estimated by the management, the entire proceeds received from the issue would be utilized for the period ended on March 31, 2013.

Monitoring of Funds

There is no requirement for a monitoring agency in terms of Regulation 16 of the SEBI (ICDR) Regulations, 2009. The Audit Committee appointed by the Board of Directors will monitor the utilization of the proceeds of the Issue. The Company shall, on a quarterly basis disclose to the Audit Committee the uses and application of the proceeds of the Issue. The Company will disclose the utilization of the proceeds of the Issue under a separate head in the balance sheet till such time the proceeds of the Issue have been utilized, clearly specifying the purpose for which such proceeds have been utilized. The Company will also, in its balance sheet till such time the proceeds of the Issue have been utilized, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

Deployment of Funds

The Company has not deployed any fund as envisaged in the Cost of Project.

Shortfall of Funds

In case of a shortfall in the Net Proceeds, the Company shall utilize internal accruals or seek debt from present / future lenders. The management expects that such alternate arrangement would be available to fund any such shortfall. The management, in accordance with the policies of the Board, will have flexibility in utilizing the Net Proceeds earmarked for general corporate purposes.

Interim Use of Issue Proceeds

Pending any use as described above, the Company intends to invest the proceeds of this Issue in high quality, interest / dividend bearing short term liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with the investment policies as approved by the Board of Directors from time to time. The Company will not pay any part of the Issue proceeds as consideration to Promoters, Directors, key management personnel, subsidiaries, group companies, etc.

BASIC TERMS OF THE ISSUE

The Equity Shares, now being issued, are subject to the terms and conditions of this Draft Letter of Offer, the enclosed Composite Application Form ("CAF"), the Memorandum and Articles of Association of the Company, the approvals from the GOI, FIPB and RBI, if applicable, the provisions of the Companies Act, 1956, guidelines/ regulations issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/ or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or Security Certificate and rules as may be applicable and introduced from time to time.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company, in consultation with the Lead Manager, on the basis of market conditions and on the basis of the following quantitative and qualitative factors. The face value of each Equity Share is ₹10. The Issue Price is [●] times the face value of Equity Shares.

Qualitative Factors

The Company believes that it has the following principal competitive strengths:

1. Range of processes for meeting customer requirements.
2. International Quality Management Certifications for both products and processing units.
3. Strong Customer Base.
4. Environment protection and Clean Energy measures.
5. Innovation and Product Development.
6. Experienced and qualified management and executives.

For further details on qualitative factors, please refer to section titled "Business of the Company" beginning on page 102 of this Draft Letter of Offer.

Quantitative Factors

Information presented in this section is derived from the Restated Standalone and Consolidated restated Financial Statements prepared in accordance with Indian GAAP, Companies Act and the SEBI (ICDR) Regulations. Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. Basic Earning Per Share (EPS) and Diluted Earning Per Share (EPS):

Financial Period	Basic EPS (In ₹)		Diluted EPS (In ₹)		Weight
	Standalone	Consolidated	Standalone	Consolidated	
Year ended September 30, 2009	54.36	54.35	52.94	52.93	1
Year ended September 30, 2010	14.75	14.73	14.20	14.18	2
Eighteen Months period ended March 31, 2012	(35.48)	(40.17)	(35.48)	(40.17)	3
Weighted average	(3.76)	(6.12)	(4.18)	(6.54)	

Note:
Earnings per Share calculations are done in accordance with Accounting Standard (AS) 20 "Earnings per Share" notified under the Companies (Accounting Standards) Rules, 2006.

2. Price Earning Ratio (P/E ratio) in relation to the Issue Price of ₹ [●]

Particulars	Standalone	Consolidated
P/E ratio based on Basic EPS of ₹(35.48) and ₹(40.17) for the 18 months period ended March 31,2012 at the Issue Price	[●]	[●]
P/E ratio based on Diluted EPS of ₹(35.48) and ₹(40.17) for the 18 months period ended March 31, 2012 at the Issue Price	[●]	[●]

3. There are no comparable listed companies in the same business as the Company and hence Industry PE is disclosed.

4. Return on Net Worth (RONW) (1)

Return on Net Worth as per the Company's restated Standalone & Consolidated Summary Statements:

Financial Period	RONW (%)		Weight
	Standalone	Consolidated	
Year ended September 30, 2009	26.98	29.04	1
Year ended September 30, 2010	6.86	7.31	2
Eighteen (18) Months period ended March 31, 2012	(21.66)	(26.55)	3
Weighted Average	(4.05)	(6.00)	

[(1)] *Return on Net Worth* = $\frac{\textit{Net Profit /(Loss) after Tax, as restated}}{\textit{Net Worth excluding revaluation reserve at the end of the year/period}}$

5. Minimum Return on Total Net Worth after Issue needed to maintain EPS of ₹[●] is [%]:

Based on Basic EPS

At the Issue Price ₹[●] % based on Restated Standalone Financial Statements
At the Issue Price ₹[●] % based on Restated Consolidated Financial Statements

Based on Diluted EPS

At the Issue Price ₹[●] % based on Restated Standalone Financial Statements
At the Issue Price ₹[●] % based on Consolidated Standalone Financial Statements

6. Net Asset Value per Equity Share

Financial Period	NAV (₹)	
	Standalone	Consolidated
NAV Per Equity Share for the eighteen (18) months period ended March 31, 2012	163.76	151.30
NAV Per Equity after the Issue	[●]	[●]
Issue Price	[●]	[●]

Notes:

1. The Earning Per Share and the Return on Net Worth have been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/ prior period items pertaining to the earlier years if any.

2. The denominator considered for the purpose of calculating Earnings per Share is the average number of Equity shares outstanding during the year.

3. Net Asset Value per Share represents shareholder's Equity as per restated financial statements less miscellaneous expenditure divided by number of shares outstanding at the end of the period.

7. Comparison with Industry Peers

The Company is one of the organized players in the fruit and vegetable processing industry and there are no Indian listed entities in the similar segment. Hence, no comparable figures available with the Company.

The Face value per Equity Share is ₹10 and the Issue price of ₹[●] is [●] times the Face Value

The Lead Manager believe that the Issue price of ₹[●] is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors and the financial of the Company including important profitability and return ratios, as set out in the Auditors' Report beginning on page 161 of the Draft Letter of Offer to have a more informed view of the investment propositions.

Market Price

The closing prices of the Equity shares of the Company was ₹[●] on the BSE, one day before when Rights Issue Committee decided Issue Price. On the basis of the above mentioned qualitative and quantitative parameters, the Lead Manager and the Company are of the opinion that the Issue price of ₹[●] per share is reasonable and justified.

STATEMENT OF TAX BENEFITS

The Board of Directors
FOODS AND INNS LIMITED
Foods and Inns Building,
Sion-Trombay Road,
Deonar,
Mumbai - 400 088.

Dear Sirs,

We hereby report that the enclosed annexure states the possible direct tax benefits available to FOODS AND INNS LIMITED ("the Company") and its shareholders under the Income-tax Act, 1961 ("the Act") and the Wealth-tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

The benefits discussed in the statement do not deal with the implications under Direct Tax Code Bill, 2010.

While all reasonable care has been taken in the preparation of this statement, we accept no responsibility for any error or omission therein or for any losses sustained by any person who relies on it.

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

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable have been/would be met with. The contents of the enclosed 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.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of the Company

This statement is intended solely for information and for inclusion in the offer document in connection with the proposed Right Issue of Equity Shares of the Company in accordance with SEBI Regulations and is not to be circulated or referred to for any other purpose without our prior written consent.

For **B.S. Mehta & Co.**
Chartered Accountants
Firm registration No.: 106190W

PARESH H. CLERK
Partner
Membership No.: 36148

Date: August 13, 2012
Place: Mumbai

ANNEXURE

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITSSHAREHOLDERS

A. <u>Benefits to the Company under the Act</u>:

***General Tax Benefits**:*

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O of the Act (i.e. dividends declared, distributed or paid on or after 1st day of April 2003 by domestic companies) received on the shares of any company is exempt from tax. However, as per section 94(7) of the Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. As per section 10(35) of the Act, the following income will be exempt from tax in the hands of company

   a. Any income received from units of a Mutual Fund specified under section 10(23D);
   b. Any income received in respect of units from the administrator of the specified undertaking;
   c. Income received in respect of units from the specified company.

   However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

3. Income by way of interest, premium on redemption or other payment on notified securities, bonds, certificates issued by the Central Government is exempt from tax under section 10(15) of the Act, in accordance with and subject to the conditions and limits as may be specified in notifications.

4. As per section 10(38) of the Act, any long-term capital gains arising to a shareholder from transfer of long-term capital asset, being equity shares in a company or a unit of an equity oriented fund (i.e. if the shares or units are held for more than twelve months) would not be liable to tax in the hands of the shareholder, if the following conditions are satisfied:

   a. The transaction of sale of such equity share or unit is entered into on or after 1st day of October 2004;

   b. The transaction is chargeable to securities transaction tax.

   However, the expenditure and income relating to the provisions of section 10(38) of the Act would not be adjusted for the purpose of computing book profits under section 115JB of the Act.

5. As per section 14A of the Act, any expenditure incurred for earning any exempt income (for example, under sections 10(34), 10(35), etc.) is not a tax-deductible expenditure.

6. As per Section 32 of the Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patent, trademark, copyright, know-how, licenses, etc. if acquired on or after 1st day of April 1998.

7. As per section 32(2) of the Act, where full allowance cannot be given to the depreciation allowance in any year, the same can be carried forward and claimed in the subsequent years. Further, as per the provisions of section 72of the Act, unabsorbed business losses which are not set off in any previous year can be carried forward and set off against the business profits of the subsequent assessment years, subject to a maximum of eight assessment years. However, the carry forward and set off of business losses is subject to provisions of section 79 of the Act dealing with carry forward and set off of losses in case of companies in which a change in shareholding has taken place and section 80 of the Act dealing with submission of returns for losses.

8. Under Section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains, if any(in case not covered under section 10(38) of the Act), will be treated as long-term capital gains and the gains will be calculated by deducting from the gross consideration,

i. expenditure incurred wholly and exclusively for such transfer; and
ii. the indexed cost of acquisition

The indexed cost of acquisition/ improvement means an amount which bears to the cost of acquisition/improvement the same proportion as cost inflation index for the year in which the asset is transferred bears to the cost inflation index for the first year in which the asset was held/ for the year in which the improvement to the asset took place.

9. As per Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt under section 10(38) of the Act) is exempt from tax, if the capital gains are invested in certain notified bonds within a period of six months from the date of transfer, up to a maximum limit of Rs.50 lacs during any financial year for a period of three years. For investments made on or after 1st day of April 2007, the notified bonds are:

(a) National Highways Authority of India ("NHAI") constituted under section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or

(b) Rural Electrification Corporation Limited ("RECL"), a company formed and registered under the Companies Act and notified by the Central Government in the Official Gazette for the purpose of this section;

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

10. The Company is entitled to a deduction under section 80G of the Act in respect of amounts contributed as donations to various charitable institutions and funds covered under that section, subject to fulfillment of conditions therein.

11. As per section 111A of the Act, short term capital gains (i.e. where shares or units are held for a period of not more than twelve months) arising to the Company from the sale of Equity Shares in a Company or units of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge, primary education cess and secondary and higher education cess, if any).

12. As per section 112 of the Act, the tax on capital gains on transfer of listed securities or units, where the transaction is not chargeable to securities transaction tax, held as long term capital assets (i.e. where shares or units are held for a period of more than twelve months) will be the lower of:-

- 20% (plus applicable surcharge, primary education cess and secondary and higher education cess, if any) of the capital gains as computed after indexation of the cost of acquisition/improvement and expenses on transfer; or

- 10% (plus applicable surcharge, primary education cess and secondary and higher education cess, if any) of the capital gains as computed without indexation of cost of acquisition/improvement and expenses on transfer.

13. As per section 115JAA(1A) of the Act, credit is allowed in respect of any Minimum Alternate Tax ("MAT") paid under section 115JB of the Act for any assessment year commencing on or after 1st day of April 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 10 years succeeding the year in which the MAT credit is first allowed.

Special Tax Benefits:

14. The Company is eligible to claim deduction under section80-IB(11A) of the Act for a period of 10 consecutive assessment years beginning from the initial assessment year (i.e. assessment year relevant to the previous year in which undertaking begins the business of processing, preservation and packaging of fruits) @ 100% of the profits of such undertaking for first five assessment years and @ 30% of the profits of the undertaking for the balance five assessment years).

B. <u>Benefits to the Company under the Wealth-tax Act, 1957</u>:

There is no specific benefit available to the Company under the Wealth-tax Act, 1957.

C. <u>Benefits to the Resident Shareholders of the Company under the Act</u>:

General Tax Benefits:

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O of the Act (i.e. dividends declared, distributed or paid on or after 1st day of April 2003) received on the shares of the Company, is exempt from tax. However, as per section 94(7) of the Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. Shares of the Company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset. As per section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity share in a company will not be liable to tax in the hands of the shareholder if the following conditions are satisfied:

   (a) The transaction of sale of such equity share is entered into on or after 1st day of October 2004; and

   (b) The transaction is chargeable to securities transaction tax.

3. As per Section 14A of the Act,any expenditure incurred for earning any exempt income (for example, under section 10(34), 10(35), etc.) is not a tax-deductible expenditure.

4. As per section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profit and gains of business or profession". Where such deduction is claimed, no further deduction in respect of the said amount will be allowed in computing the income chargeable to tax as capital gains.

5. Under section 48 of the Act, if the investment in shares are sold after being held for not less than twelve months, the gains, if any (in case not covered under section 10(38) of the Act), will be treated as long-term capital gains and the gains will be calculated by deducting from the gross consideration,

   i. expenditure incurred wholly and exclusively for such transfer; and
   ii. the indexed cost of acquisition.

   The indexed cost of acquisition/improvement means an amount which bears to the cost of acquisition/improvement the same proportion as cost inflation index for the year in which the asset is transferred bears to the cost inflation index for the first year in which the asset was held /for the year in which the improvement to the asset took place.

6. As per the provision of Section 71(3) of the Act, if there is a loss under the head “Capital Gains” it cannot be set-off against the income under any other head. Section 74 provides that the short term capital loss can be setoff against both Short term and Long-term capital gain. But Long term capital loss cannot be set-off against short term capital gain. The unabsorbed short term capital loss can be carried forward for next eight assessment years and can be set off against any capital gains in subsequent years. The

unabsorbed long-term capital loss can be carried forward for next eight assessment years and can be set off only against long-term capital gains in subsequent years.

7. As per Section 54EC of the Act, capital gain arising from transfer of long-term capital assets (other than those exempt under section 10(38) of the Act) is exempt from tax, if the capital gains are invested in certain notified bonds within a period of six months from the date of transfer, up to a maximum limit of Rs.50 lacs during any financial year for a period of three years. For investments made on or after 1st day of April 2007, the notified bonds are:

   (a) National Highways Authority of India ("NHAI") constituted under section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or

   (b) Rural Electrification Corporation Limited ("RECL"), a company formed and registered under the Companies Act and notified by the Central Government in the Official Gazette for the purpose of this section;

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

8. As per section 54F of the Act, long-term capital gains (in case not covered under section 10(38) of the Act), arising to an individual or Hindu Undivided Family ("HUF") on transfer of shares of the Company will be exempt from tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

9. As per section 111A of the Act, short-term capital gains (i.e. where shares or units are held for a period of not more than twelve months) arising to the Company from the sale of Equity Shares in a Company or units of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge, primary education cess and secondary and higher education cess, if any).

10. As per section 112 of the Act, the tax on capital gains on transfer of listed securities or units where the transaction is not chargeable to securities transaction tax, held as long-term capital assets (i.e. where shares or units are held for a period of more than twelve months) will be the lower of:-

   - 20% (plus applicable surcharge, primary education cess and secondary and higher education cess, if any) of the capital gains as computed after indexation of the cost of acquisition/improvement and expenses on transfer; or

   - 10% (plus applicable surcharge, primary education cess and secondary and higher education cess, if any) of the capital gains as computed without indexation of cost of acquisition/improvement and expenses on transfer.

Special Tax Benefits:

There are no special tax benefits available to the resident shareholders.

D. <u>Benefits to Non-Resident Indians/Non Resident Shareholders (Other than Foreign Institutional Investors) under the Act:</u>

General Tax Benefits:

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

2. Shares of the Company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long-term capital asset. As per section 10(38) of the Act, any long-term capital gains arising to a shareholder from transfer of long-term capital asset being an equity share in a company will not be liable to tax in the hands of the shareholder if the following conditions are satisfied:

   (a) The transaction of sale of such equity share is entered into on or after 1st day of October 2004; and

   (b) The transaction is chargeable to securities transaction tax.

3. As per Section 14A of the Act, any expenditure incurred for earning any exempt income (for example, under sections 10(34), 10(38), etc.) is not a tax-deductible expenditure.

4. As per section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profit and gains of business or profession". As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

5. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains if any(in case not covered under section 10(38) of the Act), will be treated as long-term capital gains and the gains will be calculated by deducting from the gross consideration,

   i. expenditure incurred wholly and exclusively for such transfer; and
   ii. the indexed cost of acquisition.

   The indexed cost of acquisition/improvement means an amount which bears to the cost of acquisition/improvement the same proportion as cost inflation index for the year in which the asset is transferred bears to the cost inflation index for the first year in which the asset was held/ for the year in which the improvement to the asset took place.

6. As per Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt under section 10(38) of the Act) is exempt from tax, if the capital gains are invested in certain notified bonds within a period of six months from the date of transfer, up to a maximum limit of Rs.50 lacs during any financial year for a period of three years. For investments made on or after 1st day of April 2007, the notified bonds are:

   (a) National Highways Authority of India ("NHAI") constituted under section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or

   (b) Rural Electrification Corporation Limited ("RECL"), a company formed and registered under the Companies Act and notified by the Central Government in the Official Gazette for the purpose of this section;

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

7. As per section 54F of the Act, long-term capital gains (in case not covered under section 10(38) of the Act), arising to an individual or Hindu Undivided Family ("HUF") on transfer of shares of the Company will be exempt from tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

8. As per section 111A of the Act, short-term capital gains (i.e. where shares or units are held for a period of not more than twelve months) arising to the Company from the sale of Equity Shares in a Company or units of an equity oriented fund transacted through a recognized stock exchange in India, where such

transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge, primary education cess and secondary and higher education cess, if any).

9. As per section 112 of the Act, the tax on capital gains on transfer of listed securities or units where the transaction is not chargeable to securities transaction tax, held as long term capital assets (i.e. where shares or units are held for a period of more than twelve months) will be the lower of:-

- 20% (plus applicable surcharge, primary education cess and secondary and higher education cess, if any) of the capital gains as computed after indexation of the cost of acquisition/improvement and expenses on transfer; or

- 10% (plus applicable surcharge, primary education cess and secondary and higher education cess, if any) of the capital gains as computed without indexation of cost of acquisition/improvement and expenses on transfer.

10. Non-resident Indian has the option to be governed by the provision of Chapter XII-A of the Act according to which:

(a) Under section 115E of the Act, where the total income of a Non-resident Indian includes any income from investments or income from capital gain of an asset other than a specified asset such income shall be taxable at 20 percent (plus applicable surcharge, primary education cess and secondary and higher secondary education cess, if any). Also, where share of the company are subscribed to in convertible foreign exchange by a Non-resident Indian the long-term capital gain arising to the Non-resident Indian shall be taxable at the rate of 10 percent (plus applicable surcharge, primary education cess and secondary and higher education cess, if any). The benefit of indexation of cost would not be available.

(b) Under Section 115F of the Act, subject to the conditions and to the extent specified therein the long-term capital gain [other than the gains that are exempt under section 10(38) of the Act] arising to the Non-resident Indian from transfer of shares of a company subscribed in convertible foreign exchange shall be exempt from capital gain tax, if the net consideration is invested within six months of the date of transfer of the asset in any specified asset.

(c) Under Section 115G of the Act, it is not necessary for a Non-resident Indian to file a return of income under section 139(1) of the Act, if the total income of such Non-Resident Indian consist only of investments income and or/long-term capital gain earned on transfer of such investment acquired out of convertible foreign exchange and the tax has been deducted at source from such income under the provision of Chapter XVIIB of the Act.

(d) Under section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the foregoing provisions for any assessment year by furnishing his return of income for the assessment year under section 139 of the Act, declaring therein that the provisions of chapter XII of the Act shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provision of the Act.

11. As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Double Tax Avoidance Agreement ("tax treaty") entered between India and the country of fiscal domicile of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident (including NRIs) can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever is more beneficial.However, with effect from April 1, 2012, the non-resident investor will have to furnish a certificate in the prescribed form, of his being a resident in a country outside India, to get the benefit of the applicable DTAA.

12. With effect from April 1, 2013, the benefit of the DTAA will not be available to a non-resident investor if the Tax department declares any arrangement to be an impermissible arrangement.

13. In terms of the first proviso to section 48 of the Act, in case of Non-resident, the capital gains arising from the transfer of shares in the company shall be converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer of the capital asset into the same foreign currency as was

initially utilized in purchase of the shares and the capital gain so computed in such foreign currency shall be reconverted into Indian currency. Cost of indexation benefits will not be available in such a case.

Special Tax Benefits:

There are no special tax benefits available to the non-resident shareholders.

E. Benefits to Foreign Institutional Investors ("FIIs") under the Act:

General Tax Benefits:

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

2. As per section 10(38) of the Act, any long-term capital gains arising to a shareholder from transfer of long-term capital asset being an equity share in a company will not be liable to tax in the hands of the shareholder if the following conditions are satisfied:

   (a) The transaction of sale of such equity share is entered into on or after 1st day of October 2004; and

   (b) The transaction is chargeable to securities transaction tax.

3. As per section 14A of the Act, any expenditure incurred for earning any exempt income (for example, under sections 10(34), 10(35), etc.) is not a tax-deductible expenditure.

4. As per section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profit and gains of business or profession". As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

5. Income by way of the short-term capital gains or long-term capital gains (not being exempt gains) realised by FIIs on the sale of shares in the company would be taxed at the following rates as per section 115AD of the Act:

   (a) Short-term capital gains as the rate of 30 percent (plus applicable surcharge, primary education cess and secondary and higher education cess, if any). However, the income from the short-term capital gains referred to under section 111A of the Act shall be taxed at the rate of 15 percent (plus applicable surcharge, primary education cess and secondary and higher education cess, if any).

   (b) Long-term capital gains (not being exempt gains) at the rate of 20 percent (plus applicable surcharge, primary education cess and secondary and higher education cess, if any). However, the income from long-term capital gains arising on transfer of securities where such transactions is not chargeable to securities transaction tax, shall be taxable at the rate of 10 percent (plus applicable surcharge, primary education cess and secondary and higher education cess, if any).

   (c) The benefits of indexation as provided under section 48 of the Act are not available to FIIs.

6. As per Section 54EC of the Act, capital gain arising from transfer of long-term capital assets (other than those exempt under section 10(38) of the Act) is exempt from tax, if the capital gains are invested in certain notified bonds within a period of six months from the date of transfer, up to a maximum limit of Rs. 50 lacs during any financial year for a period of three years. For investments made on or after 1st day of April 2007, the notified bonds are:

   (a) National Highways Authority of India ("NHAI") constituted under section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or

(b) Rural Electrification Corporation Limited ("RECL"), a company formed and registered under the Companies Act and notified by the Central Government in the Official Gazette for the purpose of this section;

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

7. As per section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD of the Act.

8. As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the DTAA entered between India and the country of fiscal domicile of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident (including NRIs) can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever is more beneficial. However, with effect from April 1, 2012, the non resident investor will have to furnish a certificate in the prescribed form, of his being a resident in a country outside India, to get the benefit of the applicable DTAA.

9. With effect from April 1, 2013, the benefit of the DTAA will not be available to a non resident investor if the Tax department declares any arrangement to be an impermissible arrangement.

Special Tax Benefits:

There are no special tax benefits available to the FIIs.

F. <u>Benefits to the Mutual funds under the Act:</u>

General Tax Benefits:

As per section 10(23D) of the Act, any income of Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under or Mutual Funds authorized by the Reserve Bank of India, subject to the conditions specified, would be exempt from income tax, subject to such conditions as the Central Government may by notification in the Official Gazette, specify in this behalf.

Special Tax Benefits:

There are no special tax benefits available to the mutual funds.

G. <u>Benefits to the Venture Capital funds under the Act</u>:

As per section 10(23FB) of the Act, all Venture Capital Companies/Funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on their entire income, including income from sale of shares of the company. However, under section 115U of the Act, income received by a person out of investment made in a venture capital company or in a venture capital fund will be chargeable to tax in the hands of such person.

H. <u>Benefits to shareholders of the Company under the Wealth-tax Act, 1957</u>

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

Notes:

1. In the above benefits are as per the current tax law as amended by the Finance Act, 2012.
2. The above statement of possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

3. The stated benefits will be available only to the sole/ first named holder in case the shares are held by the joint holders.

4. In respect of Non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the DTAA, if any, between India and the country in which the Non-resident has fiscal domicile.

5. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his/ her participation in the scheme.

6. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

7. This statement of Possible Direct Tax Benefits enumerated above is as per the Act as amended by the Finance Act, 2012.

8. The above statement of possible Direct-tax Benefits sets out the possible tax benefits available to the company and its shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

SECTION IV: ABOUT THE COMPANY AND THE INDUSTRY

INDUSTRY OVERVIEW

Unless stated otherwise, information in this section is derived from various government sources and public 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 that 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. Industry sources and publications are also prepared based on information and estimates as of specific dates and may no longer be current. The data may have been re-classified by us for the purpose of presentation.

India Overview

India's GDP on a purchasing power parity basis is estimated to be US $4.463 trillion in 2011 making it the fourth largest economy in purchasing power parity (PPP) terms after European Union, USA and China *(Source: CIA World Factbook).* Indian population as per Census 2011 is 1,210 million. The decadal growth rate of population for India in the last decade was 17.64%.
(Source: Ministry of Home Affairs, www.censusindia.gov.in)

As per the latest information (Advance Estimates) of National Income for 2011-12 (at constant 2004-05 prices), released by the Central Statistical Organization, the growth of Gross Domestic Product (GDP) at factor cost is estimated at 6.9% in 2011-12. The 'agriculture, forestry and fishing' sector is likely to show a growth of 2.5% in its GDP during 2011-12. Among the horticultural crops, production of fruits and vegetables is expected to increase by 3.5% and 2.1%, respectively, during the year 2011-12. *(Source: Ministry of Statistics & Programme Implementation, http://pib.nic.in/newsite/erelease.aspx?relid=80151).*

Overview of Indian Agriculture

Agriculture sector is vital for the food and nutritional security of the nation. The sector remains the principal source of livelihood for more than 58% of the population though its contribution to the national GDP has declined to 14.2% due to high growth experienced in industries and services sectors. Compared to other countries, India faces a greater challenge, with only 2.3% share in world's total land area; it has to ensure food security of its population which is about 17.5% of world population.
(Source: Annual Report 2010-11, Department of Agriculture & Cooperation, Ministry of Agriculture).

Agriculture sector has touched a growth rate of 4.4% in the second quarter of 2010-11 thereby achieving an overall growth rate of 3.8% during the first half of 2010-11. The low growth rate of 0.4% recorded by this sector in 2009-10 was mainly due to poor rainfall in 2009.

(₹ In Crores)

Year	2007-08	2008-09	2009-10	2010-11	2011-12
GDP of Agriculture and Allied Sectors	655080	655689	662509	709103	727161
Per cent to total GDP	16.8	15.8	14.7	14.5	13.9

(Source: Central Statistical Organization, Ministry of Statistics and Programme Implementation, Govt. of India)

India is among the 15 leading exporters of agricultural products in the world. As per International Trade Statistics, 2010, published by WTO, India's agricultural exports amounted to US $17 billion with a share of 1.4% of world trade in agriculture in 2009. Agricultural exports increased from₹ 89341.50 crores in 2009-10 to ₹. 120185.95 crores in the financial year 2010-11 registering a growth of about 34.52%.

Despite these accomplishments, agriculture in India has the potential for major productivity and total output gains, because crop yields in India are still low. Losses after harvest due to poor infrastructure and unorganized retail are very high because of poor rural roads which affect timely supply of inputs and timely transfer of

outputs from Indian farms, inadequate irrigation systems, poor seed quality and inefficient farming practices in certain parts of India, lack of cold storage and harvest spoilage which cause major portion of farmer's produce to go to waste, lack of organized retail and competing buyers limit Indian farmer's ability to sell the surplus and commercial crops. If India could adopt technologies and improve its infrastructure, several studies suggest India could eradicate hunger and malnutrition within India, and be a major source of food for the world.
(Source: Annual Report 2011-12, Department of Agriculture & Cooperation, Ministry of Agriculture).

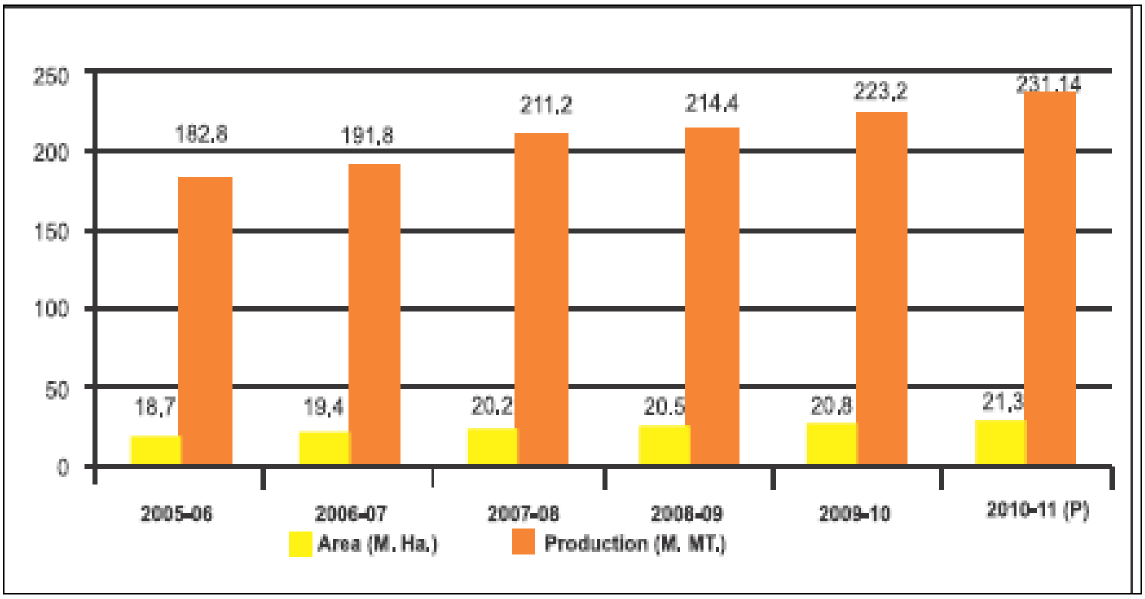
Horticulture

Overview of the Horticulture Industry in India

The horticulture sector covers a wide range of crops such as fruits, vegetables, root and tuber crops, flowers, aromatic and medicinal plants, spices and plantation crops, which facilitate diversification in agriculture. There is a growing realization that horticulture crops is now an option to improve livelihood security, enhance employment generation, attain food and nutritional security and increase income through value addition. As of 2010-11, horticultural crops occupied an area of 21.3 million hectares producing 231.14 Million tonnes of horticultural produce.

Fruits and vegetables together constitute about 92.4% of the total horticultural production in the country. *(Source: Annual Report 2011-12, Department of Agriculture & Cooperation, Ministry of Agriculture)*

Fig 1: Area & Production of Horticulture Crops

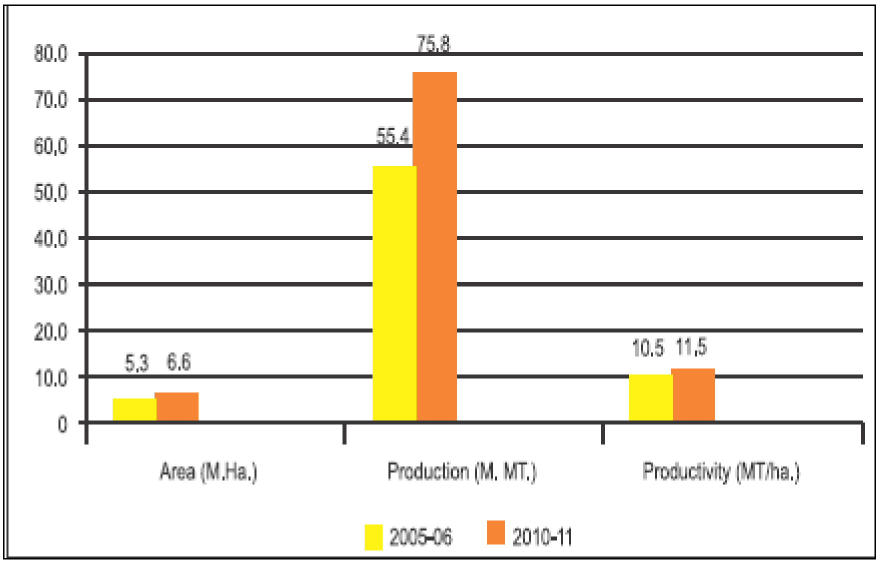


(Source: Annual Report 2011-12, Department of Agriculture & Cooperation, Ministry of Agriculture)

Fruits

India is the second largest producer of fruits in the world; it is the largest producer of fruits like mango, banana, papaya, sapota, pomegranate and Aonla.

Fig 2: Area, Production and Productivity of Fruits

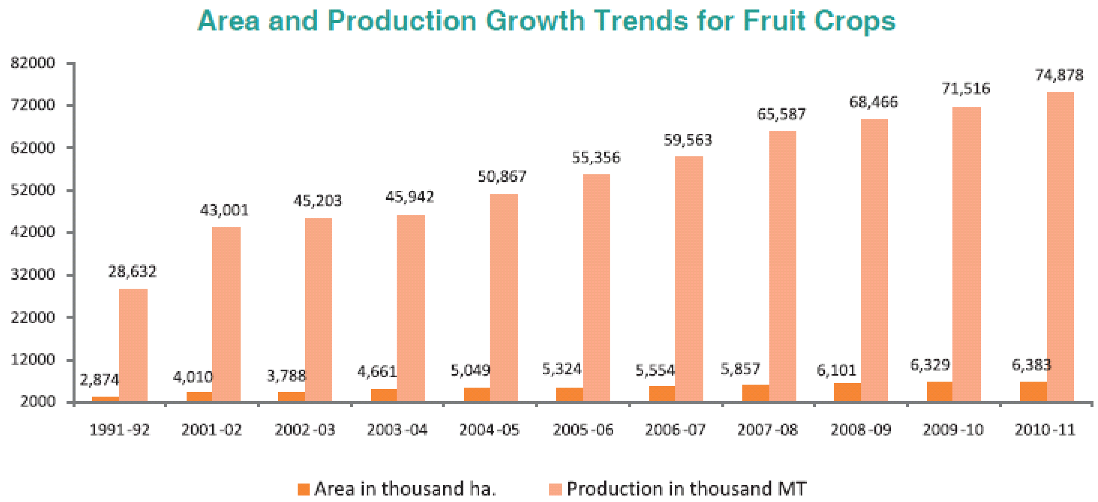


(Source: Annual Report 2011-12, Department of Agriculture & Cooperation, Ministry of Agriculture)

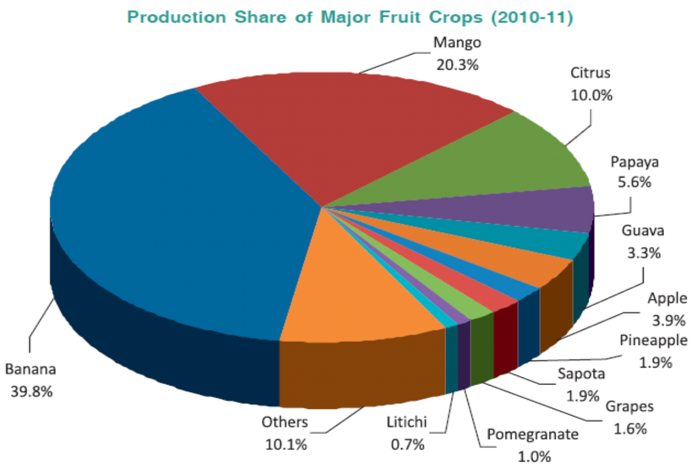
The production of fruits in 1991-92 was 2.86 crores MT which grew to 4.3 crores MT in 2001-02, approximately 50.34% growth over a Decade. In 2010-11, India produced 7.49 crores MT of fruits, approximately 74.19% growth over 2001-02.
(Source: Indian Horticulture Data base 2011).

India is the largest producer of mango in the world accounting for 52.63% of total mango production. The mango accounts for 22.06% of total area under fruit and 23.93% of total fruit production in the country. *(Source: Indian Horticulture Data base 2010).*

India is also a prominent exporter of fresh mangoes to the world. The country has exported 59,220.78 MT (Metric Tonnes) of fresh mangoes to the world for the worth of ₹. 162.92 crores during the year 2010-11 *(Source: http://www.apeda.gov.in/apedawebsite/SubHead_Products/Mango.htm)*



(Source: Indian Horticulture Data base 2011)

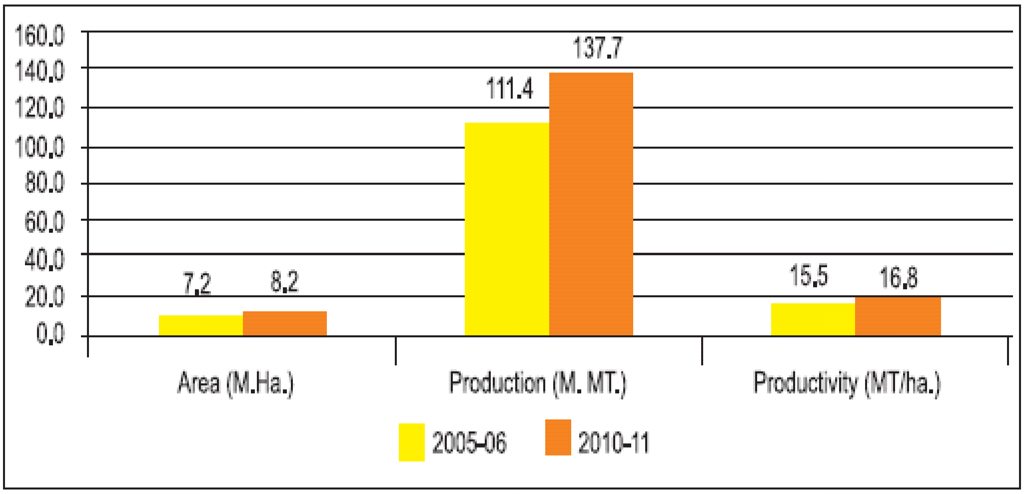


(Source: Indian Horticulture Data base 2011)

Vegetables

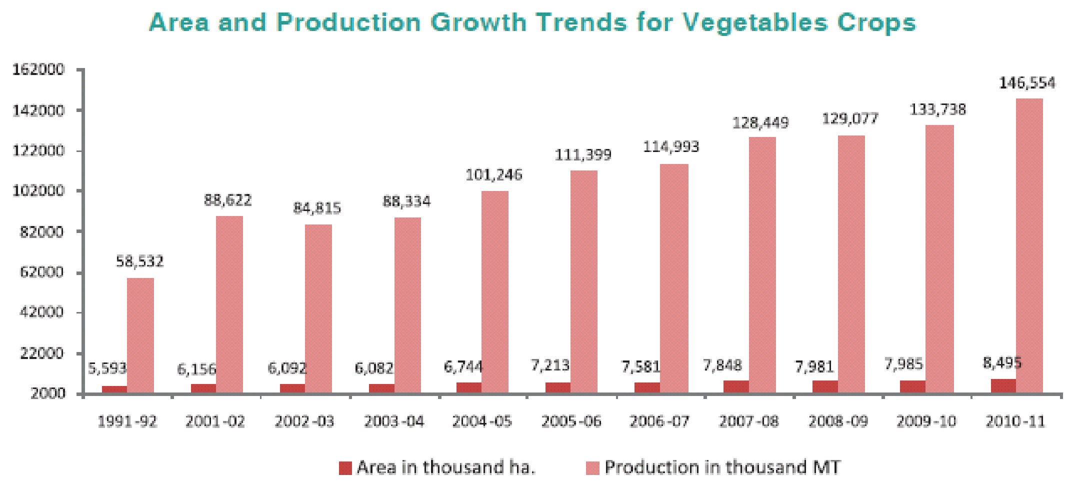
India is the second largest producer of vegetables after China and is a leader in the production of peas and okra. Besides, India occupies the second position in the production of brinjal, cabbage, cauliflower and onion and third position in potato and tomato in the world. Vegetables are an important crop in the horticulture sector and occupied an area of 8.2 million hectares during 2010-11 with a total production of 137.7 million tonnes and having an average productivity of 16.8 tonnes/ha. *(Source: Annual Report 2011-12, Department of Agriculture & Cooperation, Ministry of Agriculture).*

Fig 3: Area, Production and Productivity of Vegetables

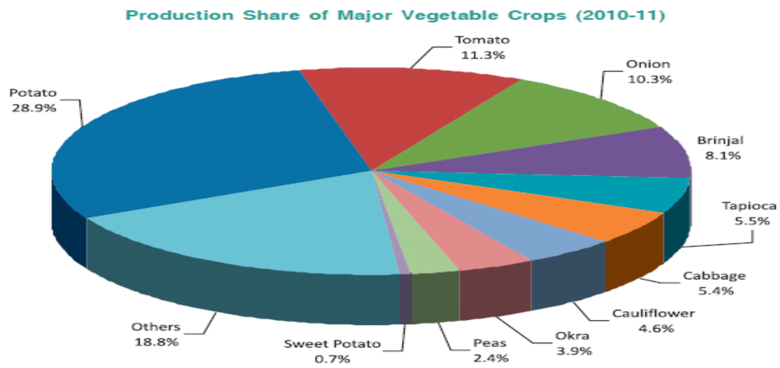


(Source: Annual Report 2011-12, Department of Agriculture & Cooperation, Ministry of Agriculture)

The production of vegetables also showed a tremendous growth in production since 1991-92 to 2010-11. In 2001- 02 India produced 8.86 crores MT of vegetables which showed 51.45% growth over 1991-92. In 2010-11 the total production of vegetables accounted for 14.66 crores MT over 8.86 crores MT in 2001-02. *(Source: Indian Horticulture Data base 2011).*



(Source: Indian Horticulture Data base 2011)



(Source: Indian Horticulture Data base 2011)

Overview of Food Processing

Food processing encompasses all the steps that food goes through from the time it is harvested to the time it arrives on consumer's plate. According to Food and Agriculture Organization (FAO), processed foods can be classified into three types (1) Primary (2) Secondary and (3) Tertiary. The primary processing includes basic cleaning, grading and packaging as in case of fruits and vegetables. Secondary processing includes alteration of the basic product to a stage just before the final preparation as in case of milling of paddy to rice. Tertiary processing leads to a high value-added ready-to eat food like bakery products, instant foods, health drinks, etc.

Traditional food processing had two functions: to make food more digestible and to preserve food during times of scarcity. Most crops are seasonal and can result in high levels of wastage and subsequent shortages if adequate measures are not taken to preserve and store the foods. Also by processing food, it can be customized to suit the nutritional requirements of groups such as the elderly, pregnant women, infants, young children and athletes. Modern food processing has three major aims:

1. To make food safe (microbiologically, chemically).
2. To provide products of the highest quality (flavor, color, texture)
3. To make food into forms that are convenient (ease of use)

Benefits of food processing include toxin removal, preservation, easing marketing and distribution tasks, and increasing food consistency. In addition, it increases seasonal availability of many foods, enables transportation of delicate perishable foods across long distances and makes many kinds of foods safe to eat by de-activating spoilage and pathogenic micro-organisms.

The significant benefits for different stakeholders involved in food processing are:

- Farmer – higher yield, better farm realization, lower risk
- Consumer – greater variety, lower prices, new products
- Companies – new business opportunities, demand growth
- Economy/Government – Employment generation, reduced rural migration

India Processed Food Industry

India's food processing sector covers fruit and vegetables; spices; meat and poultry; milk and milk products, alcoholic beverages, fisheries, plantation, grain processing and other consumer product groups like confectionery, chocolates and cocoa products, soya-based products, mineral water, high protein foods etc. There are 25, 367 registered food processing units in the country whose total invested capital is ₹84,094 crores (US$ 15.90 billion), as per a competitiveness report of the National Manufacturing Competitiveness Council.
(Source: http://www.ibef.org/industry/foodindustry.aspx)

The Gross Domestic Product (GDP) at 2004-05 prices in India has gone up to ₹44,93,743 crores in 2009-10 from ₹32,54,216 crores in 2005-06, with Compound Annual Growth Rate (CAGR) of 8.40%. Contribution of FPI sector has increased to ₹66,078 crores in 2009-10 from ₹47,689 crores in 2005-06 with CAGR of 8.49%. CAGR for total manufacturing sector during the same period has been 9.35% (*Source: Ministry of Food Processing Industries, "Data Bank on Economic Parameters off the Food Processing Sector"*).

Rs. in Crore)

Contribution to GDP (Rs. in Crore) at 2004-05 Prices							CAGR
	2004 - 2005	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010	2005-06 to 2009-10
Manufacturing	453225	499011	570436	629052	655775	713428	9.35
Total GDP	2971464	3254216	3566011	3898958	4162509	4493743	8.40
FPI	44355	47690	52164	57320	67122	66078	8.49
Registered FPIs	22148	26780	30710	34752	43893	43910	13.16
Unregistered FPIs	22207	20910	21454	22568	23229	22168	1.47

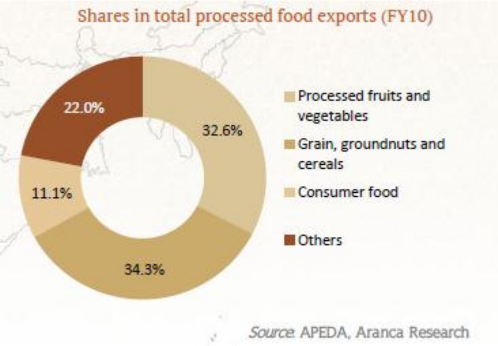
Source: NAS 2011

(Source: Ministry of Food Processing & Industries, "Data Bank on Economic Parameters off the Food Processing Sector")

Food processing industry is one of the largest industry in India and is ranked 5th in terms of production, consumption and export. Food Processing encompasses products of fruits and vegetables, dairy, meat, poultry, fishery, consumer food, grains, alcoholic drinks, aerated water and soft drink. It involves all types of value addition to agricultural or horticultural produce and includes processes such as grading, sorting, and packaging which enhance shelf life of food products. Market size of food processing sector has been estimated at US$ 80 billion in 2006-07 and the sector grew at a rate of above 13% in last few years. The importance of food processing sector can be gauged from the fact that the total deployment of the gross bank credit is over 6% of the total gross credit deployment across all industry segments.

The food and agro processing industry employed over 16% of total workforce in the organized manufacturing sector whereas it is 32% of the total workforce in the unorganized sector. In absolute numbers terms, the industry currently employs around 13 million people directly and 35 million people indirectly. It also has the potential to generate significant employment as the multiplier effect of investment in food processing industry is 2.5 times than in other industrial sectors. Even within food processing industry, the employment intensity is significantly higher in the unorganized sector as compared to the organized sector for the same level of investment.

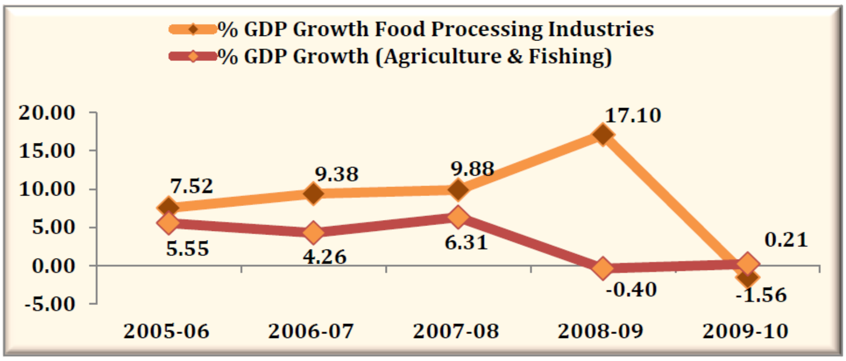
The share of food and agro processing industries in total number of enterprises is about 19%. However, the sector is dominated by unorganized players who contribute more than 70% of the output in volume terms and around 50% in value terms. Since a few leading corporate entities of the country have entered the food retail in big way, the organized sector is likely to grow at a faster pace
(Source: Ministry of Food Processing Industries, "Strategic Plan").



(Source: IBEF, Food Processing – November 2011)

The food processing sector comprises of two segments- Primary processed food and Value added food. Primary segment comprises of packaged fruit and vegetables, milk, flour, rice, spices etc and constitutes around 62% in value terms of the processed foods. Value added segment includes processed fruits and vegetables, juices, jam & jelly etc and holds around 38 % share in the total processed food *(Source: Ministry of Food Processing Industries, "Strategic Plan").*

Gross Domestic Product (at 2004-05 prices) % Growth in Agriculture (including Fishing) & Food Processing Sector



Source: NAS 2011

(Source: Ministry Of Food Processing & Industries, "Data Bank on Economic Parameters off the Food Processing Sector")

Currently in India the processing level is estimated to be around 2.20%. The major items of the Indian fruits and vegetable processing industry are pulps particularly of tomatoes & mangoes, ready to serve juices, canned fruits, jam, pickles, squashes, etc. Frozen fruits, dehydrated & freeze dried vegetables, canned mushrooms etc. are also becoming popular among Indian consumers. The fruit and vegetable processing industry in India is highly decentralized with a large number of units are in the cottage/home scale and small scale sector. *(Source: http://mofpi.nic.in/ContentPage.aspx?CategoryId=110).*

Export

The Indian food processing industry is primarily export orient. India's geographical situation gives it the unique advantage of connectivity to Europe, the Middle East, Japan, Singapore, Thailand, Malaysia and Korea. One such example indicating India's location advantage is the value of trade in agriculture and processed food between India and Gulf region.

India's exports of Processed Food was ₹14,924.96 crores in 2010-11, which including the share of products like Mango Pulp (₹814.01 crores), Dried and Preserved Vegetable (₹516.97 crores), Other Processed Fruit and Vegetable (₹1316.36 crores), Pulses (₹853.11 crores), Groundnuts (₹2094.06 crores), Guargum (₹2811.95 crores), Jaggery& Confectionary (₹3495.70 crores), Cocoa Products (₹131.52 crores), Cereal Preparations (₹1226.82 crores), Alcoholic and Non-Alcoholic Beverages (₹790.20 crores) and Miscellaneous Preparations (₹874.26 crores).
(Source: http://www.apeda.gov.in/apedawebsite/six_head_product/PFV_OPF.htm)

Though India's share in the global market is still nearly 1% only, there is increasing acceptance of horticulture produce from the country. Exports of organic food products are expected to grow five-fold by 2015, according to the Agriculture and Processed Food Products Export Development Authority (APEDA). The Government agency expects exports to touch US$ 1.43 billion by 2014-15 against US$ 280 million in 2010-11. This has occurred due to concurrent developments in the areas of state-of-the-art cold chain infrastructure and quality assurance measures. Apart from large investment pumped in by the private sector, public sector has also taken initiatives and with APEDA's assistance several centres for Perishable Cargoes and integrated post harvest handling facilities have been set up in the country. Capacity building initiatives at the farmers, processors and exporters' levels has also contributed towards this effort

(Source: Ministry of Commerce & Industry, Agricultural and Processed Food Products Export Development Authority (APEDA).

Indian Export of Agro Food Products

Processed Fruits and Vegetables	2009-2010		2010-2011		% growth	% share in 2010-11
	Qty (in Tonnes)	Value (in Crs)	Qty (in Tonnes)	Value (in Crs)		
Chickpeas (garbanzos), dried, shelled, whether or not skinned/split	95,264.21	391.07	2,01,428.34	835.94	113.76	38.27
Mango pulp	1,86,197.85	744.60	1,71,929.43	814.00	9.32	37.27
Onions, dried, whole/cut/sliced/broken/in powder but not further prepared	28,964.07	238.65	43,090.58	312.97	31.14	14.33
Cucumbers & gherkins, provisionally preserved	88,465.29	245.15	56,740.83	132.57	-45.92	6.07
Others	12,050.87	65.51	14,735.16	88.59	716.49	4.05
Total	**4,10,942.29**	**1,685.00**	**4,87,924.34**	**2,184.07**	**824.79**	**100.00**

(Source: DGCIS Annual Export)

FDI

The food processing industries in India has attracted foreign direct investment (FDI) worth ₹ 6,264.20 crores from April 2000 to December 2011, according to the data provided by Department of Industrial Policy and Promotion (DIPP).

Foreign Direct Investment in Food Processing Sector from April 2000 to November 2011

S.No.	Sector	Amount of FDI Inflows		% age with total FDI Inflows (+)
		(In Rs Crore	(In US$ million)	
1	FOOD PROCESSING INDUSTRIES	6207.32	1354.52	0.89
2	FERMENTATION INDUSTRIES	4422.74	1010.87	0.66
3	VEGETABALE OILS AND VANASPATI	1133.51	244.69	0.16
4	TEA AND COFFEE	446.61	99.38	0.07
	TOTAL FOOD PROCESSING SECTOR	**12210.18**	**2709.46**	**1.77**
	TOTAL	**686151.29**	**152673.09**	**100**

Source: DIPP, Ministry of Commerce

Note: Data includes some investment for rubber which is not a food processing industry

(Source: Ministry Of Food Processing & Industries, "Data Bank on Economic Parameters off the Food Processing Sector")

Government Support

Development of horticulture in the country is mainly through developmental programs of the Department of Agriculture & Cooperation. Since liberalisation several policy measures have been taken with regard to regulation & control, fiscal policy, export & import, taxation, exchange & interest rate control, export promotion and incentives to high priority industries. Food-processing and agro industries have been accorded high priority with a number of important relieves and incentives. Some of the important policy changes are as follows

- As per extant policy, FDI up to 100% is permitted under the automatic route in the food infrastructure (food park, cold chain/warehousing).

- Automatic approval to FDI up to 100% equity in FPI sector excluding alcoholic beverages and a few reserved items.

- FDI up to 100% is permitted on the automatic route for distillation & brewing of alcohol subject to licensing by the appropriate authority.

- No industrial license is required for almost all of the food and agro processing industries except for some items like beer, potable alcohol and wines, cane sugar, hydrogenated animal fats and oils etc. and items reserved for exclusive manufacture in the small scale sector. Items reserved for S.S.I. include pickles and chutneys, bread, confectionery, excluding chocolate, toffees and chewing-gum etc., rapeseed, mustard, sesame and groundnut oils (except solvent extracted), ground and processed spices other than spice oil and oleo resins, sweetened cashew nut products, tapioca sago and tapioca flour.

- Up to a maximum of 24% foreign equity is allowed in Small Scale Industries sector.

- Custom duty rates have been substantially reduced on food processing plant and equipments, as well as on raw materials and intermediates, especially for export production. Wide-ranging fiscal policy changes have been introduced progressively in food processing sector. Excise and Import duty rates have been reduced substantially. Many processed food items are totally exempt from excise duty.

Government Initiatives

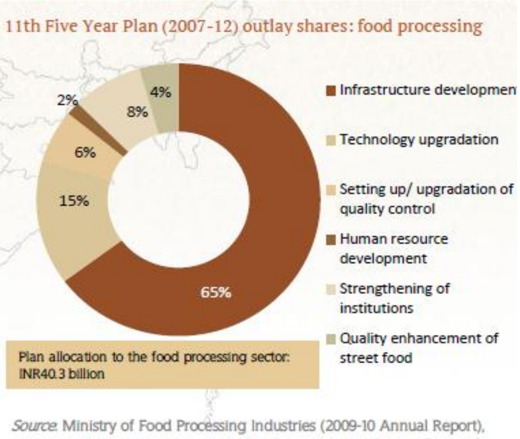
- The Government of India has approved setting up of 15 mega food parks under Infrastructure Development Scheme, with a total grant of ₹ 787.50 crores (US$ 148.57 million), during the remaining period of 11th Five Year Plan (2007-12).

- The Centre has proposed to set up 30 food parks. This will help 20,000 small and medium industries engaged in the manufacturing and processing of food products every year.

- The Ministry of Food Processing Industries has allocated ₹595 crores (US$ 112.48 million) for different schemes to be implemented in the food processing sector during 2011-12.

- An Inter-Ministerial Task Force on Agricultural Marketing Reforms, constituted by the Union Ministry of Agriculture, had recommended the creation of additional cold chain facilities with an investment of ₹2,500 crores (US$ 472.59 million).

- The Union Budget 2011-12 has allocated US$ 135 million to the Food Processing Ministry. As a measure to boost investment in the agriculture sector, the Minister extended the Viability Gap Funding Scheme (VGFS) for public-private partnership (PPP) for setting up modern storage capacity.
  (Source: http://www.ibef.org/artdispview.aspx?in=22&art_id=30605&cat_id=498&page=3).



(Source: IBEF, Food Processing – November 2011)

Vision 2015 for Indian Food Processing Industry

Ministry of Food Processing Industries finalised the document regarding the Vision 2015 for the growth of Indian food processing industries, based on the recommendations made by the Group of Ministers (GOM) for growth of the sector. The objective of the strategy is to increase the level of processing of perishable food from 6% to 20%, value addition from 20% to 35% and share in global food trade from 1.6% to 3% by 2015. The level of processing for fruits and vegetables is envisaged to increase from the present 2.2% to 10% and 15% in 2010 and 2015 respectively.

The thrust areas identified for strategic intervention are detailed mapping of food clusters; establishment of Mega Food Parks in identified SSI/ horticulture/ meat/ dairy/ marine sectors; strengthening backward and forward linkages and developing supply chain with cold chain mechanism; modernisation of Abattoirs; developing infrastructure for organized food retail market; rationalizing tax structure for the sector, etc.
(Source: Ministry of Food Processing Industries, "Integrated Strategy for Promotion of Agri-business - Vision, Strategy and Action Plan for the Food Processing Sector").

Drawbacks of Food Processing

- Any processing of food can have slight effects on its nutritional density. Vitamin C, for example, is destroyed by heat and therefore canned fruits have a lower content of vitamin C than fresh ones

- Another safety concern in food processing is the use of food additives. The health risks of any additives will vary greatly from person to person, in example sugar as an additive would be detrimental to those with diabetes.

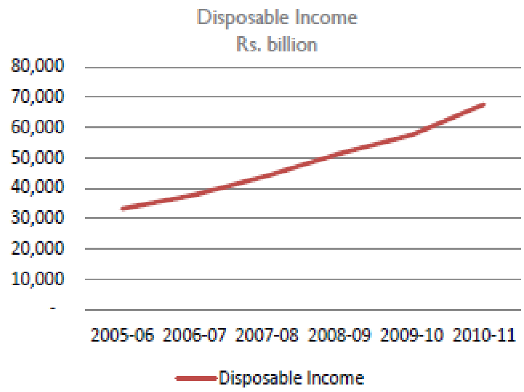
- Food processing is typically a mechanical process that utilizes large mixing, grinding, chopping and emulsifying equipment in the production process. These processes inherently introduce a number of contaminate risks.

- As a mixing bowl or grinder is used over time the food contact parts will tend to fail and fracture. This type of failure will introduce in to the product stream small to large metal contaminates. Further processing of these metal fragments will result in downstream equipment failure and the risk of ingestion by the consumer. Food manufactures utilize industrial metal detectors to detect and reject automatically any metal fragment.

Food Processing Industry Growth Drivers

Population growth and Rise in Disposable Income

A fundamental driver for the increase in demand for food is Indian population growth. The population growth rate of India is estimated at 1.334% in 2011. From demand side, growing per capita income is a great boost for the generation of demand for processed food items. As income of the people increases, they began to prefer processed foods to raw one.



(Source: IBEF, India-Economy and Trends, Oct 2011, Central Statistical Office (CSO), Economic Intelligence Unit)

Shift in demographic profile towards younger population

The median age of Indian population is 24 years and approximately 65% of Indian population is below 35 years of age. The large population of working age group forms a wider consumer base for processed products.

Increasing number of working women

The number of working women, as a percentage of the total female population, has grown from 12% in 1961 to close to over 25% resulting in demand for convenience food.

Spare Land availability

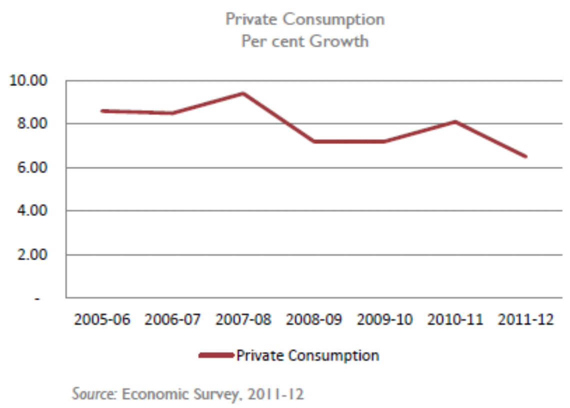
It is estimated that India has 240 million acres of cultivable wasteland, which is lying idle, which can be brought under orchard crops without curtailing the area under food crops. The country has abundant sunshine throughout year, surplus labour and widely varied agro-climatic conditions, which offer high potential for successful and profitable commercial horticulture.

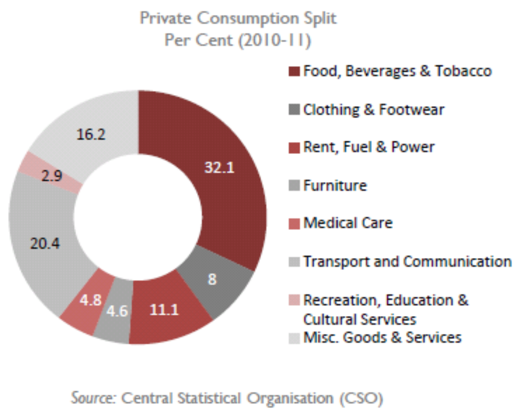
Increasing use of Technology

Technology is absolutely critical to the agro industry be it at the production, processing or marketing and packaging stage. Experts have always suggested that agricultural technology could play a vital role in addressing the issues and concerns relating to the conservation and management of rural resources. Some of the technological equipments used at production stage are Seed Drillers, Horse Hoe, Reaper, Threshing Machines, Tractor, Treadle pumps etc.

Increase in Consumption

Consumption has increased steadily over the last few years. Rising income levels, education and global exposure have contributed to the evolution of the Indian middle class. Food and beverages vertical accounts for the largest share of revenues of the total retail market.





(Source: IBEF, India-Economy and Trends, April2012, Economic Survey 2011-12)
(Source: IBEF, India-Economy and Trends, April 2012, Central Statistical Office (CSO))

Improved Supply Chain Management

The enormous losses of fruits and vegetables produced in the country are mainly because of the lack of proper infrastructure for storage and transportation under controlled conditions. Several factors are driving an emphasis on supply chain management. First, the cost and availability of information resources between entities in the supply chain allow easy linkages that eliminate time delays in the network. Second, the level of competition in both domestic and international markets requires organizations to be fast, agile, and flexible. Third, customer expectations and requirements are becoming much more stringent. So to satisfy the consumers, SCM system should operate with the two main objectives *timeliness* and *quality*.

Emergence of organized food retail

It is estimated that the total food and grocery retail space will grow at a CAGR of 6% over 2006-2011, with the organized share likely to increase from less than 1% currently to 6-6.5%. This will translate into more business opportunity for processed products as well as provide forward linkage to the industry
(Source: Ministry of Food Processing Industries, "*Integrated Strategy for Promotion of Agri-business - Vision, Strategy and Action Plan for the Food Processing Sector").*

BUSINESS OF THE COMPANY

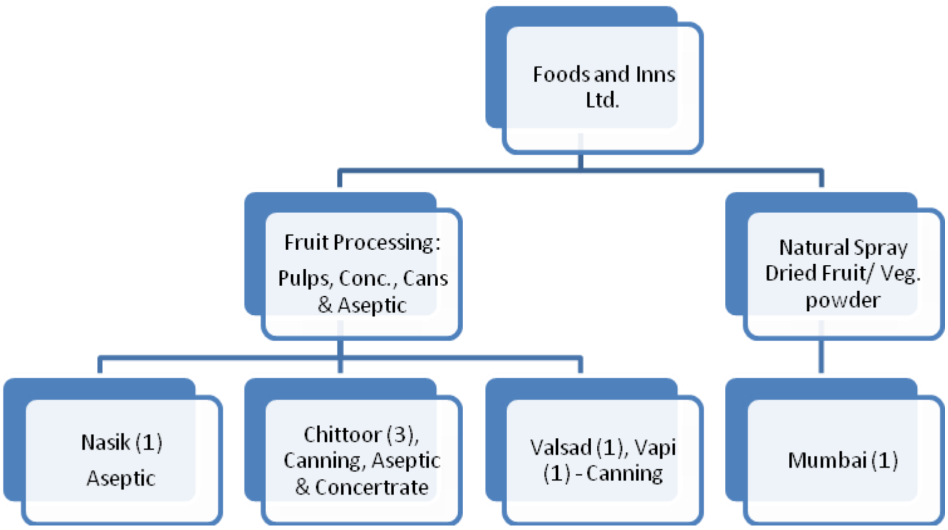
Business Overview

The Company is a multi-locational Trading House, primarily into the business of processing and marketing fruit pulps, concentrates and spray dried fruit and vegetable powders both into domestic and international markets. The Company exports its products to various geographies such as Europe, Middle East, USA and Japan catering to companies in the foods, beverage and dairy industry. The Company through its various divisions *viz.* (i) Aseptic, (ii) Canning and (iii) Spray Dried products make a diverse portfolio of processed food products.

The Company presently operates from seven (7) processing units strategically located near the fruit and vegetable growing areas at Chittoor (Andhra Pradesh), Valsad (Gujarat), Nasik (Maharashtra) and Mumbai. The Company's eighth (8th) processing unit for spray drying is currently under development and is expected to be operational by March 2013. The Company's units at Chittoor and Nasik are FSSC 22000-2010 accredited by DNV Business Assurance for food safety management of the Company. The Valsad unit of the Company is ISO 22000 certified. In addition to the above, the Company's units are SGF accredited in recognition of the quality practices adopted by the Company over the years. These certifications enable the Company to sell its products in the regulated markets like Europe, USA and Japan.

The Company derives significant portion of its income from sale of range of mango products to various domestic and international companies in the food and beverage industry such as Sumitomo Corporation (*Japan*), Agrana Fruit, Dohler Group, A.G. Barr, Lacnor (*UAE*), Haldirams, Heinz India Private Limited, etc. The domestic business of the Company is driven by its own sales and marketing network. For the international business, the Company participates in leading international trade fairs and exhibitions such as Anuga (*Germany*), Sial (*France*), Gulf Food (*Dubai*) to procure customer orders.

The present business of the Company can be described as set out below:



The Company on standalone basis have achieved sales of ₹38,357.68 lakhs and net loss of ₹514.76 lakhs for eighteen (18) months period ended on March 31, 2012. For the year ended September 30, 2010, the Company on standalone basis had a total sales of ₹2,08,61.82 lakhs and net profit after tax of ₹188.50 lakhs as compared to total income of ₹18,930.55 lakhs and net profit after tax of ₹666.37 lakhs for the year ended September 30, 2009.

THE COMPETITIVE STRENGTHS

The following are the key strengths which the Company believes enabled it to be competitive in its business:

1. ***Range of processes for meeting customer requirements.***

The Company is in the business of processing and marketing fruit pulps, concentrates and spray dried fruit and vegetable powders both into domestic and international markets. The Company believes that having all the three (3) divisions i.e. canning, aseptic and spray drying enables the Company to cater to various customer requirements. Further, due to the availability of the entire process line in-house, the Company's dependence on third parties for providing specific and customised processed products to its customers reduces to a large extent. We believe that this ability to provide customised products to its customers is the key strength for further growth of the Company.

2. ***International Quality Management Certifications for both products and processing units.***

The Company presently operates from seven (7) processing units strategically located near the fruit and vegetable growing areas at Chittoor (Andhra Pradesh), Valsad (Gujarat), Nasik (Maharashtra) and Mumbai. The Company's units at Chittoor and Nasik are FSSC 22000-2010 accredited by DNV Business Assurance for food safety management of the Company. The Valsad unit of the Company is ISO 22000 certified. In addition to the above, the Company's units are SGF accredited in recognition of the quality practices adopted by the Company over the years. These certifications enable the Company to sell its products in the regulated markets like Europe, USA and Japan. The Company has always endeavored to fulfill the requirements of the foreign regulatory authorities to ensure quality and food safety standards laid down by the customers of the Company and certifying authorities.

3. ***Strong Customer Base.***

The Company exports its products to various geographies such as Europe, Middle East, USA and Japan to various companies in the foods and beverage industry. The Company has a strong customer base in India as well as internationally which includes leading food & beverage companies of the world such as Sumitomo Corporation (*Japan*), Agrana Fruit, Dohler Group, A.G. Barr, Lacnor (*UAE*), and domestic companies like Haldiram, Heinz India Private Limited, etc. These customers have been a part of the growth story of the Company for more than a decade which we believe is essentially due to the product quality and customer centric approach of the Company.

4. ***Environment protection and Clean Energy measures.***

The Company is committed to provide a safe, clean and healthy environment and conduct its business and services in a manner so as to prevent harm to people and damage to environment or property. The Company endeavours to handle the Environment, Health and Safety (EHS) issues with the same responsibility as issues concerning quality, productivity, profitability and cost-efficiency. The Company actively manages the EHS norms as an integral part of its business, operations and practices. The Company continuously strives to minimize the pollution at source and that can be achieved by adopting cleaner technologies, reducing the use of natural resources and reusing and recycling wastes. Some initiatives taken by the Company include usage of agro boiler which uses biomass briquette as fuel to run the boiler for steam generation, condensate recovery system reducing fuel consumption as an energy conservation measure. Further, the Company is also a part of SEDEX and has been certified green. We believe that we are one of the first in the Indian food industry to have listing on UNFCC website for being eligible to earn carbon credits for usage of biomass briquette for generation of processed steam without usage of fossil fuel and to be accredited for the CSR status for its Chittoor unit.

5. ***Innovation and Product Development.***

The Company strives to retain its position within the industry by investing strategically in new technologies which give its customers better quality of products and cost advantages. The Company commenced its operations with processing egg powder and eventually diversified into processing of fruits and vegetables. The Company continuously attempts to provide solutions for specific customer needs through innovation and development of new product, packing blending developments. The Company has an experienced and professionally qualified team which constantly works with its customers to ensure customer satisfaction.

6. ***Experienced and qualified management and executives.***

The Company's team includes senior executives, a majority of whom have substantial years experience in the food processing industry. We believe that the management of the Company has a long-term vision which provides stability and continuity to its business. We also believe that the understanding and expertise of the Company's management and executive team in R&D, regulatory affairs, processing, finance, sales and marketing will enable its business to grow in a focused and constructive manner. As of July 31, 2012, approximately 23 of the Company's employees hold food industry related experience and qualifications.

THE STRATEGIES OF THE COMPANY

The business strategy of the Company focuses on the following elements:

1. ***Operational efficiency by utilizing existing infrastructure.***

The Company processes a range of fruit & vegetable products and mainly mango products during the season from April to July. The processing units of the Company run at the maximum capacity during the period April to August of each fiscal year for mango processing as compared to the September to March of the fiscal year. During these periods the Company endeavor to work at optimum capacity utilization. The Company presently processes other seasonal fruits such as Guava and Papaya during August to December and February to March. The Company further intends to process other fruits and vegetable such as banana, strawberry, tomatoes etc. during such lean period so as to utilize the existing capacities at its units.

2. ***Enhancing quality standards.***

The Company processes fruits such as Mango, Guava, Papaya etc. which are processed to make pulp & concentrates. The Company generally stores these products which has a shelf life of 1-2 years from the date of production, depending upon various factors such as storage condition and packaging so as to ensure supplies to consumers of these products even during the off season periods. The Company further intends to deploy technology to increase the shelf life of these stored products along with its quality.

3. ***Adapting new technologies to meet customer requirements.***

The Company endeavours to cater to the requirements of its customers by making regular advancements in technology and acquiring or developing new technologies for its processing activities. The Company is also exploring newer technologies available for application to food processing with a view to enhance its product portfolio. In-house research for adapting international technology such as satellite processing facility is at an advanced stage. Newer technologies for energy saving are being explored and efforts to replace the usage of fossil fuels with bio-fuels for all the existing units of the Company for reducing emissions are under consideration.

4. ***Creating, establishing and enhancing presence in newer markets.***

The Company believes that demand for its products currently which are being sold in the regulated markets such as Europe, USA and Japan will continue to grow. The Company is also making efforts to enhance its presence in Pacific Rim countries such as China, Japan and Indonesia and further to create its presence in countries like Mongolia, Korea, Australia and New Zealand by participating in trade fairs, exhibitions and seminars. The Company had participated in the Gulf Food seminars which have resulted in orders from countries like Jordan and Lebanon.

5. ***New Product Development.***

The Company believes that new fruits with commercial potential will be a key area of growth for the Company. The Company has initiated trials to evaluate such opportunities. Further, the Company is working towards introducing new product such as Aseptic, Banana puree, tomato paste and citrus concentrates. The Company also intends to do a forward integration of spray drying in the form of prepared seasoning for various applications in snack products.

PROCESSING OPERATIONS

Processing Units

The Company presently operates from seven (7) processing units strategically located near the fruit and vegetable growing areas at Chittoor (Andhra Pradesh), Valsad (Gujarat), Nasik (Maharashtra) and Mumbai. The details of the processing units of the Company are set out below:

Location	Facility (Canning/ Spray Drying/Aseptic)	Products processed	Installed Capacity (in MT)
Existing Units			
Unit I (Mumbai): Sion Trombay Road Deonar, Mumbai 400 088	Spray drying	Vegetable and Fruit powder	300
Unit II (Valsad): National Highway No.8 Vavfalia, Village Abrama Valsad 396 001	Canning and aseptic fruit processing	Fruit pulp (Mango, Guava, Papaya)	10,800
Unit III (Pardi):* Station Road, Killa Pardi District Valsad 396 125	Canning and aseptic fruit processing	Fruit pulp (Mango, Guava, Papaya)	2,000
**The Company has taken this unit on lease basis for its canning and aseptic fruit processing.*			
Unit IV (Nasik): S.No.340, At Post Gonde Taluka Sinnar, District Nasik	Aseptic processing	Fruit pulp (Mango, Guava, Papaya)	10,000
Unit V, VI & VII (Chittoor): Gollmadugu Village Pallur Post, Vellor Road Chittoor 517 501	Canning and aseptic fruit processing	Fruit pulp (Mango, Guava, Papaya) and concentrate	35,000
Unit under development			
Unit VIII (Nasik): S.No.340, At Post Gonde Taluka Sinnar, District Nasik	Spray Drying	Vegetable and Fruit powder	500

Installed capacity at the processing units

The table sets out below the installed capacities and the level of production for the years ended September 30, 2009, September 30, 2010 and eighteen (18) months period ended March 31, 2012:

Particulars	Installed Capacity (in MT)	Period ended on March 31, 2012 (18 months)	Year Ended Sep 30, 2010	Year Ended Sep 30, 2009
		Capacity Utilization (in %) (Annualized)	Capacity Utilization (in %)	Capacity Utilization (in %)
Fruit Powder	300	154.48	100.62	80.64

Particulars	Installed Capacity (in MT)	Period ended on March 31, 2012 (18 months)	Year Ended Sep 30, 2010	Year Ended Sep 30, 2009
		Capacity Utilization (in %) (Annualized)	Capacity Utilization (in %)	Capacity Utilization (in %)
Fruit Pulp, Concentrate & Frozen Pulp	55,000	88.36	74.62	72.16
Canned Veg. Pickles, Mango Chutney and Frozen Vegetables	2,500	11.22	3.88	8.78
Other Powder	300	45.91	25.51	49.08

Brief description of the Business Segments and Processing processes

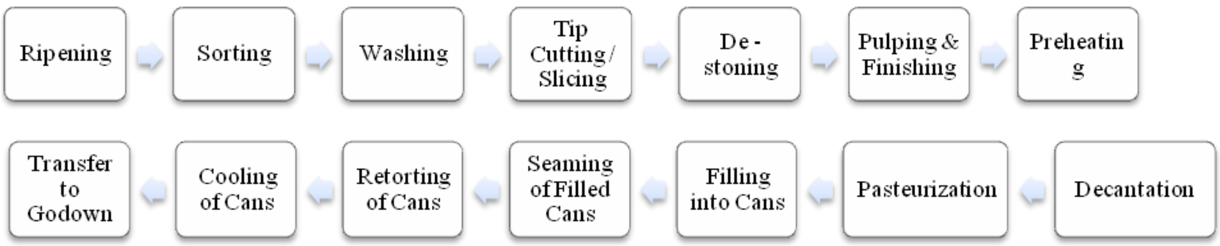
I. *Canning*

❖ Raw Materials: Raw materials essential to the canning business of the Company i.e. fruits such as Mangoes, Guava, Papaya are procured directly from the farmers and well as from the mandis.

❖ Canning process:

We set out below the flow chart enumerating the canning process:

Canning Process



The canning is a process of preservation of food products, where the products are subjected to preservation technique before getting filled & hermetically sealed in different size metallic cans. In food industry the tin cans are extensively used to pack the products. In case of tropical fruits mainly the ones having higher acidity canning in conjunction with pasteurisation is a proven method for commercial preservation.

The tropical fruits such as mango are procured from the near by gardens at the physiological maturity stage. Fruits are then allowed to ripe naturally inside the ripening sheds. Once ripened the fruits undergo sorting and the optimum ripe fruits that are being utilised for pulp production. Thereafter the ripe fruits are washed from organic, inorganic & microbial load.

The washed fruits are loaded on a conveyer belt where they are being given cuts at the tip part & sometimes sliced. The cut fruits then enter a machine called de-stoner where the fruits are squeezed mechanically & the coarse pulp is extracted from it. In this process the seed & skin of the fruits gets separated. Then the extracted coarse pulp enters a machine called pulper, which is a dual stage refiner. In first stage the peel remains gets screened & in the second stage the fibres get removed. After this refining a smooth homogeneous pulp is derived.

The refined pulp is preheated to a temperature around 60-70 Deg C. Once the pulp attains this temperature it goes for decantation. This is a process where the pulp is subjected to high centrifugal force which segregates out the very small particles having density difference from pulp. The pulp is pasteurised at around 90 Deg C which reduces the food spoiling microbes to a commercial zero level & allows the pulp to be micro-bialy stable.

The flattened Can bodies of desired size are reformed by the series of reforming machine. This reformed Can gets sanitised by steam before being filled with the pasteurised pulp. Once filled the Cans are sealed with lids. The sealed Cans then are arranged in metal crates & goes for further heat treatment. The heat treatment process is commercially called as retorting. This is because the product filled cans in crates are dipped inside the retorts having boiling water. The cans are kept dipped in the boiling water for 5 to 10 minutes. This process gives additional safety to the product as it create vacuum inside the cans. Then the retorted cans are removed from the retorts & kept inside cold water so as to bring them to room temperature. Once cooled, they are taken to product storing godowns & stacked in lots.

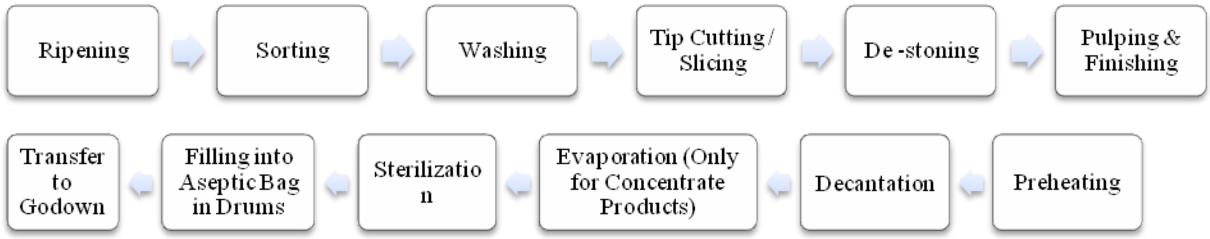
II. *Aseptic*

❖ <u>Raw Materials</u>: Raw materials essential to the aseptic business of the Company i.e. fruits such as Mangoes, Guava, Papaya are procured directly from the farmers and well as from the mandis.

❖ <u>Aseptic process</u>:

We set out below the flow chart enumerating the aseptic process:

Aseptic Process



Aseptic process is a modern method of preservation of food products. This involves packing of a commercial sterilized product into a pre-sterilized bag; commonly know as an aseptic bag in a sterile environment. This process allows packing the product in a varied range of package. Starting from small packs like 1 kg till 1000 kg. Commercially it is always preferred to pack the product in bulk packs in the range of 200 to 230 kg. This cut down the price of packaging & transportation to a great extend.

After the decantation process as described in the Canning Process above, the pulp enters the sterilizer section. Before going for sterilization the entrapped air from the pulp gets removed in the de-aerator tank under vacuum. In case of concentrate product the pulp is evaporated to the desired brix in evaporators which evaporates out water from the pulp under vacuum. Thereafter the pulp/concentrate goes for heating in the heating modules of the sterilizer. Here the pulp is heated to desired temperature generally ranging from 105 – 110 Deg. C. Once the pulp attains the desired temperature it goes to the holding module of sterilizer. At this stage the pulp which is already at a higher temperature gets the time to reduce its microbial load to commercial zero level. This holding time commercially for pulp ranges from 60 to 200 seconds. Then the sterilized pulp is cooled down in two stages in the cooling modules of the sterilizer to a temperature below 40 Deg C instantly. The cooled pulp then gets packed in multilayered, pre-sterilized aseptic bags automatically by the filler heads. The mass of the fill is controlled by load cells & once the desired quantity of the product gets filled into the aseptic bags the filler head automatically stops filling & caps the bag.

The aseptic bags are lined from outside with polythene liners & kept inside MS drums. After getting filled, the sterilizer automatically prints a label comprising of the traceability data for the product. This label gets pasted to each & every drum. Then drums holding the product filled bags get conveyed away from the sterilizer. Lids, nuts & bolts are applied to the drums & sent for getting stored in the godowns.

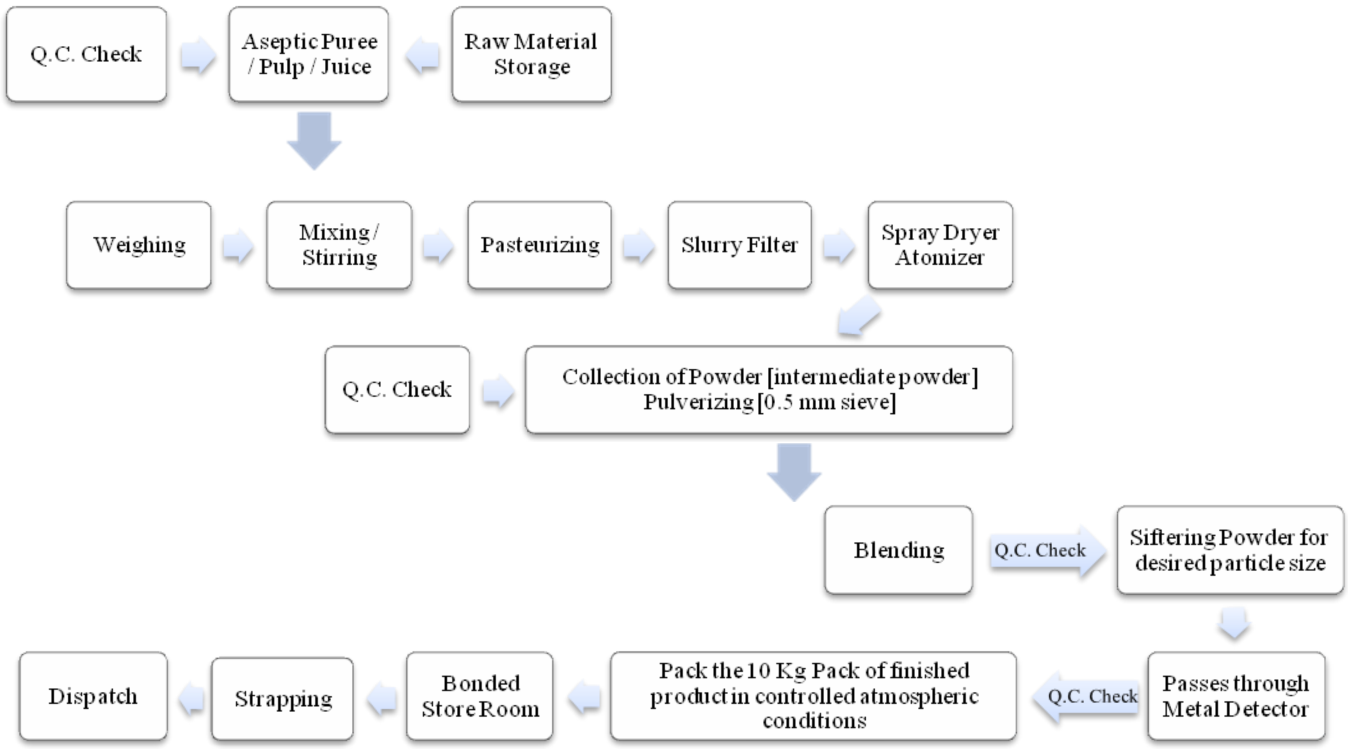
III. *Spray Dried*

❖ <u>Raw Materials</u>:

The Company produces products which are a mix of fruit and vegetable powders. The key raw material for the powders is purees and pulps of various fruits and vegetables. These are directly sourced from primary manufacturers of these fruits and vegetable purees.

❖ <u>Spray Drying process</u>:

We set out below the flow chart enumerating the spray drying process:



Product to be Spray dried is fed to a specially designed imported centrifugal atomizer at certain temperature. The feeding to the atomizer is through a positive displacement pump with variable frequency drive to vary the feed rate commensurate with the dryer outlet temperature. The atomization of the feed product takes place co-current to the drying air in a very robust & reliable centrifugal atomizer.

The drying air is filtered and dehumidified to certain extent before it is heated in a steam air heater.

The drying air is introduced into the drying chamber through an air distributor placed on top of the chamber. The distributor is provided in order to ensure optimum performance in the drying chamber.

The drying chamber is provided with a conical bottom with proper slope and included angle for easy release of dried Powder particles.

Drying air enters the chamber co-current to the feed. The intensive contact between the moist product with a largely increased surface due to Atomization and the hot drying air results in an immediate low temperature drying process.

Drying chamber is provided with the conical bottom. The chamber has a partial jacket on shell & cone for air cooling of the Drier surface internally.

A duct from middle of drying chamber cone carries fines to Cyclone for separation of air & powder.

The external fluid bed performs secondary drying and fluidized cooling of the semi dried powder as fluid bed rests on spring supports and is kept vibrating by the unbalanced rotor motors.

A common dehumidifier is provided for supply air to heating & cooling section of Fluid Bed Dryer and to Drying chamber cooling. The air is delivered to the fluid beds through separate fans provided with specially designed (HEPA) filters. The air for cooling is dehumidified in the dehumidifier battery. Steam and chilled water is used for heating/ cooling of air. The fans are provided with inlet dampers.

The powder received at the discharge end of the fluid bed gets delivered into a vibrating powder sifter where the over sized particles are separated from the main stream before final packing into Triple Laminated high barrier bags of 10 kgs each. Two bags of specified powder are packed in a Carton and labeled as per the requirement.

Business Segments

Our Business segments

Aseptic

- **Mango Purees and Concentrates**
  - Alphonso Mango Puree
  - Totapuri Mango Concentrate
  - Totapuri Mango Puree
  - Kesar Mango Puree
  - Raspuri Mango Puree
- **White Guava Puree and Concentrates**
  - White Guava Puree
  - White Guava Concentrate
  - Pink Guava Puree
- **Red Papaya Puree and Concentrate**
  - Papaya Puree(Red, Natural)
  - Papaya Concentrate(Red, Natural)

Canning

- **Fruit Purees And Slices**
  - Alphonso Mango Puree
  - Alphonso Mango Slices in Brine
  - Sweetened Alphonso Mango Puree
  - Totapuri Mango Puree
  - Kesar Mango Puree
  - Sweetened Kesar Mango Puree
  - Raspuri Mango Puree
- **Vegetables in Brine**
- **Pickles And Chutneys**
- **Curried Patra**

Frozen

- **Fruits**
  - Natural Alphonso Mango Pulp/Puree
  - Natural Alphonso Mango Slices
  - Natural Totapuri Mango Pulp/Puree
  - Sweetened Totapuri Mango Pulp/Puree
  - Natural White Guava pulp/Puree
  - Sweetened Guava Pulp/Puree
- **Purees and Chunks**
- **Vegetables**
- **Snacks & Chutneys**
- **Ready to Eat**

Powder

- **Fruits**
  - Spray Dried Ripe Mango Pulp Powder
  - Spray Dried Alphonso Mango Powder
  - Spray Dried Ripe Banana Pulp Powder
  - Spray Dried Orange Juice Powder
  - Spray Dried Pineapple Juice Powder
  - Spray Dried Lemon Juice Powder
- **Vegetables**
  - Spray Dried Tomato
  - Juice powder
  - Spray dried caramel
  - Powder
  - Spray dried beetroot Juice powder

End Use of the Company's Products

The Company's products are essentially used as concentrates by the food & beverage and diary industry.

Collaborations, any Performance Guarantee or assistance in marketing by the collaborators

The Company has not entered into any technical or other collaboration. Except for usual business agreements with the customers, the Company has not entered into any other agreement in the nature of performance guarantee/assistance in marketing.

Utilities & Infrastructure Facilities

- **Water**

  The Company's water requirement is met with water from bore wells. The water is stored in storage structures like under ground sumps & overhead tanks.

- **Raw materials and Packing materials**

  Raw materials essential to the business of the Company i.e. fruits such as Mangoes, Guava, Papaya are procured directly from the farmers and well as from the mandis. The Company sources purees and pulps from primary manufacturers for its spray drying process. The Company also purchases its packing materials such as asceptic bags, MS Drums, Polyliners, cartons, cardboard packing materials, pallets & packing accessories, Can bodies & Lids from local and international suppliers.

- **Electricity**

  The Company's power requirement is met from the supply of power from the Grid. In addition to the above the Company has generator back-ups to deal with power cuts & emergency power failures.

Quality Control and Certifications

The Company presently operates from seven (7) processing units strategically located near the fruit and vegetable growing areas at Chittoor (Andhra Pradesh), Valsad (Gujarat), Nasik (Maharashtra) and Mumbai. The Company's units at Chittoor and Nasik are FSSC 22000-2010 accredited by DNV Business Assurance for food safety management of the Company. The Valsad unit of the Company is ISO 22000 certified. In addition to the above, the Company's units are SGF accredited in recognition of the quality practices adopted by the Company over the years. These certifications enable the Company to sell its products in the regulated markets like Europe, USA and Japan. The Company has always endeavoured to fulfill the requirements of the foreign regulatory authorities to ensure quality and food safety standards laid down by the customers of the Company and certifying authorities.

Environmental, Health and Safety Policy

The Company has adopted safety monitoring procedures. The Company conducts safety training on the induction of new employees, as well as periodic refresher training. The Company has a good record on environmental and health safety. The Company endeavors that its processing units are in compliance with the health and safety standards of the jurisdictions in which they operate. In addition to the basic compliance requirements, the Company also ensures that each of its units is well equipped fire extinguishers and such other equipment. The Company maintains a supply of standby equipment for critical items in the event a major piece of equipment becomes in-operational. All major equipment is backed with standby power.

Effluent Treatment

The operations of the Company generate small quantities of effluents, which are treated at the effluent treatment plant (ETP) of the Company. The Company is required to obtain consents from the State Pollution control board to establish and operate its units and to comply with their conditions regarding the emissions and discharge of effluents in air and water. The Company has complied with the required terms laid down under the regulations.

Marketing and Sales Network

The business of the Company is driven by its own sales and marketing network. As of July 31, 2012, the Company had a sales and marketing team of approximately seven (7) personnel with an average of 38 years of experience in the food processing industry. Through its dedicated sales and marketing team it reaches out to its customers. The Company also promotes its products by way of participation in international food festivals and exhibitions such as Anuga, Sial, Gulf Food International. Further, the Company in order to cater to the European markets has entered into an arrangement with M/s. Kloosterber, Group Rotterdam and M/s. Vorex, Rotterdam, Holland for storage and warehousing facilities.

Customers

The Company is selling and marketing its products to various companies in domestic and international markets in the food and beverage industry such as Sumitomo Corporation (*Japan*), Agrana Fruit, Dohler Group, A.G. Barr, Lacnor (*UAE*), and domestic companies like Haldirams, Heinz India Private Limited, etc.. The Company's domestic sale comprises of 35% of total of sales and 65% of exports to various geographies such as Europe, Middle East, USA and Japan.

Exports

The Company's exports comprises of nearly 65% of its total sales. The Company exports its products to various geographies such as Europe (20%), Middle East (50%), USA and Japan (30%). We set out below the Company's export sales in the last three (3) years:

Particulars	For Eighteen (18) months period ended on March 31, 2012		For Twelve (12) months period ended September 30, 2010		For Twelve months period ended September 30, 2009	
	Amount	%	Amount	%	Amount	%
Sales						
Domestic	13,478.98	35.14	5,950.81	28.52	5,212.39	27.53
Exports	24,878.70	64.86	14,911.01	71.48	13,718.16	72.47
Total	**38,357.68**		**20,861.82**		**18,930.55**	
Profit / (Loss) After Tax	-514.76		188.50		666.37	

Export Possibilities and Export obligations

The Company in its normal course of business is under an obligation to export products under the various government schemes like advance license, EPCG and CT2. As at March 31, 2012, the Company's export obligation against the purchase of machinery and packing material under EPCG Scheme of ₹184.44 lakhs (*₹1,84,44,176*) has already been fulfilled. However, procedural formalities for the closure of the EPCG licenses are pending. As at March 31, 2012, the Company's export obligation against Advance License of ₹301.23 lakhs (*₹3,01,23,178*) has already been fulfilled. However, procedural formalities for the closure of the Advance licenses are pending. Further, as at March 31, 2012, the outstanding export obligations of the Company on EPCG and Advance licenses is ₹1,674.21 lakhs (*₹16,74,21,397*).

Competition

The markets in which the Company sells its products are highly competitive. The primary competitive factors consist of price, product quality, prompt delivery, breadth of product line, customer service and reputation. To stay ahead of the competitors, the Company regularly updates its existing technology; maintain a high level of involvement across the sales and marketing network to maximize the presence of the Company in India and internationally; aim to attract and retain key personnel on whom the Company relies for its smooth running and the Company in addition also attempts to keep its costs of production low to maintain its competitive advantage and profit margins. The Company sees itself competing with food processing companies such as Jain Irrigation Limited, Capricorn Food Products Limited, Mother Diary Limited, ITC, Exotic Foods, Private Limited, Venkatesh Natural Extract Private Limited etc.

Corporate Social Responsibility

We believe that the Company's CSR achieves an integration of economic, environmental and social imperatives while simultaneously addressing shareholder expectations. We also believe that it is one of the first companies in the food processing industry to be accredited by Danish agency *viz* SuSbiz for CSR initiatives at its Chittoor unit. Further, the Company is also regularly conducting free medical camps for workers and also supporting education and other athletic programmes for the underprivileged children in the nearby villages to the processing units.

Human Resource

As of July 31, 2012, the Company had 256 full-time employees in the Company. Out of this number, 23 employees hold food industry related experience and qualifications. The Company also hires contract labour for its peak season operations.

The employees of the Company are not currently unionized, and there have been no work disruptions, strikes or other employee unrest to date. The Company believes that it has maintained considerable relations with its employees.

Insurance

The Company maintains adequate insurance policies for the processing units as well as the office premises of the Company. The Company has obtained fire & special perils policy, stock transit policy, policies for furniture & fixture, Plant & Machinery, finished goods, product liability insurance etc. for the processing units as well as the office premises of the Company. In addition, the Company has also availed Workmen Compensation policy for its employees. The Company generally maintains insurance covering its assets and operations at levels that it believes to be appropriate.

Immovable Properties of the Company

The details of the properties owned/leased by the Company are provided herein below:

Immovable Properties:

Place and Description of Property	Vendor/ Lessor/Licensor	Date and Instrument/Document executed	Term of the Lease & Area
Unit I (Mumbai) and Registered office of the Company			
Sion-Trombay Road, Punjabwadi, Deonar, Mumbai 400 088	Mahindra Foods Private Limited	October 30, 1971 Deed of Conveyance	Owned 8476.5 Sq. Mtrs. 1/3rd of 2633.8 Sq. Mtrs.
Corporate office of the Company			
Flat No. 10 and 11, Third Floor, Dulwich Mansion, 224 Tardeo Road, Mumbai 400 007	Mr. Jimmy Panthaki and Ms. Sarosh Jimmy Pathaki	April 18, 2011 Leave and License Agreement	60 months from March 1, 2011 273.69 Sq. Mtrs. for commercial and 79.34 Sq. Mtrs for residential purposes.
Unit II - Valsad			
Block No. 268, Village Vankal, Taluka and District Valsad, Gujarat 396325	Mr. Shiraz Contractor, Mr. Dinaz Contractor, Mr. Ardesar Contractor and Mr.	December 28, 2007 Sale Deed	Owned 205932.78 Sq. Mtrs.

Place and Description of Property	Vendor/ Lessor/Licensor	Date and Instrument/Document executed	Term of the Lease & Area
	Dinaz Contractor		
Block No. 275, Village Vankal, Taluka, District Valsad 396325	Mr. Ardesar alias Adi Contractor and Smt. Dinaz Ardesar alias Adi Contractor	December 28, 2007 Sale Deed	Owned 309089.85 Sq. Mtrs.
Block No. 270, Village Vankal, Taluka, District Valsad, Gujarat 396325	Mr. Dineshchandra Ramanbhai	February 10, 2010 Sale Deed	Owned 269090.84 Sq. Mtrs.
Godown No. 9, Nitya Vijay Industrial Estate, Water Works Road, Abrama, Natonal Highway No. 8, Valsad, Gujarat	Mr. Rajnikant Nagareja	January 31, 2012 Lease Deed	Valid till January 31, 2015 8769 sq. ft.
Godown No. 10, Nitya Vijay Industrial Estate, Water Works Road, Abrama, Natonal Highway No. 8, Valsad, Gujarat	Ms. Yogini Nagrecha	January 31, 2012 Lease Deed	Valid till January 31, 2015 18750 sq. ft.
Godown No. 11, Nitya Vijay Industrial Estate, Water Works Road, Abrama, Natonal Highway No. 8, Valsad, Gujarat	Ms. Beena Nagrecha	January 31, 2012 Lease Deed	Valid till January 31, 2015 17250 sq. ft.
Unit III (Pardi)			
Vasundhara Canning Private Limited, Umarswadi, Station Road, Killa Pardi, Gujarat	Vasundhara Canning Private Limited	March 1, 2012 Lease Deed	24 months from February 22, 2012 34,928 Sq. ft. which includes factory, godowns, cannery with plant, machineries, equipments along with electrical installations and Temporary Ripening shed made of MS Structure admeasuring 21,445 Sq. ft.
Unit IV (Existing) & VIII (Under development) (Nasik)			
Gat 340, Village Gonde, Tal Sinnar, District Nasik	Mr. Gustad Faredooni, Mr. Diniyar Jaihani, Ms. Parveen Faredooni, Mr. Dinaj Jehani, Ms. Motibai Kayani,	December 18, 2006 Agreement for Sale	Owned 11900 Sq. Mtrs.

Place and Description of Property	Vendor/ Lessor/Licensor	Date and Instrument/Document executed	Term of the Lease & Area
	Ms. Faredooni Kayani, Mr. Beheram Faredooni		
Unit V, VI & VII (Chittoor)			
Land bearing Survey No. 321.1A, situated at Bommasamudram Village, Panatur Gram Panchayat, Chittoor.	Mr. K. Prasad Reddy	December 26, 1994 Sale Deed	Owned Dry A.c. 0.66, 0.206 Hectares
Land bearing Survey No. 322.1A situated at Bommasamudram Village, Panatur Gram Panchayat, Chittoor.	K. Meharunnisa Bi. K. Sabeera Begum, K. Mehameeda Begum, K. Thaira Begum, K. Abide Begum, K. Sakina Begum	September 11, 1995 Deed of Exchange	Dry Ac. 1.51 cents – 0.611 Full including all leaf trees
Land bearing Survey No. 321.1B, situated at Bommasamudram Village, Panatur Gram Panchayat, Chittoor.	Ms. P. Kuppamma, P. Gunashekhara Reddy, P. Seresha, P. Kiran and other minors	December 29, 1994 Sale Deed	Owned Dry Ac. 0.94 cents – 0.387 Full of Leaf Trees.
Land bearing Survey No. 323.1, 323/2A, 323/2B, 323/2C, 323/3, 323/4, 323/5 situated at Bommasamudram Village, Panatur Gram Panchayat, Chittoor.	Mr. B.S. Pandyan	August 31, 1994 Sale Deed	Owned Total Dry Ac. 5.97 cents – 0.70 Full of Leaf Trees.
Land bearing Survey No. 201 situated at Mandikrishnapuram Revenue Village, Chittoor.	Mr. G. Rukmangadhan	December 10, 2003 Sale Deed	Owned Dry Ac. 8.10 cents or 3.276 Hectares
Land, Industrial Building and Plant & Machinery situated at Survey No. 202/2 and 202/1 situated at Mandi Krishnapuram Village, Gudipala Mandal, Chittoor.	Krishnapriya Fruit Processing Industry	November 5, 2007 Sale Deed	Owned Land - Acre 3.30 cents in Survy No. 202/2 and Acre 0.74 cents in Survy No. 202/1 or 19, 553.6 sq. yards. Industrial Building – Acre 0.10 Acre or 484 yards on Survey No. 202/2.
Land bearing Survey No. 199, Mandikrishnapuram Village, Mandikrishnapuram Gram Panchayat, Gudipala Mandal,	Mr. I.V. Ramana Reddy	April 7, 2004 Sale Deed	Owned 189.56 Sq. Mtrs

Place and Description of Property	Vendor/ Lessor/Licensor	Date and Instrument/Document executed	Term of the Lease & Area
Chittor Zila Parishad, Chittor District, Andhra Pradesh 3			
Other Properties			
Flat No. 402, 4th Floor, Yashokamal 'B', Survey No. 3997 and 4049, Tethal Road, Valsad	M/s B. G. Builders, a partnership Firm represented by Mr. Mahendra Balwantrai Desai	February 22, 1988 Sale Deed	Owned 860 sq. ft.
Residential Premises – 2nd Floor, Building known as "Brmhanand Sankul", survey no. 1038 situated at village Sinnar.	Nilesh Rasal and Nirvutti Kedar	December 7, 2007 Agreement of Sale	Owned 3857 sq. ft.
Flat No. 47, Anand Vijay Sankul, RS No. 129-/130A/1, Village Deonali, Taluka and District Nasik	Mr. Narissa Neemuchwala, Mr. Ebrahim Neemuchwala	January 5, 2007 Deed of Conveyance	Owned 178.37 Sq. Mtrs.
Shop, Anand Vijay Sankul, RS No. 129-/130A/1, Village Deonali, Taluka and District Nasik	M/s. Deepak Builders and Developers	January 5, 2007 Conveyance Deed	Owned 22.30 Sq. Mtrs.

Intellectual Property Rights

I. Registered trademarks of the Company

No.	Trademark	Registration No.	Class	Registration Date	Validity
1.	Finnz	1343727	29	March 10, 2005	March 10, 2015
2.	Finnz	1343728	30	March 10, 2005	March 10, 2015
3.	Finnz	1343729	31	March 10, 2005	March 10, 2015
4.	Finnz	1343730	32	March 10, 2005	March 10, 2015
5.	Finns	310570	29	December 4, 1975	December 4, 2020
6.	Finns	365915	29	September 10, 1980	September 10, 2018
7.	Finns	365916	30	September 10, 1980	September 10, 2018
8.	Asim	404409	29	April 18, 1983	April 18, 2014
9.	Asim	404412	32	April 18, 1983	April 18, 2014
10.	Rubicon	484422	32	January 20, 1988	January 20, 2019
11.	Sunexotic	484423	32	January 20, 1988	January 20, 2019
12.	Finns	615956	32	January 6, 1994	January 6, 2018
13.	Finns	615958	30	January 6, 1994	January 6, 2018
14.	Finns	615959	29	January 6, 1994	January 6, 2018
15.	Schaui (Device)	645992	29	November 17, 1994	November 17, 2018
16.	Schaui (Device)	645993	30	November 16, 1994	November 17, 2018

No.	Trademark	Registration No.	Class	Registration Date	Validity
17.	Schaui (Device)	645994	31	November 16, 1994	November 17, 2018
18.	Sahawi (Device)	645995	32	November 17, 1994	November 17, 2018
19.	Schavni	645996	30	November 17, 1994	November 17, 2018
20.	Ameya	767797	29	October 6, 1997	October 6, 2017
21.	Ameya	767799	31	October 6, 1997	October 6, 2017
22.	Ameya	767800	32	October 6, 1997	October 6, 2017
23.	Nasim	868400	29	July 28, 1999	July 28, 2019
24.	Nasim	868401	30	July 28, 1999	July 28, 2019
25.	Nasim	868403	32	July 28, 1999	July 28, 2019
26.	Al Kausar	870169	32	August 6, 1999	August 6, 2019
27.	Asil	901295	29	February 2, 2000	February 2, 2020
28.	Asil	901296	32	February 2, 2000	February 2, 2020

II. Trademarks applied by the Company

No.	Trademark	Application No.	Class	Application Date	Status
1.	Curry Magic	1343724	30	March 10, 2005	Opposed
2.	Madhu Achar Pachranga	735630	29	February 27, 1997	Opposed
3.	Madhu Achar Pachranga	735631	29	February 27, 1997	Opposed
4.	Al Afzal	870166	29	August 6, 1999	Opposed
5.	Al Kausar	870167	29	August 6, 1999	Opposed
6.	Al Afzal	870168	32	August 6, 1999	Opposed

KEY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India. The regulations set below are not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice. The Company sets forth below are certain significant legislations and regulations which generally govern the food processing industry in India:

Legislations related to the food processing industry:

1. **The Prevention of Food and Adulteration Act, 1954**

The Prevention of Food and Adulteration Act is a central legislation and provides provisions for the prevention of adulteration of food. The State Governments have adopted the Central Act which requires any person/ entity manufacturing / storing/ selling food articles to be registered under the provisions of the Act.

2. **The Food Safety and Standards Act, 2006**

The Food Safety and Standards Act, 2006 (the "***FSSA***") provides for establishment of Food Safety and Standards Authority of India (the "***Food Authority***") for laying down science based standards for articles of food and to regulate their manufacture, storage, distribution, sale and import. The Food Authority is also required to provide scientific advice and technical support to the GoI and State Governments in framing the policy and rules relating to food safety and nutrition. The FSSA also provides for requirements of licensing and registration of food business, general principles for food safety, responsibilities of the food business operator and liability of manufacturers and sellers, and adjudication by Food Safety Appellate Tribunal. In exercise of powers under the FSSA, the Food Authority has framed the Food Safety and Standards Regulations, 2010 (the "***FSSR***"). The FSSR provides the procedure for registration and licensing process for food business and lays down detailed standards for various food products. The GoI has also issued a draft of the Food Safety and Standard Rules in April 2010 setting out the enforcement structure of Commissioner of Food Safety, Food Safety Officer and Food Analyst and procedures of taking extracts, seizure, sampling and analysis.

Industrial and Labour Laws:

1. **Factories Act, 1948**

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

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

2. **Minimum Wages Act, 1948**

The legislation provides a framework for State governments to stipulate the minimum wage applicable to a particular industry. The minimum wage may consist of a basic rate of wages and a special allowance; or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities; or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any. Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government. Contravention of the provisions of this legislation may result in imprisonment for a term up to six months or a fine up to ₹500 or both.

3. **Contract Labour (Regulation and Abolition) Act, 1970**

The Contract Labour (Regulation and Abolition) Act, 1970, as amended (the "***CLRA***"), requires establishments that employ, or have employed on any day in the previous 12 months, 20 or more workmen as contract labour to be registered and prescribes certain obligations with respect to the welfare and health of contract labour. The CLRA requires the principal employer of an establishment to which it applies to make an application to the registering officer in the prescribed manner for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a licence and not to undertake or execute any work through contract labour except under and in accordance with the licence issued. To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, drinking water, washing facilities, first aid facilities, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be imposed for contravention of the provisions of the CLRA.

4. **Employees State Insurance Act, 1948**

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

5. **The Payment of Gratuity Act, 1972**

The Payment of Gratuity Act, 1972 was enacted with the objective to regulate the payment of gratuity, to an employee who has rendered for his long and meritorious service, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years:

- On his/her superannuation; or
- On his/her retirement or resignation; or
- On his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

6. **The Shops and Establishment Act, 1948**

The Shops and Establishment Act, 1948 governs a company in the states where it has offices/godowns. It regulates the conditions of work and employment in shops and commercial establishments and generally prescribes obligations in respect of registration, opening and closing hours, daily and weekly working hours, health and safety measures, and wages for overtime work.

7. **The Workmen's Compensation Act, 1923**

The Workmen's Compensation Act, 1923 has been enacted with the objective to provide for the payment by certain classes of employers to their workmen or their survivors, compensation for industrial accidents and occupational diseases resulting in death or disablement. In case the employer fails to pay compensation due under the Act within one month from the date it falls due the Commissioner may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

8. **The Payment of Bonus Act, 1965**

The Payment of Bonus Act, 1965 was enacted with the objective of providing of payment of bonus to employees on the basis of profit or on the basis of productivity. This Act ensures that a minimum annual bonus is payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or ₹100, whichever is higher.

9. **Employees' Provident Funds and Miscellaneous Provisions Act, 1952**

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 was introduced with the object to institute provident fund for the benefit of employees in factories and other establishments. It empowers the Central Government to frame the "Employee's Provident Fund Scheme", "Employee's Deposit linked Insurance Scheme' and the "Employees' Family Pension Scheme" for the establishment of provident funds under the EPFA for the employees. It also prescribes that contributions to the provident fund are to be made by the employer and the employee.

10. **The Industrial Disputes Act, 1947**

The Industrial Disputes Act, 1947 makes provisions for investigation and settlement of industrial disputes and for providing certain safeguards to the workers.

<u>Environmental Laws</u>:

1. **The Environmental Protection Act, 1986**

The Environmental Protection Act, 1986 is an "umbrella" legislation designed to provide a framework for co-ordination of the activities of various central and state authorities established under various laws. The potential scope of the Act is broad, with "environment" defined to include water, air and land and the interrelationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

2. **The Water (Prevention and Control of Pollution) Act, 1981**

The Water (Prevention and Control of Pollution) Act, 1981 prohibits the use of any stream or well for disposal of polluting matter, in violation of standards set down by the State Pollution Control Board.

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

The Air (Prevention and Control of Pollution) Act, 1981 provides for the prevention, control and abatement of air pollution. No person operating any industrial plant, in any air pollution control area shall discharge or cause emission of any air pollutant in excess of the standards prescribed by the State Board in this regard.

<u>Tax Regime</u>:

1. **Service Tax Act, 1994**

The service tax gains its authority from item No 97 in the Union List of Seventh Schedule to the Constitution of India. Section 64 to 96 - I of the Finance Act, 1994, as amended from time to time. Service Tax had been imposed as an indirect tax which is demanded from one person on the expectation and intention that such person shall indemnify at the expense of other person who is consuming such service. The tax is levied on services and not on income or profits, thus carrying thus carrying the tax to the point of consumption.

<u>Intellectual Property Laws</u>:

1. **Trade Marks Act, 1999**

The Indian law on trademark is enshrined in the Trade Marks Act of 1999. Under the existing Act, a trademark is a mark used in relation to goods and/or services so as to indicate a connection between the goods or services being provided and the proprietor or user of the mark. A 'Mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style, the shape of goods other than those for which a mark is proposed to be used, or any combination thereof or a combination of colours and so forth. The trademark once it is applied for is advertised in the trademarks journal, oppositions, if any, are invited and after satisfactory adjudication of the same, is given a certificate of registration. The right to use a mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fees.

<u>Foreign Investment Regime</u>:

1. Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act ("***FEMA***"), and the rules, regulations and notifications thereunder, as issued by the RBI from time to time, and the policy prescribed by the Department of Industrial Policy and Promotion, which provides for whether or not approval of the Foreign Investment Promotion Board ("***FIPB***") is required for activities to be carried out by foreigners in India. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("***FEMA Regulations***") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. At present, FDI in the food processing/ manufacturing sector is permitted up to 100% through the "automatic route", which does not require prior approval of the GoI or the RBI.

<u>Miscellaneous Laws</u>:

1. **Indian Boiler Regulations, 1950**

Under the Boiler Regulations, a boiler is inspected by the inspectorate as per the procedure laid down under the Boiler Regulations and if found satisfactory, a certificate is issued for operation for a maximum period of one year. The objective of the Boiler Regulations is mainly to provide for the safety of life and property of persons from the danger of explosions of steam boilers and for achieving uniformity in registration and inspection during operation and maintenance of boilers in India. Violation of any provision under the Boiler Regulations may attract a penalty of ₹5,000 or more.

HISTORY AND CERTAIN CORPORATE MATTERS

History and Background

The Company was originally incorporated under the Companies Act, 1956 in the name of Country Inns Private Limited at Mumbai vide Certificate of Incorporation dated October 11, 1967 bearing Registration No. 11-13837. Subsequently, the name of the Company was changed to Foods and Inns Private Limited and a Fresh Certificate of Incorporation dated December 31, 1968 was issued by the RoC, Maharashtra at Mumbai. The Company was subsequently converted into a public limited company pursuant to a resolution passed at a shareholders meeting held on November 24, 1970 and the RoC issued a Fresh Certificate of Incorporation dated December 21, 1970.

Mr. Utsav Dhupelia has been spearheading the Company for more than three (3) decades in various capacities since the year 1979 when he was initially appointed as a Vice President of the Company. He has been instrumental, with the active support of the management, in the progress of the Company by growing the business from a single product (egg powder) to a leading fruits and vegetables processing Government recognized Trading House with customers worldwide.

In the year 2008, Mr. Milan Dalal was inducted as a Co-Promoter of the Company along with Mr. Utsav Dhupelia and Ms. Pallavi Dhupelia by way of a special resolution passed by the shareholders of the Company by postal ballot. The approval of the shareholders of the Company was accorded in terms of Regulation 12 of the erstwhile SEBI (Substantial Acquisition of Shares and Takeovers), Regulations 1997.

The Company commenced its operations in the year 1971 with processing egg powder and eventually diversified into processing of fruits and vegetables in the year 1983. The technology used for its production facilities was upgraded with the installation of fully automated canning lines which enhanced the output of the Company.

The Company went for another technology up-gradation in the year 1999 where the Company installed the skid mounted, PLC operated Aseptic processing and packaging line at its processing units. The Company was in the expansion mode between the years 2001-2007 with the rapid expansion in business of the Company, five (5) aseptic processing lines with concentration facilities were installed.

Further in the year 2008, the Company established at its Nasik factory, an aseptic processing facility exclusively dedicated for the processing of Alphonso mangoes and high aroma single strength purees. The Company also commenced its program on organic mango processing due to increasing demand for high value added products and in the year 2010 which has been certified by Control Union to be in accordance with the requirements of India's National Programme for Organic Production Standards.

In the year 2011, the Company increased the installed capacity at its Chitoor Unit with the installation of a new forced circulation evaporator plant for producing high quality concentrate for certain key customers of the Company.

Changes in registered office of the Company since incorporation

We set out below the changes in registered office of the Company since inception which has been changed for administrative convenience of the Company.

Date of resolution	From	To
On Incorporation	Theur, P G Kunjarwadi. Dist Poona	--
April 29, 1970	Theur, P G Kunjarwadi. Dist Poona	Sion-Trombay Road, Deonar, Chembur, Mumbai 400 088
October 18, 2006	Sion-Trombay Road, Deonar, Chembur, Mumbai 400 088	Food and Inns Building, Sion-Trombay Road, Punjabwadi, Deonar, Mumbai 400 088

Key Milestones

Year	Key Milestones
1967	Incorporation of the Company
1971	The Company raised funds by way of an Initial Public Offering (IPO)
1983	The Company diversified into manufacturing tropical fruit pulp with the first fully automated canning lines.
2001-2007	Added five (5) more aseptic processing lines with concentration facilities.
2008	▪ The Company setup a new Aseptic Processing facility exclusively for Alphonso and high Aroma single strength purees. ▪ The NPOP (Organic Mango) program for Alphonso Mango was initiated.
2010	The Company was certified by Control Union (NL) to be in accordance with the requirements of India's National Programme for Organic Production Standards
2011	The Company increased its installed capacity from 31,500 to 35,000 at its processing unit at Chittoor

Main Objects

The Main Objects of the Company as contained in its Memorandum of Association are:

1. To carry on the business of hotel, tavern, beer-house and lodging-house, keepers, licensed victuallers, wine, beer and spint, merchants, brewers, maltsters, distillers, importers and manufacturers of aerated, mineral and artificial waters and other drinks, purveyors, caterers for public amusements.

2. To carry on business as proprietors of restaurants, refreshment and tea rooms, cafes and milk and snack bars, and as caterers and contractors, in all its respective branches, bakers, confectioners, tobacconists, butchers, fish-mongers milk sellers, butter sellers, dairymen, grocers, poulterers, green-grocers, farmers, ice merchants, and ice cream manufacturers.

3. To purchase the lands, messages and premises and to take on lease or otherwise acquire lands, messages or buildings in the State of Maharashtra or elsewhere and to erect on such lands as aforesaid, or any of them a hotel or hotels, and any other necessary buildings and works and to use, convert, adapt and maintain all or any of such lands, messages, buildings and premises, to and for the purposes of hotels, taverns, lodging-houses, livery and other stables and garages, with any usual or necessary adjuncts and to fit up and furnish the same, and to carry on the business of hotel, tavern, and lodging-house keepers, wine and spirit merchants, livery-stable keepers and garage proprietors.

4. To carry on business as refreshment contractors, restaurant-keepers, refreshment room proprietors, sugar and sweetmeat merchants, farmers, dairymen, fruiters, grocers, provision merchants, licensed victuallers, wine and spirit merchants and tobacconists and to buy, sell, manufacture and deal in refreshments and consumable stores of all kinds, and to carry on business as manufacturing chemists and ice merchants.

5. To carry on the business of manufacturers of and dealers in all kinds of tea, coffee, cocoa and other food, beverages and preparations and to plant, grow, import, manufacture, blend, and in anyway deal in tea, coffee and cocoa and to carry on business as planters and merchants.

6. To establish at any place or places, whether in India or abroad, shops, refreshment rooms and depots for the sale of bread, biscuits, and other farinaceous goods and products, tea, coffee, cocoa, milk, aerated and mineral waters, cordials, tobacco, cigars, cigarettes, confectionary, cakes, buns, potted meats, table delicacies, and any other provisions, goods or drinks and to carry on at such place or places or elsewhere the business of bankers, millers, tea merchants, ice merchants, restaurants, refreshments, room, tavern, inn and lodging house-keepers or proprietors.

7. To manufacture, buy, sell, refine, prepare, grow, import, export and deal in provisions of all kinds both wholesale and retail and whether solid or liquid, and to establish and provide all kinds of convenience and attractions for customers, and others, an in particular reading, writing and smoke rooms, lockers, and safe deposits, telephones, and telegraphs, clubs, stores, shops and lavatories.

8. To carry on the business of the manufacture and sale by wholesale or retail of egg powder, milk powder, fruit powders, and all kinds of fruit juices, and all other products or farm produce, and all other food products and cattle feed and poultry feed.

9. To carry on the business of farming in all its branches and manufacture and sale of animal and poultry feed.

10. To carry on business of poultry farmers including the erection or purchase of broiler houses and the sale by wholesale or retail of live and dead poultry and of eggs.

11. To carry on business as dealer in, manufacturers and producers of dairy, farm and garden produce of all kinds and in particular milk, cream, butter, cheese, eggs, poultry, fruits and vegetables.

12. To carry on business as keepers of milch animals, farmers, millers and market gardeners and as manufacturers of all kinds of condensed milk, powdered milk and every form of tinned milk or milk sold in special container or of a special grade or quality jam, pickles, cider and preserves provisions of all kinds.

13. To carry on business of livestock traders of every variety of animal whether bred as pedigree stock or for the purpose of its sale as meat, poultry hides or fur.

14. To carry on the business of cold storage.

Amendments to the Memorandum of Association of the Company

Since the incorporation of the Company, the following changes have been made to the Memorandum of Association:

No.	Year/ date of amendment	Amendement
1.	1970*	Authorised Share Capital of ₹50,00,000 comprising of 50,000 Equity Shares of ₹100 each.
2.	*As appearing in the Balance Sheet as at October 31, 1970, the Company had sub-divided the face value of Equity Shares from ₹100 to ₹10. The Authorized Share Capital on sub-division of the face value then comprised of ₹50,00,000 comprising of 5,00,000 Equity Shares of ₹10 each.*	
3.	1987*	Increase in Authorised Share Capital from ₹50,00,000 to ₹1,00,00,000 comprising 10,00,000 Equity Shares of ₹10 each
4.	1990*	Increase in Authorised Share Capital from ₹1,00,00,000 to ₹3,00,00,000 comprising 30,00,000 Equity Shares of ₹10 each
5.	March 30, 2009	Increase in Authorised Share Capital from ₹3,00,00,000 to ₹9,00,00,000 comprising 60,00,000 Equity Shares of ₹10 each and 3,00,000 Redeemable Preference Shares of ₹100 each.

**Data derived from the Balance Sheet as at October 31, 1970.*
***Data derived from the Balance Sheet as at January 31, 1987.*
****Data derived from the Balance Sheet as at March 31, 1990.*

Changes in the activities of the Company during the last five (5) years

There have been no change in the activities of the Company during the last five (5) years preceding the date of this Draft Letter of Offer, which may have had a material effect on the profits or loss, including discontinuance of the lines of business, loss of agencies or markets and similar factors of the Company.

Revaluation of Assets

The Company, pursuant to the Board Meeting dated August 23, 2002 has revalued its Land and Building at Deonar, Mumbai on the basis of Valuation as on September 26, 2002 and Valuation Report dated September 27, 2002. Consequently, ₹10,66,79,383 has been credited to Revaluation Reserve Account in the year 2002.

Shareholders of the Company

As on August 10, 2012, the Company has 1,956 shareholders. For further details in relation to the current shareholding pattern, please refer to section titled "Capital Structure" beginning on page 61 of this Draft Letter of Offer.

Awards and Accreditations

No.	Issuing Authority	Nature of Certification	Certificate No.	Date of issuing Certificate	Validity
1.	APEDA Export Award	For Export of Agricultural and proceed foods products Through Market Development.	--	April 30, 1991	1988-1989 to 1989-1990
2.	APEDA Export Award	Silver Trophy for Processed food and vegetable sector.	--	March 15, 2011	2010-2011
3.	Det Norske Veritas	Food Safety System Certificate complying with FSSC 22000:2010 including ISO 22000:2005, PAS 220:2008and additional FSSC 22000 requirements for Chittoor operations.	98289-2011-FSMS-IND-RvA	June 13, 2011	June 13, 2014
4.	DNV Business Assurance	Food Safety System Certificate complying with FSSC 22000:2010 including ISO 22000:2005, PAS 220:2008 and additional FSSC 22000 requirements for production and dispatch of aseptically packed mango and guava pulp for the Nasik operations.	109458-2012-FSMS-IND-RvA	February 6, 2012	February 6, 2015
5.	SGF International E.V.	Compliance with food regulations and industrial standards (AIJN/CoP) and rules of Control System with regard to safety and quality, hygiene, authenticity, traceability, sustainability and labeling for Aseptic unit at Chittoor.	SGF2487IND-322	2011	--
6.	SGF International E.V.	Compliance with food regulations and industrial standards (AIJN/CoP) and rules of Control System with regard to safety and quality, hygiene,	SGF4250IND-322	2011	--

No.	Issuing Authority	Nature of Certification	Certificate No.	Date of issuing Certificate	Validity
		authenticity, traceability, sustainability and labeling for Aseptic unit at Nasik.			
7.	DNV Business Assurance	Food Safety System Certificate complying with FSSC 22000:2010 including ISO 22000:2005, PAS 220:2008 and additional FSSC 22000 requirements for production and dispatch of aseptically packed mango and guava pulp for the Nasik operations.	109458-2012-FSMS-IND-RvA	February 6, 2012	February 6, 2015
8.	Organic Certification Manager, Control Union Certifications (India)	Certificate certifying that the product(s) and area(s) of the Company are in accordance with the requirements of India's National Programme for Organic Production Standards	ORG/SC/1007/000549 A	April 7, 2012	April 6, 2013
9.	United States Food and Drug Administration (Registrar Corp)	Certificate of Registration	12725075496	March 3, 2012	December 31, 2012
10.	TUV SUD Management Service GmbH	Certification of a Quality Management System for Valsad Unit for Development, Manufacturing and Supply of Canned Fruit and Vegetables , Canned and Aseptic Fruit Pulp, Fruit Preserve and Fruit Chutney ISO 9001:2008	12 100 36107 TMS	July 14, 2009	February 5, 2012*
** The Company has made an application for renewal of the above certification.*					
11.	TUV SUD Management Service GmbH	Certification of a Food Safety Management System for Valsad Unit for, manufacturing and supply of Canned Fruit and Vegetables, Canned and Aseptic Fruit Pulp, Fruit Preserve and Fruit Chutney ISO 22000:2005	12 510 36107 TMS	June 23, 2009	June 11, 2012*
** The Company has made an application for renewal of the above certification.*					

No.	Issuing Authority	Nature of Certification	Certificate No.	Date of issuing Certificate	Validity
12.	TUV SUD Management Service GmbH	ISO 22000:2005 Certificate for Valsad Unit certifying that the Company has established and applies food safety management system for manufacturing and supply of canned food and vegetables, canned and asceptic fruit pulp, fruit preserve and fruit Chutney.	12 510 36107 TMS	June 23, 2009	June 11, 2012

Subsidiaries of the Company

The Company has two (2) subsidiaries, *viz*. i) Dravya Finance Limited and ii) Asim Export International Limited as on the date of this Draft Letter of Offer.

1. **Dravya Finance Limited ("*DFL*")**

Corporate Information

DFL was originally incorporated as Dravya Investments Company Private Limited on June 8, 1981 under the laws of India bearing registration No. 24580 of 1981. Subsequently the name was changed to Dravya Finance Limited by way of Fresh Certificate of Incorporation dated February 19, 1986. DFL was incorporated to carry on the activities as an investment company and to invest or cause to be invested the capital and other funds of the company to finance industrial enterprises and to promoter companies engaged in industrial and trading business. The registered office of DFL is situated at Sion-Trombay Road, Punjabwadi, Deonar, Mumbai 400 088, India.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Mr. Dinkarray Trivedi	Chairman
Mr. Rajesh Shah	Director
Mr. Bipin Dhakan	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

Particulars	No. of equity shares of ₹10 each	Percentage (%)
Foods & Inns Limited	1,99,994	99.997
Mr. Ramswamy Kalyan	1	0.001
Mr. Rajesh Shah	1	0.001
Mr. Moloy Saha	1	0.001
Mr. Bipin Dhakan	1	0.001
Mr. Anil Pawar	1	0.001
Mr. Manoj Nagleya	1	0.001
Total	**2,00,000**	**100.00**

Financial Performance

The financial performance for the last three (3) financial years is given below:

(₹ in lakhs)

Particulars	March 31, 2012	March 31, 2011	March 31, 2010
Equity Capital	20.00	20.00	20.00
Reserves and Surplus (excluding revaluation reserves)	(9.33)	0.06	0.06
Income/Sales (including other income)	0.34	0.30	0.47
Profit (Loss) after Tax	(3.72)	0.13	0.11
Earnings per Share (in ₹)	(1.86)	0.07	0.06
Net Asset Value per equity share (in ₹) (Face value)	5.34	(2.80)	(2.87)

DFL is an unlisted company and has not made any public or rights issue since the date of its incorporation.

2. **Asim Exports International Limited ("*AEIL*")**

Corporate Information

AEIL was originally incorporated as Asim Exports International Private Limited on January 7, 1981 under the laws of India. AEIL was then converted into a Public Limited Company by a special resolution and a Fresh Certificate of Incorporation dated October 28, 1983. The CIN of AEIL is U51900MH1981PLC023661. AEIL was incorporated with an objective to carry on the activities to acquire and take over as a going concern the undertaking, Asim Exports International, division of Jayakrishna Private Limited, Bombay and all or any of the assets and liabilities of that undertaking on such terms and conditions as may be mutually agreed upon and to carry on business as exportes, importers, merchants, commission agents, selling agent, distributors and/or dealers in merchandise and goods and to import, export, buy, sell, barter, exchange and dead in and with, whether on own behalf or jointly with other(s) and whether as principal, agents, brokers, or otherwise, substances and articles and to carry on the business of importers and exporters, buying and selling agents, whole-sale and retail dealers in of general produce, substances, goods, materials, merchandise and articles from, in and to all parts of the world. The registered office of AEIL is situated at Sion-Trombay Road, Punjabwadi, Deonar, Mumbai 400 088, India.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Mr. Dinkarray Trivedi	Chairman
Mr. Rajesh Shah	Director
Mr. Bipin Dhakan	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

Particulars	No. of equity shares of ₹10 each	Percentage (%)
Foods & Inns Limited	49,993	99.986
Mr. Kalyan Sampat	1	0.002
Mr. Manikandan Iyer	1	0.002
Mr. Rajesh Shah	1	0.002
Mr. Bipin Dhakan	1	0.002
Mr. Jandard Kolatha	1	0.002
Mr. Mayur Shah	1	0.002
Mr. Narayanan Kutty	1	0.002
Total	**50,000**	**100.00**

Financial Performance

The financial performance for the last three (3) financial years is given below:

(₹ in lakhs)

Particulars	March 31, 2012	March 31, 2011	March 31, 2010
Equity Capital	5.00	5.00	5.00
Reserves and Surplus (excluding revaluation reserves)	0.64	1.50	1.71
Income/Sales (including other income)	0.48	0.41	0.13
Profit (Loss) after Tax	(0.86)	(0.21)	(0.50)
Earnings per Share (in ₹)	(1.72)	(0.43)	(1.00)
Net Asset Value per equity share (in ₹) (Face value)	11.28	3.00	3.43

AEIL is an unlisted company and has not made any public or rights issue since the date of its incorporation.

Associate Company

The Company has one (1) Associate company, *viz*. i) Finns Frozen Foods (India) Limited as on the date of this Draft Letter of Offer.

1. **Finns Frozen Foods (India) Limited ("*FFFL*")**

Corporate Information

FFFL was incorporated as Finns Canning Private Limited on March 18, 1982 under the laws of India bearing registration No. 26696. FFFL was incorporated to carry on the business of preservation, dehydration, freezing, freeze-drying drying, canning, tinning, bottling and packing of agricultural, horticultural, diary, marine and farm produces and products, confectionaries, biscuits, pastries, table delicacies, baby foods, grains, seeds, plants, flowers, cereals, products, wheat and maize flakes, vegetables, fruits, vegetable and edible oils, meat, fish, eggs, prawns, shrimps, lobsters, pomfrets, shark cels, crabs, frog-legs, food and food products and preparation and can the same for sale and delivery for exports and domestic markets. The registered office of FFFL is situated at Sion-Trombay Road, Deonar, Mumbai 400 088, India.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Mr. Utsav Dhupelia	Director
Mr. Shyamprasad Mishra	Director
Mr. Raymond Simkins	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

Particulars	No. of equity shares of ₹10 each	Percentage (%)
International Investment Limited	25,00,000	50.00
Foods and Inns Limited	23,99,995	48.00
Mr. Utsav Dhupelia	1,00,000	2.00
Mr. Satish Seth	1	Negligible
Total	**50,00,000**	**100.00**

Financial Performance

The financial performance for the last three (3) financial years is given below:

(₹ in lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	500.00	500.00	500.00
Reserves and Surplus (excluding revaluation reserves)	30.00	30.00	30.00
Income/Sales (including other income)	982.62	1,231.22	1,170.24
Profit (Loss) after Tax	(76.88)	(48.73)	97.91
Earnings per Share (in ₹)	(1.54)	(0.97)	1.96
Net Asset Value per equity share (in ₹) (Face value)	(5.53)	(3.99)	(3.01)

FFFL is an unlisted company and has not made any public or rights issue in the preceding three (3) years.

Capital raising (Debt / Equity)

Except as set out in the sections titled "Capital Structure" and "Financial Indebtedness" beginning on pages 61 and 251 respectively of this Draft Letter of Offer, the Company has not raised any capital in the form of Equity Shares or debentures.

Shareholders Agreement

As on the date of this Draft Letter of Offer, the Company has not entered into any Shareholders Agreement.

Other Agreements

The Company has not entered into any other material agreements, other than in the normal course of business.

Strategic Partners

The Company does not have any strategic partners as on the date of this Draft Letter of Offer.

Financial Partners

The Company does not have any financial partners as on the date of this Draft Letter of Offer.

MANAGEMENT OF THE COMPANY

Board of Directors

As per the Articles of Association the Company shall not appoint less than three (3) and more than twelve (12) Directors. Currently, the Company has nine (9) Directors out of which six (6) are Independent Directors. The following table sets forth details regarding the Board of Directors as on the date of this Draft Letter of Offer:

Name, Father's Name, Residential Address, Nature of Directorship, Occupation, Term and DIN	Nationality	Age	Other Directorship as on March 31, 2012
Mr. Bhupendra Champaklal Dalal S/o Mr. Champaklal Dalal Residential Address: 42, Chitrakoot, Altmount Road Mumbai 400 026 Nature of Directorship: Chairman & Alternate Director to Mr. George Gonzor Date of Appointment: April 30, 2008 Term: Upto the return of the original director in the State i.e. George Gonszor. Occupation: Professional DIN: 00061492	Indian	70 years	1. Oceanic Investments Limited 2. Nildeep Investment Company Private Limited 3. Cifco Limited 4. Pudamjee Pulp & Paper Mills Limited
Mr. Utsav Kantilal Dhupelia S/o Mr. Kantilal Dhupelia Residential Address: 100, Ocean View Annexe, Bhulabhai Desai Road Mumbai 400 026 Nature of Directorship: Managing Director Date of Re-Appointment: February 15, 2012 Term: Three (3) years Occupation: Business DIN: 01493571	British	65 years	1. Muller & Phipps (India) Limited 2. Muller & Phipps (Industrial Services Limited) 3. Finns Frozen Foods (India) Limited 4. Getz Pharma Research Private Limited 5. Getz Pharma Private Limited
Mr. Milan Bhupendra Dalal S/o Mr. Bhupendra Champaklal	Indian	50 years	1. Bombay Swadeshi Stores Limited 2. Bombay Store Retail Company Limited 3. CFL Securities Limited

Name, Father's Name, Residential Address, Nature of Directorship, Occupation, Term and DIN	Nationality	Age	Other Directorship as on March 31, 2012
Dalal <u>Residential Address</u>: 42, Chitrakoot, Altmount Road Mumbai 400 026 <u>Nature of Directorship</u>: Non-Independent & Non-Executive Director <u>Date of Appointment</u>: April 29, 2006 <u>Term</u>: Liable to retire by rotation <u>Occupation</u>: Business <u>DIN</u>: 00062453			4. Frangipani Estates and Properties Private Limited 5. Cifco Limited 6. Cifco Properties Private Limited 7. Cifco Travels Private Limited 8. Grishma Constructions & Trading Private Limited 9. Muller & Phipps (India) Limited 10. Muller & Phipps (Industrial Services) Limited 11. Regent Publishers Private Limited 12. Satyajyoti Holdings Private Limited 13. Swarnadhara Holdings Private Limited 14. The Amalgamated Electricity Company Limited 15. Tropical Securities & Investments Private Limited 16. Western Press Private Limited **<u>Sole Proprietorship</u>**: 1. M/s. S. Ramdas
Mr. Dadi Bejonji Engineer S/o Mr. Bejonji Dinshaw Engineer <u>Residential Address</u>: Flat No.4, 1st floor, Shiv Shanti Bhuvan, 146-M Karve Road, Opposite the Oval, Mumbai 400 020 <u>Nature of Directorship</u>: Independent & Non-Executive Director <u>Date of Appointment</u>: August 19, 1992 <u>Term</u>: Liable to retire by rotation <u>Occupation</u>: Professional <u>DIN</u>: 00047028	Indian	79 years	1. Forvol International Services Limited 2. Fiora Services Limited 3. Forbes & Company Limited 4. Nilkamal Limited 5. PCS Technology Limited 6. Protos Engineering Co. Private Limited 7. S.P. Sanghi Air-conditioning Private Limited 8. Welspun India Limited 9. Zoroastrian Investment Corporation Private Limited 10. Zuari Industries Limited
Mr. Chaitan Manbhai Maniar S/o Mr. Manbhai Balubhai Maniar <u>Residential Address</u>: Garden House, Dadyseth 2nd Cross Lane, Chowpatty, Bandstand Mumbai 400 007.	Indian	76 years	1. Amsar Private Limited 2. Financial Technologies India Limited 3. Godfrey Philips India Limited 4. Gujarat Ambuja Exports Limited 5. Hindalco Industries Limited 6. Indo-Euro Investment Company Limited 7. Indian Card Clothing Company Limited

Name, Father's Name, Residential Address, Nature of Directorship, Occupation, Term and DIN	Nationality	Age	Other Directorship as on March 31, 2012
Nature of Directorship: Independent & Non-Executive Director Date of Appointment: July 17, 1979 Term: Liable to retire by rotation Occupation: Professional DIN: 00034121			8. Multi Commodity Exchange of India Limited 9. MCX Stock Exchange Limited 10. Northpoint Training & Research Private Limited 11. Pioneer Investcorp Limited 12. Sudal Industries Limited 13. TCPL Packaging Limited 14. Utkal Alumina International Limited 15. Varun Shipping Company Limited 16. Vadilal Industries Limited
Mr. Raymond George Simkins S/o Mr. George Charles Simkins Residential Address: 16, Chelsea Square, London SW 3 6LF United Kingdom Nature of Directorship: Non-Independent & Non-Executive Director Date of Appointment: August 9, 1995 Term: Liable to retire by rotation Occupation: Professional DIN: 01573312	British	68 years	1. Muller & Phipps (India) Limited 2. Finns Frozen Foods (India) Limited 3. Getz Pharma Private Limited 4. Getz Pharma Research Private Limited
Mr. Dinkarray Durgashankar Trivedi S/o Mr. Durgashankar Trivedi Residential Address: 02, Shanti Niketan, Near Kamaldeep Apts, Behind Khadayata Colony Ellis Bridge, Ahmedabad 380 006. Nature of Directorship: Independent & Non-Executive Director Date of Appointment: August 26, 1987 Term: Liable to retire by rotation Occupation: Consultant	Indian	80 years	1. Wires & Fabriks (SA) Limited 2. Asim Exports International Limited 3. Cyclic Chemicals Limited 4. Dravya Finance Limited

Name, Father's Name, Residential Address, Nature of Directorship, Occupation, Term and DIN	Nationality	Age	Other Directorship as on March 31, 2012
DIN: 00380306			
Mr. Sriram Pallavur Subramaniam S/o Mr. Pallavur Ramiyer Subhramaniam Residential Address: Flat No. 403, C-Wing, Consort, Link Road, I.C. Colony Extension, Borivali (West), Mumbai 400103 Nature of Directorship: Nominee Director, EXIM Bank Date of Appointment: May 2, 2011 Term: Not liable to retire by rotation Occupation: Service DIN: 03546280	Indian	46 years	--
Mr. George Patterson Gonszor S/o Mr. Patterson Gonszor Residential Address: The Annexe Flat, Hingaston House, Sturminster Newton, Dorset, United Kingdom DT101NL Nature of Directorship: Independent & Non-Executive Director Date of Appointment: April 30, 2008 Term: Liable to retire by rotation Occupation: Retired Banker DIN: 02138054	British	63 years	--

There are no arrangements or understanding with major shareholders, customers, suppliers or others pursuant to which any of the Directors were selected as a Director or member of a senior management as on the date of this Draft Letter of Offer.

Relationships between the Directors

None of the directors are related to each other except that Mr. Milan Dalal is the son of Mr. Bhupendra Dalal.

Brief Biographies of the Directors

1. **Mr. Bhupendra Dalal**, aged 70 years, is the Non-Executive Chairman and an Alternate director to Mr. Gonzor. Mr. Dalal holds a degree of B.Com from Sydenham College and L.L.B from University of Mumbai. Mr. Dalal was first associated with the Company as a managing Broker during the Initial Public Offering of the Company. He has been instrumental in negotiating the takeover of the Mango plant at Valsad from Coca Cola Export Corporation and changed the focus of the Company from a poultry and egg powder to processing of fruits at Valsad.

2. **Mr. Utsav Dhupelia**, aged 65 years, is the Promoter and Managing Director of the Company and has also been designated as the Chief Executive Officer (CEO) and Vice Chairman of the Company. Mr. Dhupelia holds degree in Commerce (B.Com. Hons) and is a Chartered Accountant (Finalist) from the United Kingdom. Mr. Dhupelia has over three (3) decades of experience in finance and international business. Prior to his appointment as Managing Director, Mr. Dhupelia was appointed as a director of the Company on July 28, 1989 and was promoted as Vice Chairman of the Company on December 24, 2007. He is incharge of the overall management of the Company subject to the directors, supervision and control of the Board of Directors of the Company.

3. **Mr. Milan Dalal**, aged 50 years, is the Promoter Director of the Company. Mr. Dalal holds a degree of Bachelor of Commerce from the University of Mumbai. Mr. Dalal has been an active member in the Executive Committee of the Directors and participates in policy decisions as well as is instrumental in changing the system of active reporting in the Company to make it transparent and effective which is helping the Company immensely. Mr. Dalal is instrumental in head gearing the capital restructuring exercise of the Company. Mr Dalal is also in charge of the Chembur operations of the Company.

4. **Mr. Dadi Bejonji Engineer**, aged 79 years, is an Independent and Non-Executive Director of the Company. Mr. Engineer holds a degree in BA and Bachelors degree in law from University of Mumbai. Mr. Engineer serves as Senior Partner in Crawford Bayley & Co and has been a Senior Advocate and Solicitor of the Bombay High Court. He has over forty (40) years of experience in the legal profession and has expertise in various aspects of Corporate Law, Indirect Taxation, Foreign Exchange, Imports, Trade Control Regulations and Civil and Constitutional Law. Mr. Engineer has served and is also a Director in various other reputed companies. He has also served as President of the Bombay Incorporated Law Society and has served on the Governing Council of the Bar Association of India. During the course of his long association with the Company since 1992, Mr. Engineer had been instrumental in regularly advising the Company on various legal issues pertaining to the operations of the Company.

5. **Mr. Chaitan Maniar**, aged 76 years, is an Independent and Non-Executive Director of the Company. Mr. Maniar holds a Bachelor's Degree in Commerce, MA Degree in Economics and Political Science, and a Bachelors Degree in law from University of Bombay and is a Solicitor, Advocate and a Partner of Crawford Bayley & Co. Mr. Maniar has over forty five (45) years of experience in the legal profession. Mr. Maniar has served and is also a Director in various other reputed companies. Mr. Maniar was admitted as an Attorney to the High Court, of Bombay in the year 1965. He specializes in Corporate and Commercial laws with special reference to Company Law, Foreign Collaborations, Monopolies and Restrictive Trade Practices, Foreign Exchange Regulations, Consumer Protection and Intellectual and Industrial Property Laws. Mr. Maniar has been associated with company since 1979 and has been instrumental in regularly advising the Company on various legal issues pertaining to its operations.

6. **Mr. Raymond Simkins**, aged 68 years, is an Independent and Non-Executive Director of the Company. Mr. Simkins holds a degree of M.E. from Buckingham Technical College. Mr. Simkins is currently president of the Getz Group with interest throughout the Asia/Pacific region where he had been associated with since 1966. He has been associated with the Company since 1995.

7. **Mr. Dinkarray Trivedi**, aged 80 years, is an Independent and Non-Executive Director of the Company. Mr. Trivedi holds a degree of M.Com from the Gujarat University. Mr. Trivedi is a visiting faculty at Entrepreneurship Development Institute of India at Ahmedabad. He is also associated as a faculty with reputed Institutes such as IIM Ahmedabad, UTI Institute of Capital Markets, Mumbai, Management

Development Institute, Gurgaon. He was also on the board of ASE Capital Markets Limited as a public Representative Director. Mr. Trivedi has been associated with the Company since 1987 and has been instrumental in consulting on management, financial institutions and civil society organisation.

8. **Mr. Sriram Subramaniam**, aged 46 years, is a Nominee Director of EXIM Bank. Mr. Subramaniam holds a degree of B.Com from Osmania University, Hyderabad and a MBA from Institute of Management Studies (IMS), Indore. Mr. Subramaniam got involved in managing the Company since 2008. Mr. Subramaniam is the Deputy General Manager, Regional Head, Northern Region of Exim Bank and is in charge of various aspects of the Bank's operations like lending and service programmes in addition to interaction with the Government, Embassies, International agencies as also industry associations and trade bodies. He serves on various committees on behalf of the Bank constituted by Government of India and Industry operations.

9. **Mr. George Gonszor**, aged 63 years, is an Independent and Non-Executive Director of the Company. Mr. Gonzor holds a degree of B.A. from the Oxford University and a degree of M.A from the Cambridge University. Mr. Gonsor has over thirty (30) years of experience in financial service sector and was in charge of the international operations of Hills Samuels Bank, London. He has also held other important portfolios in his earlier assignments at Berliner Bank A. G..

Arrangements with major Shareholders, Customers, Suppliers or Others

There is no arrangement or understanding between the Company and major shareholders, customers, suppliers or others, pursuant to which of any of the Directors of the Company were appointed as a Director or member of senior management of the Company.

Service Contracts

The Company has not executed any service contracts with its directors providing for benefits upon termination of their employment.

Borrowing Powers of the Board

The Articles, subject to the provisions of the Companies Act, authorize the Board to raise, borrow or secure the payment of any sum or sums of money for the purposes of the Company. The shareholders have, pursuant to a resolution passed at the Annual General Meeting held on March 8, 2008, in accordance with the Companies Act, authorized the Board to borrow any sum or sums of money from time to time, notwithstanding that the money or moneys to be borrowed by the Company, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, may exceed the aggregate of the paid-up capital of the Company and its free reserves i.e. to say reserves not set apart for any specific purposes, provided however that such monies shall not exceed ₹10,000 Lakhs.

Remuneration to Non-Executive Directors

The Board of Directors in its meeting held on December 24, 2007 has approved sitting fees of ₹10,000 to be paid to the Non-Executive Directors to attend the meetings of the Board and any committee of the Board. Further, Mr. Milan Dalal is also being paid commission not exceeding 3% of the Net Profits of the Company as approved by the shareholders in its meeting held on March 8, 2009.

Remuneration to Executive Directors

1. **Mr. Utsav Dhupelia**

The Company has executed Employment Agreement dated February 24, 2012, enumerating the terms of his employment along with remuneration, details of which are set out below:

Particulars	Remuneration
Basic Salary	₹3,50,000 per month
Commission	Not exceeding 3% of the Net Profits of the Company subject to ₹6.00 Lakhs per annum and will be payable only after the annual accounts have been adopted by the members of the Company.

Particulars	Remuneration
Appointment as a Managing Director	February 15, 2012 (*three (3) years with effect from March 15, 2012*)
Other Allowances	▪ Company's contribution to provident fund and superannuation fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; ▪ Gratuity at the rate of half month's salary for each year of service; ▪ Leave with full pay as per the rules of the company with encashment of unavailed leave being allowed; ▪ Reimbursement of medical expenses incurred for self and familt in India or abroad, including hospitalization, nursing home and surgical charges and in case of medical treatment abroad, the air fare, boarding/lodging for patient and attendant; ▪ Reimbursement of actual traveling expenses for proceeding on leave twice in a block of four years in respect of himself and family; ▪ Reimbursement of membership fees for clubs in India or abroad, including any admission/ life membership for the purpose of Company's business; ▪ Personal accident insurance policy in accordance with the scheme applicable to senior employees; ▪ Cost of insurance cover against the risk of any financial liability or loss because of any error of judgement, as may be approved by the Board of Directors from time to time; ▪ Reimbursement of entertainment expenses incurred in the course of business of the Company; ▪ Free use of Company's car along with the driver; ▪ Telephone including mobile phones, tele-fax and other communication facilities at Company's cost at the residence; and ▪ Subject to any statutory ceilings, the Managing Director may be given any other allowances, perquisites benefits and facilities as the Board of Directors from time to time may decide.
Commission paid for F.Y. 2012	₹3,50,000

Interests of Directors

All of the Directors of the Company may be deemed to be interested to the extent of fees payable, if any, 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 the Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of the Company.

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

The Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Except as stated in this section "Management of the Company" or the section titled "Financial Information - Related Party Transactions" beginning on pages 130 and 161 respectively of this Draft Letter of Offer, and except to the extent of shareholding in the Company, the Directors do not have any other interest in the business of the Company.

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

Common directorships of the Directors in companies whose shares are/were suspended from trading on the BSE and/ or the NSE for a period beginning from five (5) years prior to the date of this Draft Letter of Offer

None of the Directors are/ were directors of any company whose shares were suspended from trading by Stock Exchange(s) or under any order or directions issued by the stock exchange(s)/ SEBI/ other regulatory authority in the last five (5) years.

None of the Directors are associated with securities market.

Common directorships of the Directors in listed companies that have been/were delisted from stock exchanges in India

Except for the details mentioned under section titled "Other Regulatory and Statutory Disclosures" beginning on page 280 of this Draft Letter of Offer, none of the Directors are/ were directors of any entity whose shares were delisted from any Stock Exchange(s).

Further, none of the directors are/ were directors of any entity which has been debarred from accessing the capital markets under any order or directions issued by the Stock Exchange(s), SEBI or any other Regulatory Authority.

Changes in the Company's Board of Directors during the last three (3) years

The changes in the Board of Directors of the Company in the last three (3) years are as follows:

No.	Name of the Director & Designation	Date of Appointment	Date of Resignation	Reason
1.	Mr. Sriram Subramanium, Nominee Director EXIM Bank	May 2, 2011	--	Appointment
2.	Ms. Harsha Bangari, Nominee Director EXIM Bank	--	May 2, 2011	Resignation

Corporate Governance

The Company is in compliance with the applicable corporate governance requirements, including under the Equity Listing Agreements, the Companies Act and other applicable laws and regulations. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of committees of the Board, as required under law. The Board has constituted committees of Directors, each of which functions in accordance with the relevant provisions of the Companies Act and the Equity Listing Agreements including with respect to the composition of Board of Directors, the constitution of the Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee. The details of these committees are set out below:

Audit Committee:

The Company re-constituted the audit committee in accordance with the Section 292A of the Companies Act, and Clause 49 of the Listing Agreement in the meeting of the Board of Directors of the Company held on August 12, 2011. The audit committee presently consists of the following Directors of the Board:

i) Mr. Dadi Engineer, Chairman, Independent Director
ii) Mr. Dinkarray Trivedi, Member, Independent Director
iii) Mr. Bhupen Dalal, Member, Non-Executive and Non-Independent Director

The scope of the Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
    b. Changes, if any, in accounting policies and practices and reasons for the same
    c. Major accounting entries involving estimates based on the exercise of judgment by management
    d. Significant adjustments made in the financial statements arising out of audit findings
    e. Compliance with listing and other legal requirements relating to financial statements
    f. Disclosure of any related party transactions
    g. Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval

5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

8. Discussion with internal auditors any significant findings and follow up there on.

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

    Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

    Explanation (ii): If the company has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

Shareholders and Investors Grievance Committee:

The Company has constituted shareholders and investors grievance committee in the meeting of the Board of Directors held on August 12, 2011. The shareholders/investors grievance committee presently consists of the following Directors of the Board:

i) Mr. Dinkarray Trivedi, Chairman, Independent Director
ii) Mr. Utsav Dhupelia, Member, Non-Independent & Executive Director
iii) Mr. Milan Dalal, Member, Non-Independent & Non-Executive Director

The scope of the Shareholders and Investors Grievance Committee are set out below:

The role and functions of the Shareholders/ Investor's Grievances Committee are the effective redressal of the Companies of the Shareholders regarding dematerialization, transfer, non-receipt of balance sheet, dividend, interest etc. The Committee overviews the steps to be taken for further value addition in the quality of service to the investors.

Remuneration Committee:

The Company has constituted remuneration/compensation committee in the meeting of the Board of Directors held on August 12, 2011. The Remuneration Committee presently consists of the following Directors of the Board:

i) Mr. Chaitan Maniar, Chairman, Independent Director
ii) Mr. Dadi Engineer, Member, Independent Director
iii) Mr. Dinkarray Trivedi, Member , Independent Director

The terms of reference of Remuneration Committee are set out below:

The role and functions of the remuneration committee are to review of H R policies, remuneration to the senior management positions, evaluation of performance of the employees etc..

Profile of Key Managerial Personnel

The details of the Key Managerial Personnel as on the date of this Draft Letter of Offer are set out below. All the Key Managerial Personnel are permanent employees of the Company. Except for certain statutory benefits, there are no other benefits accruing to the Key Managerial Personnel.

1. **Mr. Nitin Menon**, 46 years, is the Chief Operating Officer (COO) of the Company and holds a degree of B. Pharma from University of Mumbai as well as a Masters of Business Administration (MBA) from the Pune University. He has been associated with the Company since the year 2011. He has more than twenty three (23) years of experience in Pharma and food processing industry. Before joining the Company, Mr. Menon was associated with AG BARR plc, Wembley, Middlesex as COO in addition to various other organisations throughout his career handling varied responsibilities. Mr. Menon was paid a remuneration of ₹ 29.13 Lakhs from the month of September 2011 till March 2012.

2. **Mr. A. K. Dubey**, 56 years, is an Executive Vice President (Operations) of the Company in charge of the Chembur Division and holds a degree of M. Tech (Diary and Food processing) from IIT Kharagpur. He has been associated with the Company since the year 2002. He has more than thirty one (31) years of experience in diary and food processing industry. Before joining the Company, Mr. Dubey was associated with Jain Processed Food Limited as Chief of the Business Unit in addition to various other organisations throughout his career handling varied responsibilities. Mr. Dubey was paid a remuneration of ₹52.13 Lakhs in the F.Y. 2011-2012.

3. **Mr. Moloy Saha**, 43 years, is a Vice-President (Finance & Operations) of the Company and has a degree of B.Sc. (Mathematics) from the University of Calcutta. Mr. Saha is also a Cost and Works accountant. He has been associated with the Company since the year 2003. He has more than eighteen (18) years of experience in finance, accounts and treasury. He was associated as a Deputy General Manager at Jenson & Nicholson (India) Limited being in charge of finance, treasury and accounts. Mr. Saha was paid a remuneration of ₹ 35.80 Lakhs in the F.Y. 2011-2012.

Shareholding of Key Management Personnel in the Company

Except, Mr. Moloy Saha who is holding 5,730 Equity Shares constituting 0.39% of the total paid-up capital of the Company, none of the Key Management Personnel hold Equity Shares in the Company as on the date of this Draft Letter of Offer.

Bonus or profit sharing plan of the Key Managerial Personnel

The Company does not have a performance linked bonus or a profit sharing plans for the Key Management Personnel.

Interests of Key Management Personnel

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

Payment of Benefits to Officers of the Company (non-salary related)

Except as disclosed in this Draft Letter of Offer and any statutory payments made by the Company to its officers, the Company has not paid any sum, any non-salary related amount or benefit to any of its officers or to its employees including amounts towards super-annuation, ex-gratia/rewards.

Relationship amongst the Key Managerial Personnel of the Company

There is no family relationship amongst the Key Managerial Personnel of the Company.

Relationship between the Directors and Key Managerial Personnel

There is no family relationship between the Directors and Key Managerial Personnel of the Company.

Arrangement and Understanding with Major Shareholders/Customers/ Suppliers

None of the above Key Managerial Personnel have been selected pursuant to any arrangement/understanding with major shareholders/customers/suppliers.

Details of Service Contracts of the Key Managerial Personnel

Except for the terms set forth in the appointment letters, the Key Managerial Personnel have not entered into any other contractual arrangements with the Company for provision of benefits or payments of any amount upon termination of employment.

Employee Stock Option or Employee Stock Purchase

The Company does not have any ESOP/ESOS as on the date of this Draft Letter of Offer.

Loans availed by Directors / Key Managerial Personnel of the Company

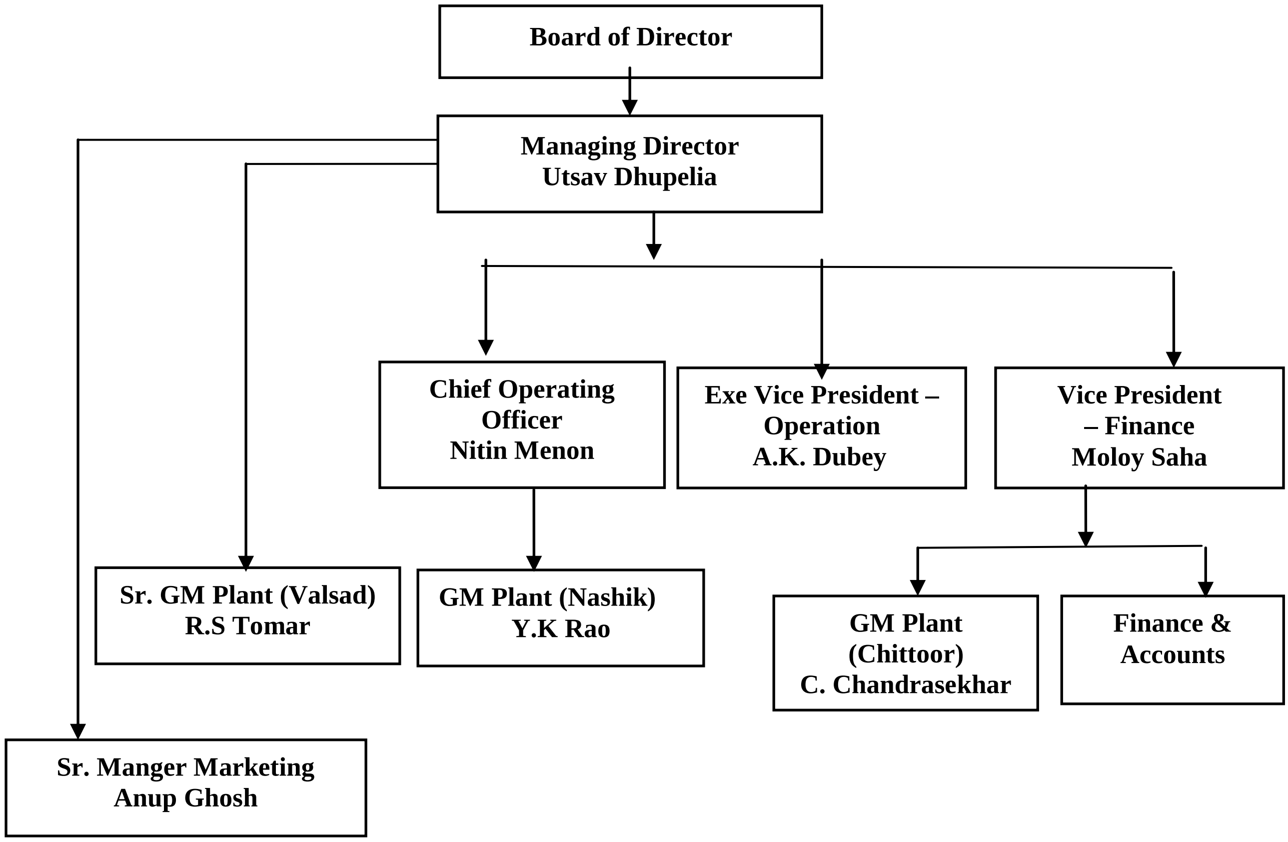
None of the Directors or Key Managerial Personnel have availed loan from the Company which are outstanding as on the date of this Draft Letter of Offer.

Changes in the Company's Key Managerial Personnel during the last three (3) years:

The changes in the Key Managerial Personnel of the Company in the last three (3) years are as follows:

No.	Name of the Key Managerial Personnel & Designation	Date of Appointment	Date of Resignation	Reason
1.	Mr. Nitin Menon, Chief Operating Officer, Nasik Division	September 1, 2011	--	Appointment
2.	Mr. Chirag Chauhan, Company Secretary	January 30, 2010	January 22, 2011	--

Management Organizational Structure



PROMOTERS, PROMOTER GROUP AND GROUP ENTITIES OF THE COMPANY

The Promoters

The Promoters of the Company are i) Mr. Utsav Dhupelia, ii) Ms. Pallavi Dhupelia and iii) Mr. Milan Dalal. The brief profiles of the Promoters of the Company are set out below:

	Mr. Utsav Dhupelia is the Managing Director of the Company. He is a non-resident British national. For further details, please refer to the section titled "Management of the Company" beginning on page 130 of this Draft Letter of Offer. Permanent Account Number: AABPD8798H Passport No.: 500244676
	Ms. Pallavi Dhupelia is the Promoter of the Company. She is a resident Indian national. Ms. Dhupelia has done her B.A. from Sophia College, Mumbai and further has qualified as a teacher from SOGETSU, School of Ikebana, Japan. She is also a qualified teacher of Institute of Floral Design, Mexico. Permanent Account Number: AADPD7609R Driving Licence Number: MHO1 20090092607 Passport No.: J0173733 Voter Identification Number: MT/04/024/096127
	Mr. Milan Dalal is the Promoter and Non-Independent & Non-Executive Director of the Company. He is a resident Indian national. For further details, please refer to the section titled "Management of the Company" beginning on page 130 of this Draft Letter of Offer. Permanent Account Number: AACPD0433C Driving Licence Number: MHO1 20080095588 Passport No.: F1649763

The Company confirms that it has submitted the details of the PAN, Bank Account Number and Passport Numbers of the Promoters to the Stock Exchanges at the time of filing the Draft Letter of Offer with the Stock Exchanges.

For more details on the Promoters, please refer to the section titled "Management of the Company" beginning on page 130 of this Draft Letter of Offer.

Interests of the Promoters, Group Entities and Common Pursuits

The individual Promoters who are also the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration, commissions or reimbursement of expenses payable to them and also to the extent of dividend payable to them and other distributions in respect of the Equity Shares held by them. The individual Directors (*excluding the Promoters of the Company*) may also be deemed to be interested to the extent of Equity Shares that may be subscribed for and allotted to them out of the present Issue in terms of this Draft Letter of Offer and also to the extent of dividend payable to them and other distributions in respect of the said Equity Shares.

Further, the individual Promoters are also directors on the boards of certain Group entities and they may be deemed to be interested to the extent of transactions, if any entered into by the Company with these Group entities. For the payments that are made by the Company to certain Group entities, please refer to the section titled "Financial Information" beginning on page 161 of this Draft Letter of Offer.

Except as stated otherwise in this Draft Letter of Offer, we have not entered into any contract, agreements or arrangements in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by the Company other than in the normal course of business.

Common Pursuits

The Promoters or directors are not involved with any ventures in the same line of activity or business as that of the Company.

Confirmations

Further, none of the Promoters have been declared as a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoters in the past or are pending against them. None of the Promoters, Promoter Group or Directors or persons in control of the Company or bodies corporate forming part of the Promoter Group have been (i) prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

Payment or benefits to the Promoters

No payment or benefit has been made to the Promoters except as disclosed in the related party transaction. For further details, please refer to Annexure XVIII titled "Restated Standalone Statement of Related Party Transactions" in the section titled "Financial Information" beginning on 161 of this Draft Letter of Offer.

Promoter Group

I. Individual Promoter Group

No.	Name of the Person	Relationship
Immediate Relatives of Mr. Utsav Dhupelia		
1.	Ms. Urvashi Dhupelia	Mother
2.	Ms. Pallavi Dhupelia	Spouse
3.	Mr. Ameya Dhupelia	Son
4.	Ms. Aparna Dhupelia Ms. Amrita Dhupelia	Daughter
5.	Mr. Manoj Dhupelia	Brother
6.	Ms. Rupal Dhupelia	Brother's Spouse
7.	Mr. Sameer Madhavani	Spouse's Brother
8.	Ms. Radhika Modi	Spouse's Sister
Immediate Relatives of Ms. Pallavi Dhupelia		
1.	Mr. Ramnik Madhavani	Father
2.	Ms. Ella Madhavani	Mother
3.	Mr. Utsav Dhupelia	Spouse
4.	Mr. Ameya Dhupelia	Son
5.	Ms. Aparna Dhupelia Ms. Amrita Dhupelia	Daughter
6.	Mr. Sameer Madhavani	Brother
7.	Ms. Radhika Modi	Sister
8.	Mr. Devish Modi	Sister's Spouse
9.	Mr. Manoj Dhupelia	Spouse's Brother
Immediate Relatives of Mr. Milan Dalal		
1.	Mr. Bhupen Dalal	Father
2.	Ms. Rekha Dalal	Mother
3.	Ms. Veena Dalal	Spouse
4.	Mr. Devdutt Dalal	Son
5.	Ms. Gaurika Dalal	Daughter
6.	Mr. Asim Dalal	Brother

No.	Name of the Person	Relationship
	Mr. Satyen Dalal	
7.	Ms. Aditi Dalal Ms. Puja Dalal	Brother's Spouse
8.	Mr. Srihari Sirdeshpande	Spouse's Brother
9.	Ms. Hema Jog Ms. Chanda Valsangkar Ms. Varsha Sashtri	Spouse's Sister

II. Entities forming a part of Promoter Group

(i) Amalgamated Business Solutions Limited
(ii) Apurva Investments Company Limited
(iii) Arcadia Investments Co. Limited
(iv) ASDA Trading Company Private Limited
(v) Bombay Swadeshi Stores Limited
(vi) Bombay Store Retail Company Limited
(vii) Bengorm Tea Estate, Connor, Sole Proprietorship
(viii) Cheshtha Holdings Private Limited
(ix) Cifco Limited
(x) Cifco Finance Limited
(xi) Cifco Travels Private Limited
(xii) Cifco Properties Private Limited
(xiii) Cyclic Chemicals Limited
(xiv) CFL Securities Limited
(xv) CIFCO Stock Brokers (Bombay) Private Limited
(xvi) First Overseas Capital Limited
(xvii) Gateway International Private Limited
(xviii) Grishma Constructions & Trading Private Limited
(xix) Harbinger Trading Private Limited
(xx) Harisharan Developers Private Limited
(xxi) Kalpavruksh Holdings & Investments Private Limited
(xxii) Lal Bawa Trading and Investment Company Private Limited
(xxiii) Muller & Phipps (India) Limited
(xxiv) Nildeep Investments Company Private Limited
(xxv) Ornate Talcum Private Limited
(xxvi) Oceanic Investments Limited
(xxvii) Regent Publishers Private Limited
(xxviii) Sam Leaseco Limited
(xxix) Satyajyoti Holdings Private Limited
(xxx) Shriya Capital Services Private Limited
(xxxi) M/s. S.Ramdas, Sole Proprietorship of Mr. Milan Dalal
(xxxii) Standford Securities Private Limited
(xxxiii) Swarnadhara Holdings Private Limited
(xxxiv) Swar Investments & Trading Company Private Limited
(xxxv) The Amalgamated Electricity Company Limited
(xxxvi) Transunion Couriers, Partnership Firm
(xxxvii) Tropical Securities & Investments Private Limited
(xxxviii) Western Press Private Limited
(xxxix) Western Fund Advisory Services Private Limited

GROUP ENTITIES OF THE COMPANY

I. Companies forming part of the Group Entities of the Company:

No.	Name of Group Entities
1.	Tropical Securities & Investments Private Limited
2.	Western Press Private Limited
3.	Bombay Store Retail Company Limited
4.	Bombay Swadeshi Store Limited
5.	Amalgamated Electricity Company Limited
6.	Amalgamated Business Solutions Limited
7.	Kalpavruksh Holdings & Investments Company Private Limited
8.	Muller & Phipps (India) Limited
9.	Swar Investments & Trading Company Private Limited
10.	Arcadia Investments Private Limited
11.	Gateway International Private Limited
12.	Swarnadhara Holdings Private Limited
13.	Cheshtha Holdings Private Limited

1. Tropical Securities & Investments Private Limited ("***TSIPL***")

TSIPL, formerly known as Tropical Investments Company Private Limited, was incorporated on May 27, 1986 bearing registration number 11-39914. The Corporate Identity Number is U99999MH1986PTC039914. TSIPL was primarily carrying on the business to invest in stock, or to acquire, or to hold or sell or buy or otherwise deal in shares, units, obligations and other securities of any company or other securities issued by any government or any lawful authority. TSIPL is presently engaged in the business of investments. The registered office of TSIPL is situated at Bhupen Chambers, Ground Floor, Unit 24-A, Dalal Street, Fort, Mumbai 400 001.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Mr. Milan Dalal	Director
Mr. Asim Dalal	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
CIFCO Limited	2,00,500	20.05
Mr. Milan Dalal	7,99,500	79.95
Total	**10,00,000**	**100.00**

(Preference Shares of face value ₹100 each)

Particulars	No. of equity shares held	Shareholding (%)
Mr. Milan Dalal	2,00,000	72.73
CFL Securities Limited	75,000	27.27
Total	**2,75,000**	**100.00**

Financial Performance

The audited financial performance for the last three (3) financial years is given below:

(₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	100.00	100.00	100.00
Preference Capital	275.00	275.00	275.00
Reserves and Surplus (excluding revaluation reserves)	(781.68)	(774.76)	(772.33)
Income/Sales	824.73	1,864.43	638.27
Profit (Loss) after Tax	(6.92)	(2.43)	2.77
Earnings per Share (in ₹) (Face value ₹10)	(0.69)	(0.24)	0.28
Net Asset Value per equity share (in ₹) (Face value ₹ 10)	(68.16)	(67.48)	(67.23)

TSIPL is an unlisted company and has not made any public or rights issue in preceding three (3) years. It is not under winding up. TSIPL has a negative net worth for the last three (3) F.Y. i.e. 2011, 2010 and 2009.

2. Western Press Private Limited ("***WPPL***")

WPPL, formerly known as Jayakrishna Private Limited, was incorporated on April 20, 1959, bearing CIN U51900MH1959PTC011333. WPPL was incorporated with an objective to carry on the business of buying, sell, import, export, manufacture, manipulate, treat, prepare and deal in merchandise, goods, securities, commodities and articles of all kinds and generally to carry on business for ready and / or future delivery as merchants, importers, exporters, agents, adatias, brokers and dealers in India and elsewhere in the world and to carry on the business or business or iron and steel founders, toolmakers, mechanical engineers and manufacturers of all kinds of containers and implements and other machineries smiths, wood work builders, printers, painters, electric engineers, farmers, carriers and to buy , sell , manufacture, prepare, convert, alter, let on hire and deal in all types of machineries implements, selling stock and other articles. WPPL is presently engaged in the business of printing. The registered office of WPPL is situated at Bombay Mutual Chambers, 19-21, Ambalal Doshi Marg, Mumbai 400 023.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Mr. Milan Dalal	Chairman
Ms. Rekha Dalal	Managing Director
Mr. Asim Dalal	Joint Managing Director
Mr. Pratul Dalal	Whole Time Director
Mr. Satyen Dalal	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
Ms. Rekha Dalal	2,11,150	56.89
Mr. Satyen Dalal	45,000	12.12
Mr. Asim Dalal	45,000	12.12
Mr. Milan Dalal	30,000	8.08
Others	40,000	10.79
Total	**3,71,150**	**100.00**

Financial Performance

The audited financial performance for the last three (3) financial years is given below:

(₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	37.12	37.12	37.12
Reserves and Surplus (excluding revaluation reserves)	1,382.91	1,270. 91	1,143.66
Income/Sales	2,371.15	2,090.40	1,646.23
Profit (Loss) after Tax	111.99	127.25	35.82
Earnings per Share (in ₹) (Face value ₹10)	30.18	34.29	9.65
Net Asset Value per equity share (in ₹) (Face value ₹ 10)	382.60	352.43	318.14

WPPL is an unlisted company and has not made any public or rights issue in the preceding three (3) years. It has not become a sick company under SICA, is not under winding up and does not have negative net worth.

3. **Bombay Store Retail Company Limited** ("***BSRCL***")

BSRCL was incorporated on March 20, 2007, bearing CIN U51909MH2007PLC168960. BSRCL was incorporated with an objective to carry on the business of trading and retailing and for the purpose, acquiring all kinds of goods, articles and merchandise from the manufacturers, exporters in India and abroad, including fashion wares, toiletries, fashion accessories, handicrafts, lifestyle products, men's women's and children clothing, leather garments, durable etc. furniture store, florists, sporting goods stores and book stores, food products, footwear, health and beauty products, jewellery, home products, white goods, consumer electronics and all such personal and home consumption item in general by way of commercial arrangements with all or each of such supplier of goods to be made available at the locations wherever, at the company warehousing facilities and to sell, distribute, exhibit, launch fares for the retailing of all such items through the shops established by the company or under the selling arrangements with shoppers in India and abroad, retailing and trading through departmental or concessionaire stores operated by itself or by franchisees by entering into necessary franchise agreements. BSRCL is presently engaged in retail business. The registered office of BSRCL is situated at Western India House, Sir P. M Road, Fort, Mumbai 400 001.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Mr. Milan Dalal	Director
Mr. Satyen Dalal	Director
Mr. Asim Dalal	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
Bombay Swadeshi Stores Limited	49,999	99.99
Mr. Asim Dalal	1	0.01
Total	**50,000**	**100.00**

Financial Performance

The audited financial performance for the last three (3) financial years is given below:

(₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	5.00	5.00	5.00
Reserves and Surplus (excluding revaluation reserves)	(63.82)	(75.03)	(57.10)
Income/Sales	2,056.05	1,683.92	340.89
Profit (Loss) after Tax	11.22	(17.93)	(45.67)
Earnings per Share (in ₹) (Face value ₹10)	22.43	(35.85)	(91.34)
Net Asset Value per equity share (in ₹) (Face value ₹ 10)	(117.64)	(140.06)	(104.20)

BSRCL is an unlisted company and has not made any public or rights issue since the date of its incorporation. It has not become a sick company under SICA, is not under winding up and has negative net worth for the year March 2010.

4. Bombay Swadeshi Store Limited ("***BSSL***")

BSSL was formerly known as The Bombay Swadeshi Co-operative Stores Company Limited was incorporated on December 11, 1905, bearing CIN L74999MH1905PLC000223. BSSL was incorporated with an objective to carry on the business of a departmental store in all its branches in goods, products and manufacture, Indian or otherwise, and in particular to buy, sell, manufacture and deal in such goods, stores, consumable articles of all kinds, both wholesale and retail and to transact every kind of agency business in such goods, products and manufactures, and generally to engage in any business or transactions with reference to such goods, products or manufacture. BSSL is presently engaged in the retail business. The registered office of BSSL is situated at Western India House, Sir P.M. Road, Fort, Mumbai 400 001.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Mr. Milan Dalal	Chairman
Mr. Asim Dalal	Managing Director
Mr. Hetal Gandhi	Director
Mr. Devanshu Desai	Director
Mr. Bharat Patel	Director
Mr. Pratul Dalal	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
Promoter and Promoter Group	25,85,827	52.34
Bodies Corporate	12,90,163	26.12
Public	6,03,931	12.22
Foreign Institutional Investors	4,33,000	8.77
Financial Institutions / Banks	19,313	0.39
Non Resident Indians	4,792	0.10
Clearing Member	1,841	0.04
Trusts	1,133	0.02
Total	**49,40,000**	**100.00**

Financial Performance

The audited financial performance for the last three (3) financial years is given below:

(₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	98.80	98.80	98.80
Reserves and Surplus (excluding revaluation reserves)	1,083.98	1,060.59	1,074.47
Income/Sales	2,857.00	2,731.58	2,554.48
Profit (Loss) after Tax	37.37	(13.88)	(42.79)
Earnings per Share (in ₹) (Face value ₹10)	0.76	(0.28)	(0.87)
Net Asset Value per equity share (in ₹) (Face value ₹ 10)	23.94	23.47	23.75

Stock Market Data

The high and low prices and volume of Equity Shares traded on the respective dates during the last six (6) months are stated as under:

Month, Year	High			Low			Monthly Average*	Total Volume
	Date	Price	Volume	Date	Price	Volume		
July 2012	July 20, 2012	32.30	210	July 31, 2012	28.55	450	29.82	1554
June 2012	June 28, 2012	30.95	3	June 11, 2012	25.50	371	29.45	776
May 2012	May 9, 2012	31.50	600	May 31, 2012	26.50	425	29.30	8839
April 2012	April 2, 2012	32.55	62	April 12, 2012	27.80	243	29.83	3230
March 2012	March 7, 2012	32.70	110	March 22, 2012	28.50	452	30.54	4027
February 2012	February 17, 2012	34.95	11	February 27, 2012	28.60	380	31.82	5319

Source: www.bseindia.com

BSSL is a listed company and has not made any rights issue in the preceding three (3) years. It has not become a sick company under SICA, is not under winding up and does not have negative net worth.

5. Amalgamated Electricity Company Limited ("***AECL***")

AECL was incorporated on June 17, 1936 bearing CIN L31100MH1936PLC002497. AECL was incorporated with an objective to carry on the business to generate, develop and accumulate electrical power within the areas contemplated by the Licences and permit aforesaid and to transmit, distribute and supply such power throughout the said areas. Also to generate, develop and accumulate electrical power and transmit, distribute and supply the same at any other place or places as may be beneficial to the Company and further to carry on, in India or overseas, the business of manufacturers, importers, exporters, contractors, suppliers, engineers, hirers, dealers and distributors for industrial, commercial or domestic purposes, equipments, apparatus, accessories and spare parts of all kinds of electrical, electronic and wireless equipments for generation, distribution, transmission, control and utilization of electrical, atomic or any other energy, hydraulic, mechanical, pneumatic, aviation, refrigeration, air-conditioning equipments, apparatus, accessories and spare parts thereof, office equipments, wire and cables in all their branches. AECL is presently engaged in the business of trading in electrical accessories. The registered office of AECL is situated at 17-B, Horniman Circle, Fort, Mumbai 400 023.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Mr. Milan Dalal	Director
Mr. Satyen Dalal	Director
Mr. Deepak Sheth	Director
Mr. Nitin Velhal	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
General Public	8,33,426	60.03
Indian Promoters	3,12,693	22.52
Private Corporate Bodies	2,13,387	15.37
Banks, Financial Inst. and Insurance	24,476	1.76
Government	4,274	0.31
Total	**13,88,256**	**100.00**

Financial Performance

The audited financial performance for the last three (3) financial years is given below:

(₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	138.82	138.82	138.82
Reserves and Surplus (excluding revaluation reserves)	(52.92)	(53.44)	(56.25)
Income/Sales	6.82	11.95	7.98
Profit (Loss) after Tax	1.91	4.64	3.21
Earnings per Share (in ₹) (Face value ₹10)	0.14	0.33	0.23
Net Asset Value per equity share (in ₹) (Face value ₹ 10)	6.18	6.15	5.95

AECL is a listed company and has not made any rights issue in the preceding three (3) years. It has not become a sick company under SICA, is not under winding up and does not have negative net worth.

Stock Market Data

The high and low prices and volume of Equity Shares traded on the respective dates during the last six (6) months are stated as under:

Date	Open Price	High Price	Low Price	Close Price	WAP	No. of Shares	No. of Trades	Total Turnover (₹)	* Spread (₹)	
									H-L	C-O
1/03/11	77.30	77.30	77.30	77.30	77.30	100	1	7,730	0.00	0.00

Source: www.bseindia.com

6. Amalgamated Business Solutions Limited ("***ABSL***")

ABSL, formerly known Amalgamated Investments Limited, was incorporated on October 15, 1981 bearing CIN U67120MH1981PLC025433. ABSL was incorporated with an objective to carry on the business of Investment company and to buy, underwrite, invest, acquire and hold shares, stock, debentures, debenture- stock, bonds, notes, obligations and securities issued or guaranteed by any company or body corporate and debentures, debenture stock, bonds, obligations, saving certificate and securities issued or guaranteed by any state or central Government, public body or authority , municipal local or otherwise whether in India or elsewhere and to invest funds in post office savings account, Unit trust or in such other bonds. ABSL is presently carrying on consulting and other services. The registered office of ABSL is situated at Dena Bank Building, 1st Floor, 17-B, Horniman Circle, Fort, Mumbai 400 001.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Mr. Satish Sheth	Director
Mr. Pravin Darji	Director
Mr. Deepak Sheth	Director
Mr. Nitin Velhal	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
Amalgamated Electricity Company Limited	25,192	50.38
Purusharth Trading Company Private Limited	18,680	37.36
Mr. Milan Dalal	6,128	12.26
Total	**50,000**	**100.00**

Financial Performance

The audited financial performance for the last three (3) financial years is given below:

(₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	5.00	5.00	5.00
Reserves and Surplus (excluding revaluation reserves)	0.05	(2.75)	(6.44)
Income/Sales	6.01	6.01	6.00
Profit (Loss) after Tax	2.79	3.70	2.76
Earnings per Share (in ₹) (Face value ₹10)	5.59	7.39	5.52
Net Asset Value per equity share (in ₹) (Face value ₹ 10)	10.10	4.50	(2.88)

ABSL is a subsidiary of Amalgamated Electricity Company Limited, a listed company has not made any public or rights issue in the preceding three (3) years. It has not become a sick company under SICA, is not under winding up. ABSL has negative net worth for the year 2009.

7. Kalpavruksh Holdings & Investments Company Private Limited ("***KHICPL***")

KHICPL was incorporated on June 18, 1987 bearing registration number 43799. The Corporate Identity Number is U99999MH1987PTC043799. KHICPL was incorporated with the objective of carrying on the business of an investment company and to underwrite, sub-underwrite, to invest in and acquire and hold sell, buy or otherwise deal in shares, debentures, debenture stocks, bonds, units, obligations and securities issued or guarantees by Indian or Foreign Governments, State, Dominions, Sovereigns, Municipalities, or Public Authorities or bodies and shares, stocks, debentures, debenture-stocks, bonds, obligations and securities issued and guaranteed by any company, corporation, firm or person whether incorporated or established in India or elsewhere. The registered office of KHICPL is situated at Bhupen Chambers, Ground Floor, Unit No.1, Dalal Street, Fort, Mumbai 400 001.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Mr. Sanjib Kumar Nandi	Director
Mr. Keki Dhunjishah Surty	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
Mr. Milan Dalal	9,990	99.90
Mr. Keki Dhunjishah Surty	10	0.10
Total	**10,000**	**100.00**

Financial Performance

The audited financial performance for the last three (3) financial years is given below:

(₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	1.00	1.00	1.00
Reserves and Surplus (excluding revaluation reserves)	2.72	3.20	3.28
Income/Sales	--	--	1.63
Profit (Loss) after Tax	(0.18)	(0.08)	0.38
Earnings per Share (in ₹) (Face value ₹10)	(1.8)	(0.8)	3.85
Net Asset Value per equity share (in ₹) (Face value ₹ 10)	37.20	42.00	42.80

KHICPL is an unlisted company and has not made any public or rights issue since the date of its incorporation. It has not become a sick company under SICA, is not under winding up and does not have negative net worth.

8. Muller & Phipps (India) Limited ("***MPIL***")

MPIL was incorporated on April 21, 1956, bearing CIN L63090MH1917PLC007897. MPIL was incorporated with an objective to carry on the business in India or Ceylon as general merchants, contractors, agents, importers, exporters, factors, warehousemen, shipowners and carriers by land and sea. MPIL is presently carrying on distribution activities. The registered office of MPIL is situated at 16, Unique Industrial Estate, Off Veer Savarkar Marg, Prabhadevi, Mumbai 400 025.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Mr. Utsav Dhupelia	Director
Mr. Milan Dalal	Director
Mr. Raymond Simkins	Director
Mr. Christopher Beale	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
Promoter and Promoter Group	3,22,680	51.63
Financial Institutions/ Bank	100	0.02

Particulars	No. of equity shares held	Shareholding (%)
Bodies Corporate	1,43,395	22.94
Individuals	1,27,141	20.34
Directors & their Relatives & Friends	30,805	4.93
Clearing Members	471	0.08
Trusts	2	Negligible
Non-Resident Indians	406	0.06
Total	**6,25,000**	**100.00**

Stock Market Data

The high and low prices and volume of Equity Shares traded on the respective dates during the last six (6) months are stated as under:

Month, Year	High			Low			Monthly Average*	Total Volume
	Date	Price	Volume	Date	Price	Volume		
July 2012	July 9, 2012	71.60	225	July 27, 2012	57.05	31	65.08	5302
June 2012	June 1, 2012	79.10	100	June 21, 2012	59.10	164	66.84	974
May 2012	**No Trading**							
April 2012	April 18, 2012	87.00	456	April 2, 2012	58.40	2	73.86	1410
March 2012	March 5, 2012	67.05	125	March 30, 2012	56.15	351	62.32	3839
February 2012	February 9, 2012	75.40	6	February 23, 2012	67	175	70.74	931

Source: www.bseindia.com

Financial Performance

The audited financial performance for the last three (3) financial years is given below:

(₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	62.50	62.50	62.50
Reserves and Surplus (excluding revaluation reserves)	(365.21)	(377.36)	(433.47)
Income/Sales	1,361.63	1,505.21	4,307.20
Profit (Loss) after Tax	12.16	54.82	3.69
Earnings per Share (in ₹) (Face value ₹10)	1.94	8.77	0.50
Net Asset Value per equity share (in ₹) (Face value ₹ 10)	(48.43)	(50.38)	(59.36)

MPIL is a listed company and has not made any rights issue in the preceding three (3) years. It is not under winding up. MPIL has negative net worth in the preceeding three (3) financial years.

9. Swar Investments & Trading Company Private Limited ("***SITCPL***")

SITCPL was incorporated on May 29, 1989, bearing registration No.11-51929. SITCPL was incorporated with an objective to carry on the business to invest in stock, or to acquire, or hold or sell or buy or otherwise deal in shares, units, obligations and other securities of any company or other securities issued by any government or any lawful authority. The registered office of SITCP is situated at 9, Zenab Niwas, Lady Jamshedji Road, Dadar, Mumbai 400 028.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Mr. Pallavi Dhupelia	Director
Ms. Aparna Dhupelia	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
Ms. Pallavi Dhupelia	2,49,501	99.99
Mr. Mahesh Jasani	1	Negligible
Total	**2,49,502**	**100.00**

Financial Performance

The audited financial performance for the last three (3) financial years is given below:

(₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	24.95	24.95	24.95
Reserves and Surplus (excluding revaluation reserves)	2.97	3.03	3.09
Income/Sales	--	--	--
Profit (Loss) after Tax	(0.05)	(0.07)	(0.09)
Earnings per Share (in ₹) (Face value ₹10)	(0.01)	(0.01)	(0.02)--
Net Asset Value per equity share (in ₹) (Face value ₹ 10)	11.19	11.21	11.24

SITCPL is an unlisted company and has not made any public or rights issue since the date of its incorporation. It has not become a sick company under SICA, is not under winding up and does not have negative net worth.

10. Arcadia Investments Company Limited ("***AICL***")

AICL was incorporated on May 7, 1985 bearing registration number 11-36141. The Corporate Identity Number is U99999MH1985PLC036141. AICL was primarily incorporated to carry on the business to invest the capital and other funds of the company and to finance industrial enterprises and to promote companies engaged in industrial and trading business. Currently, AICL is carrying on the business of trading in securities. The registered office of AICL is situated at Bhupen Chambers, Ground Floor, Unit I, Dalal Street, Fort, Mumbai 400 001.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Mr. Pratul Dalal	Director
Mr. Asim Dalal	Director
Mr. Nitin Velhal	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
Cifco Limited	500	5.00
Tropical Securities & Investments Private Limited	4,500	45.00
Mr. Milan Dalal	5,000	50.00
Total	**10,000**	**100.00**

Financial Performance

The audited financial performance for the last three (3) financial years is given below:

(₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	1.00	1.00	1.00
Reserves and Surplus (excluding revaluation reserves)	(680.21)	(682.65)	(685.00)
Income/Sales	7.83	8.07	0.81
Profit (Loss) after Tax	2.44	2.35	(2.67)
Earnings per Share (in ₹) (Face value ₹10)	24.40	23.50	(26.70)
Net Asset Value per equity share (in ₹) (Face value ₹ 10)	(6,792.10)	(6,816.50)	(6,840.06)

AICL is an unlisted company and has not made any public or rights issue since the date of its incorporation. It has not become a sick company under SICA, is not under winding up. AICL has negative net worth for the preceeding three (3) financial years.

11. Gateway International Private Limited ("***GIPL***")

GIPL, formerly known as Gateway Talc Private Limited was incorporated on September 18, 1982 bearing registration number 11-28247. The Corporate Identity Number is U29248PN1982PTC028247. GIPL was primarily incorporated to carry on the business to purchase, sell, stock, distribute, import, export, manufacture, pack, replace, develop, refine, manipulate or otherwise deal in all types of cosmetics such as talcum powders, face powders, face creams, toothpaster, tooth brushes, razors, blades etc. Currently, GIPL is into trading activity. The registered office of GIPL is situated at CIFCO Center, 1206/B, 19, Jangali Maharaj Road, Deccan Gymkhana, Pune 411 004.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Ms. Veena Dalal	Director
Mr. Satyen Dalal	Director
Mr. Milan Dalal	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
Tropical Securities & Investments Private Limited	4,46,980	89.40
Ms. Veena Dalal	51,000	10.20
Others	2002	0.40
Total	**49,99,82**	**100.00**

Financial Performance

The audited financial performance for the last three (3) financial years is given below:

(₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	49.99	49.99	49.99
Reserves and Surplus (excluding revaluation reserves)	(98.60)	(97.82)	(98.16)
Income/Sales	0.03	0.58	3.46
Profit (Loss) after Tax	(0.78)	0.34	2.91
Earnings per Share (in ₹) (Face value ₹10)	(0.14)	0.07	0.57
Net Asset Value per equity share (in ₹) (Face value ₹ 10)	(9.72)	(9.56)	(9.63)

GIPL is an unlisted company and has not made any public or rights issue since the date of its incorporation. It has not become a sick company under SICA, is not under winding up. GIPL has negative net worth for the preceeding three (3) financial years.

12. Swarnadhara Holdings Private Limited ("***SHPL***")

SHPL, formerly known as Milan Holdings Private Limited was incorporated on October 13, 1979 bearing registration number 11-21837. The Corporate Identity Number is U99999MH1979PTC021837. SHPL was primarily incorporated to carry on the business of an investment company and to buy, underwrite, invest, acquire and hold stocks, debentures and all types of securities in India or elsewhere. Currently, SHPL is carrying on the business of investments. The registered office of SHPL is situated at Bhupen Chambers, Ground Floor, Unit I, Dalal Street, Fort, Mumbai 400 001.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Mr. Mialn Dalal	Director
Mr. Asim Dalal	Director
Mr. Pradeep Asher	Director
Mr. Satish Seth	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
Tropical Securities & Investments Private Limited	5,000	50.00
Mr. Milan Dalal	2,523	25.23
Mr. Asim Dalal	1,000	10.00
Mr. Satyen Dalal	1,000	10.00
Others	477	4.77
Total	**10,000**	**100.00**

Financial Performance

The audited financial performance for the last three (3) financial years is given below:

(₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	1.00	1.00	1.00
Reserves and Surplus (excluding revaluation reserves)	(17.71)	(17.49)	(17.42)
Income/Sales	0.0025	--	--
Profit (Loss) after Tax	(0.21)	(0.07)	(0.07)
Earnings per Share (in ₹) (Face value ₹10)	(2.10)	(0.70)	(0.70)
Net Asset Value per equity share (in ₹) (Face value ₹ 10)	(167.10)	(164.90)	(164.20)

SHPL is an unlisted company and has not made any public or rights issue since the date of its incorporation. It has not become a sick company under SICA, is not under winding up. SHPL has negative net worth for the preceeding three (3) financial years.

13. Cheshtha Holdings Private Limited ("***CHPL***")

CHPL, formerly known as Asim Holdings Private Limited was incorporated on October 13, 1979 bearing registration number 11-21839. The Corporate Identity Number is U99999MH1979PTC021839. CHPL was primarily incorporated to carry on the business of an investment company and to buy, underwrite, invest, acquire and hold stocks, debentures and all types of securities in India or elsewhere. Currently, CHPL is carrying on the business of investments. The registered office of CHPL is situated at Bhupen Chambers, Ground Floor, Unit I, Dalal Street, Fort, Mumbai 400 001.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Mr. Milan Dalal	Director
Mr. Asim Dalal	Director
Mr. Pradeep Asher	Director
Mr. Satish Seth	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
Mr. Milan Dalal	6,000	60.00
Mr. Asim Dalal	2,523	25.23
Mr. Satyen Dalal	1,000	10.00
Others	477	4.77
Total	**10,000**	**100.00**

Financial Performance

The audited financial performance for the last three (3) financial years is given below:

(₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	1.00	1.00	1.00
Reserves and Surplus (excluding revaluation reserves)	(16.12)	(15.06)	(14.08)
Income/Sales	0.0025	--	--

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Profit (Loss) after Tax	(1.06)	(0.98)	(0.98)
Earnings per Share (in ₹) (Face value ₹10)	(10.60)	(9.80)	(9.80)
Net Asset Value per equity share (in ₹) (Face value ₹ 10)	(151.20)	(140.60)	(130.80)

CHPL is an unlisted company and has not made any public or rights issue since the date of its incorporation. It has not become a sick company under SICA, is not under winding up. CHPL has negative net worth for the preceeding three (3) financial years.

Defunct group companies

None of the group companies are defunct companies.

Disassociation by the Promoters from entities in last three (3) years

One of the Company's Promoter, Mr. Milan Dalal has disassociated himself in May 2012 from Cifco Travels Private Limited by virtue of transferring his shareholding.

Common Pursuits

None of the Group Entities, the Promoters or directors are involved with any ventures in the same line of activity or business as that of the Company.

Related Party Transactions

- There have been no sales or purchases between entities in the Group Entities and Promoter Group of the Company exceeding in value in the aggregate 10% of the total sales or purchases of the Company. For further details, please refer to Annexure XVIII titled "*Restated Standalone Statement of Related Party Transactions*" in the section titled "Financial Information" beginning on page 161 of this Draft Letter of Offer.

- Some of the Group Entities have commercial interest in the Company. For further details, please refer to Annexure XVIII titled "*Restated Standalone Statement of Related Party Transactions*" in the section titled "Financial Information" beginning on page 161 of this Draft Letter of Offer.

Changes in Accounting Policies in last three (3) years

The Company has not changed its accounting policies in the last three (3) years.

RELATED PARTY TRANSACTIONS

For details on related party transactions of the Company, please refer to Annexure XVIII titled "*Restated Standalone Statement of Related Party Transactions*" in the section titled "Financial Information" beginning on page 161 of this Draft Letter of Offer.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders, in their discretion, and will depend on a number of factors, including but not limited to the earnings, general financial conditions, capital requirements, results of operations, contractual obligations and overall financial position, applicable Indian legal restrictions, the Articles of Association and other factors considered relevant by the Board of Directors of the Company.

The Company has declared dividend for the eighteen (18) months financial period ended on March 31, 2012 and financial year ended September 30, 2010, 2009, 2008 and 2007 details of which are given below:

(₹ in Lakhs)

Particulars	**Eighteen Months Period Ended**	**For the year ended**			
	March 31, 2012	**September 30, 2010**	**September 30, 2009**	**September 30, 2008**	**September 30, 2007**
Equity Shares					
Number of Shares	1,451,040	1,328,820	1,225,820	1,225,820	1,225,820
Face Value (₹)	145.10	132.88	122.58	122.58	122.58
Paid-up Value (₹)	145.10	132.88	122.58	122.58	122.58
Rate of Dividend *	-	18%	18%	15%	12%
Total Dividend (₹ In Lakhs) *	-	23.92	22.06	18.39	14.71
Corporate Dividend Tax on above (₹ In Lakhs) *	-	3.97	3.75	3.12	2.5

** It may be noted that for the Company's current financial year is for the Period of Eighteen Months to end on March 31, 2012 for which no dividend is declared.*

SECTION V: FINANCIAL INFORMATION

FINANCIAL INFORMATION

No.	Particulars
1.	Auditors Report dated August 13, 2012 on the restated standalone financial statements as of and for the years ended September 30, 2007, 2008, 2009, 2010 and for eighteen month period ended on March 31, 2012.
2.	Auditors Report dated August 13, 2012 on the restated Consolidated financial statements as of and for the years ended September 30, 2007, 2008, 2009, 2010 and for eighteen month period ended on March 31, 2012.

AUDITOR'S REPORT

The Board of Directors,
FOODS AND INNS LIMITED
Foods and Inns Building,
Sion-Trombay,
Punjabwadi, Deonar,
Mumbai 400 088.

Dear Sirs,

We have examined (a) the restated standalone financial information of Foods and Inns Limited (the "Company"), (b) the restated consolidated financial information of the Company, its subsidiaries and its interest in associate (collectively described as "the Group") annexed to this Report and initialled by us for identification. The said restated financial information has been prepared by the management and approved by the Board of Directors, in accordance with the requirements of:

a. paragraph B(1) of Part II of Schedule II of The Companies Act, 1956 ("the Act");

b. the Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009 (the "SEBI Regulations"), to the extent applicable and the related clarifications thereto issued by the Securities and Exchange Board of India ("SEBI") pursuant to Section 11 of the Securities and Exchange Board of India Act, 1992, as amended to date; and

c. the terms of our engagement agreed upon with you in accordance with our appointment letter dated May 22, 2012 in connection with the Draft Letter of Offer/ Letter of offer (collectively, hereinafter referred to as "Offer Documents") being issued by the Company for its Proposed Rights Issue of Equity Shares.

1. **Financial Information as per Audited Financial Statements:**

We have examined the attached 'Statement of Assets and Liabilities as Restated' of the Company as at March 31, 2012 and September 30, 2010, 2009, 2008 and 2007 (Annexure I) and the attached 'Statement of Profit and Losses, as Restated' of the Company (Annexure II) for the Financial Year of Eighteen Months Period ended March 31, 2012 and each of the Financial Years ended September 30, 2010, 2009, 2008, and 2007, together referred to as 'Restated Standalone Financial Statements'. These Restated Standalone Financial Statements have been extracted by the management from the non-consolidated financial statements of the Company as at and for the Financial Year of Eighteen Months Period ended March 31, 2012 and as at and for the Financial Years ended September 30, 2010, 2009, 2008 and 2007 and have been audited, approved / adopted by the Board of Directors/ Members for those respective period /years.

The non-consolidated financial statements as at and for the Financial Year of Eighteen Months Period ended March 31, 2012 and the non-consolidated financial statements of the Company as at and for the Financial Years ended September 30, 2010, 2009, 2008, and 2007 have been audited by us. Based on our examination of these statements, we state that:

i. The 'Restated Standalone Financial Statements' have to be read in conjunction with the notes given in Annexure IV to this Report.

ii. The 'Restated Standalone Financial Statements' of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at March 31, 2012, as stated in Significant Accounting Policies/Adjustments/Effects and Notes forming part of the Restated Standalone Financial Statements vide Annexure IV to this Report.

iii. The restated profits/losses have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate in the year/period to which they are related as described in Significant Adjustments /Effects-II(A to C) appearing in Annexure IV.

iv. There are no extra-ordinary items that need to be disclosed separately in the Restated Standalone Financial Statements.

v. There has been qualification in the Auditors' Report on the non-consolidated financial statements that require adjustments to the Restated Standalone Financial Statements, as described in Significant Adjustments /Effects-II (D) appearing in Annexure IV.

2. **Other Financial Information**:

We have examined the following information relating to the Company and the Group for the Financial Year of Eighteen Months Period ended March 31, 2012 and as at for the Financial Years ended September 30, 2010, 2009, 2008 and 2007, proposed to be included in the Offer Documents, as approved by the Board of Directors and annexed to this Report:

i. Statement of Cash Flows, as Restated of the Company for the Financial Year of Eighteen Months Period ended March 31, 2012 and for the Financial Years ended September 30, 2010, 2009, 2008, and 2007 (**Annexure III**).

ii. Significant Accounting Policies, Adjustments/Effects and Notes on Restated Statements (**Annexure IV**).

iii. Details of Share Capital as at March 31, 2012 and as at September 30, 2010, 2009, 2008 and 2007 (**Annexure V**).

iv. Statement of Reserves and Surplus as Restated as at March 31, 2012 and as at September 30, 2010, 2009, 2008 and 2007 (**Annexure VI**).

v. Details of Secured Loans and Unsecured Loans as at March 31, 2012 and as at September 30, 2010, 2009, 2008, and 2007 (**Annexure VII**).

vi. Statement of Investments as at March 31, 2012 and as at September 30, 2010, 2009, 2008, and 2007 (**Annexure VIII**).

vii. Statement of Age-wise Analysis of Sundry Debtors as at March 31, 2012 and as at September 30, 2010, 2009, 2008, and 2007 (**Annexure IX**).

viii. Details of Loans and Advances as at March 31, 2012 and as at September 30, 2010, 2009, 2008, and 2007 (**Annexure X**).

ix. Statement of Current Liabilities and Provisions as at March 31, 2012 and as at September 30, 2010, 2009, 2008, and 2007 (**Annexure XI**).

x. Statement of Other Income for the Financial Year of Eighteen Months Period ended March 31, 2012 and for the Financial Years ended September 30, 2010, 2009, 2008, and 2007 (**Annexure XII**).

xi. Statement of Deferred Tax Liability as at March 31, 2012 and as at September 30, 2010, 2009, 2008, and 2007 (**Annexure XIII**).

xii. Statement of Dividends Paid for the Financial Year of Eighteen Months Period ended March 31, 2012 and for the Financial Years ended September 30, 2010, 2009, 2008, and 2007 (**Annexure XIV**).

xiii. Statement of Tax Shelter, as Restated for the Financial Year of Eighteen Months Period ended March 31, 2012 and for the Financial Years ended September 30, 2010, 2009, 2008, and 2007 (**Annexure XV**).

xiv. Statement of Accounting Ratios based on adjusted profits related to earnings per share, net asset value and return on net worth as at and for the Financial Year of Eighteen Months Period ended

March 31, 2012 and as at and for the Financial Years ended September 30, 2010, 2009, 2008, and 2007 (**Annexure XVI**).

xv. Statement of Capitalisation, as Restated as at March 31, 2012 (**Annexure XVII**).

xvi. Related Party Information as at and for the Financial Year of Eighteen Months Period ended March 31, 2012 and as at and for the Financial Years ended September 30, 2010, 2009, 2008, and 2007 (**Annexure XVIII**).

xvii. Consolidated Statement of Assets and Liabilities, as Restated as at March 31, 2012 and as at September 30, 2010, 2009, 2008, and 2007 (**Annexure XIX**).

xviii. Consolidated Statement of Profit and Losses, as Restated for the Financial Year of Eighteen Months Period ended March 31, 2012 and for the Financial Years ended September 30, 2010, 2009, 2008, and 2007 (**Annexure XX**).

xix. Consolidated Statement of Cash Flows, as Restated for the Financial Year of Eighteen Months Period ended March 31, 2012 and for the Financial Years ended September 30, 2010, 2009, 2008, and 2007 (**Annexure XXI**).

xx. Significant Accounting Policies and the Notes on the Consolidated Restated Financial Information (**Annexure XXII**).

xxi. Consolidated Statement of Reserves and Surplus, as Restated as at March 31, 2012 and as at September 30, 2010, 2009, 2008, and 2007 (**Annexure XXIII**).

xxii. Consolidated Statement of Secured Loans and Unsecured Loans as at March 31, 2012 and as at September 30, 2010, 2009, 2008, and 2007 (**Annexure XXIV**).

xxiii. Consolidated Statement of Investments as at March 31, 2012 and as at September 30, 2010, 2009, 2008, and 2007 (**Annexure XXV**).

xxiv. Consolidated Statement of Age-wise Analysis of Sundry Debtors as at March 31, 2012 and as at September 30, 2010, 2009, 2008, and 2007 (**Annexure XXVI**).

xxv. Consolidated Details of Loans and Advances as at March 31, 2012 and as at September 30, 2010, 2009, 2008, and 2007 (**Annexure XXVII**).

xxvi. Consolidated Statement of Current Liabilities and Provisions as at March 31, 2012 and as at September 30, 2010, 2009, 2008, and 2007 (**Annexure XXVIII**).

xxvii. Consolidated Statement of Other Income for the Financial Year of Eighteen Months Period ended March 31, 2012 and for the Financial Years ended September 30, 2010, 2009, 2008, and 2007 (**Annexure XXIX**).

xxviii. Consolidated Statement of Dividends Paid for the Financial Year of Eighteen Months Period ended March 31, 2012 and for the Financial Years ended September 30, 2010, 2009, 2008, and 2007 (**Annexure XXX**).

xxix. Consolidated Statement of Accounting Ratios based on adjusted profits related to earnings per share, net asset value and return on net worth as at for the Financial Year of Eighteen Months Period ended March 31, 2012 and as at and for the Financial Years ended September 30, 2010, 2009, 2008, and 2007 (**Annexure XXXI**).

xxx. Consolidated Statement of Capitalization, as Restated as at March 31, 2012 (**Annexure XXXII**).

xxxi. Consolidated Related Party Information as at and for the Financial Year of Eighteen Months Period ended March 31, 2012 and as at and for the Financial Years ended September 30, 2010, 2009, 2008, and 2007 (**Annexure XXXIII**).

3. The Restated Consolidated Financial Statements referred in Paragraph 2(xvii to xxxi) above have been extracted from the Consolidated Financial Statements of the Group as at and for the Financial Year of Eighteen Months Period ended March 31, 2012 and as at and for the Financial Years ended September 30, 2010, 2009, 2008, and 2007 and have been audited, approved/ adopted by the Board of Directors/ Members for those respective years.

4. In respect of the financial statements of Dravya Finance Limited, a subsidiary, we are not the auditors and its Financial Statements as at and for the Financial Years ended March 31, 2012, 2011, 2010, 2009, 2008 and 2007 have been audited by other auditors. Asim Exports International Limited, one of the subsidiaries, we are the auditors and its Financial Statements as at and for the Financial Years ended March 31, 2012, 2011, 2010, 2009, 2008 and 2007 have been audited by us. Further Finns Frozen Foods (I) Limited, the associate, we are not the auditors and its Financial Statements as at and for the Financial Years ended March 31, 2012, 2011, 2010, 2009, 2008 and 2007 have been audited by other auditors. However, Financial Statements of all these companies for the Financial Year of Eighteen Months Period Ended March 31, 2012 and for the Twelve Months Period ended on September 30, 2010, 2009, 2008, and 2007 have been compiled and certified by management and have been furnished to us, and in our opinion, insofar as it relates to the amounts included in respect of the subsidiaries and associate are based solely on these certified financial statements. Since the financial statements for the Financial Year of Eighteen Months Period Ended March 31, 2012 and for the Twelve Months Period ended September 30, 2010, 2009, 2008, and 2007, which were compiled by the management of these companies were not audited, any adjustment to their balances could have consequential effect on the attached Consolidated Financial Statements of the Group. However, the size of these subsidiaries and associate in the consolidated position is not significant in relative terms. The details of assets and revenues in respect of these subsidiaries and associate to the extent to which they are reflected in the Consolidated Financial Statements are given below:

(₹ in Lakhs)

Paticulars	**Eighteen Months period ended**	**As At /For the period ended**			
	March 31, 2012	**September 30, 2010**	**September 30, 2009**	**September 30, 2008**	**September 30, 2007**
Subsidiaries					
a. Dravya Finance Limited					
Total Assets	53.24	125.84	120.47	120.33	120.46
Total Revenue	0.35	0.42	0.35	0.14	0.20
b. Asim Exports International Limited					
Total Assets	6.28	6.79	7.93	8.62	9.08
Total Revenue	1.03	NIL	0.33	0.02	NIL
Associate					
Finns Frozen Foods (I) Limited					
Total Assets	2,120.48	2,046.33	1,092.78	985.75	937.55
Total Revenue	794.45	469.50	621.12	621.12	553.49

5. Refer to Note 10 to Annexure IV on 'Significant Accounting Policies, Adjustment/Effects And Notes on Restated Standalone Financial Statements' which indicate that the presentation of financial statements of the Company for the Eighteen Months period ended March 31, 2012 are in the Pre-revised Schedule VI format. Further, as per the then requirements, the Company's audited financial statements for the Financial Years ended on September 30, 2010, 2009, 2008 and 2007 are in the Pre-revised Schedule VI format. As per General Circular No. 62/2011 of September 06, 2011, issued by the Ministry of Corporate Affairs, Government of India, it has been clarified that the Company required to present the financial information of the audited financial statements for the limited purpose of IPO/ FPO during the financial year 2011-12 may be made in the Pre-revised Schedule VI format, though subsequent to March 31, 2012, a company has to present the same under the Revised Schedule VI format only. *However, since the Company is not required to prepared its financial statements even for the period ended on March 31, 2012 under the Revised Schedule VI format, for its Offer Documents under this Report, the Company has prepared and presented the Company's financial information as*

per the audited financial statements for all the period / years presented in the Pre-revised Schedule VI format only.

6. Based on our examination of these Statements and read with our comments in Paragraph 4 above, *and subject to our comments in Paragraph 5 above relating to the format of presentation of the financial information*, we state that in our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above as at and for the Financial Year of Eighteen Months Period ended March 31, 2012 and as at for the Financial Years ended September 30, 2010, 2009, 2008, and 2007, read along with the Significant Accounting Policies, Adjustments/ Effects and Notes (Refer Annexure IV) as also Notes specified in the related statements and more particularly, regarding reconciliation of the Statement of Tax Shelter (Annexure XV), have been prepared in accordance with Part IIB of Schedule II of the Companies Act and the SEBI Regulations. Our work has been carried out in accordance with auditing standards, generally accepted in India and as per the Guidance Note on "Reports in Company Prospectuses" issued by the Institute of Chartered Accountants of India.

7. This Report should not be in any way be construed as a reissuance or redating of any of the previous audit reports issued by us or by other firms of Chartered Accountants nor should this be construed as a new opinion on any of the financial statements referred to herein.

8. We did not perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions and, accordingly, we express no opinion thereon.

9. We have no responsibility to update our report for event and circumstances occurring after the date of the report.

10. This report is intended solely for your information and for inclusion in Offer Documents in connection with the Proposed Rights Issue of Equity Shares, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **B.S. Mehta & Co.**
Chartered Accountants
Firm registration No.: 106190W

PARESH H. CLERK
Partner
Membership No.: 36148

Date: August 13, 2012
Place: Mumbai

Annexure I

Restated standalone Statement of Assets and Liabilities

(₹ In lakhs)

	Particulars	As At				
		March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2009	September 30, 2007
A.	**Fixed Assets:**					
	Gross Block	10,625.49	9,083.50	7,875.78	6,312.18	4,332.64
	Less: Depreciation	2,343.69	1,752.12	1,327.53	1,000.65	767.37
	Net Block	**8,281.80**	**7,331.38**	**6,548.25**	**5,311.53**	**3,565.27**
	Less: Balance in Revaluation Reserve	982.21	995.56	1,004.47	1,013.37	1,022.27
	Net Block after adjustment of Revaluation Reserve	**7,299.59**	**6,335.82**	**5,543.78**	**4,298.16**	**2,543.00**
	Add: Capital work in progress	960.71	630.59	902.28	1,129.09	258.35
	Sub - total	**8,260.30**	**6,966.41**	**6,446.06**	**5,427.25**	**2,801.35**
B.	**Investments**	**213.88**	**213.88**	**213.88**	**216.70**	**217.12**
C.	**Current Assets, Loans and Advances**					
	Inventories	6,539.00	19,145.39	10,740.37	6,496.32	4,390.49
	Sundry Debtors	4,096.62	3,748.10	3,102.69	4,030.36	2,303.15
	Cash and Bank Balances	616.39	640.01	482.18	617.08	257.11
	Loans and Advances	3,089.08	2,701.90	2,145.96	1,961.64	1,363.61
	Sub - total	**14,341.09**	**26,235.41**	**16,471.21**	**13,105.41**	**8,314.36**
	Total (A+B+C)	**22,815.27**	**33,415.69**	**23,131.15**	**18,749.35**	**11,332.83**
D.	**Liabilities and Provisions**					
	Secured Loans	14,885.38	14,795.12	12,837.12	11,362.87	5,896.14
	Unsecured Loans	836.93	2,700.95	1,292.22	1,141.78	386.53
	Current Liabilities and Provisions	4,238.10	12,651.97	6,120.34	4,089.00	3,157.61
	Deferred Tax Liability (Net)	478.70	517.89	411.30	412.79	198.74
	Sub - total	**20,439.11**	**30,665.93**	**20,660.98**	**17,006.44**	**9,639.01**
E.	**Net Worth (A+B+C-D)**	**2,376.16**	**2,749.76**	**2,470.17**	**1,742.91**	**1,693.82**
F.	**Represented By:**					
	Share Capital	145.10	132.88	122.58	122.58	122.58
	Amount for Preferential Convertible Warrants	-	47.06	86.71	-	-
	Reserves and Surplus, as Restated	3,213.27	3,565.38	3,265.35	2,633.70	2,593.51
	Less: Revaluation Reserve, as Restated	982.21	995.58	1,004.47	1,013.37	1,022.27
	Reserves (Net of Revaluation Reserve), as Restated	2,231.06	2,569.82	2,260.88	1,620.33	1,571.24
	Net Worth	**2,376.16**	**2,749.76**	**2,470.17**	**1,742.91**	**1,693.82**

Note: The above statement should be read with the significant accounting policies, adjustments/effects and Notes on Restated Statements as appearing in Annexure IV to the report.

Annexure II

Restated Statement of Standalone Profit & Loss Account

(₹ In Lakhs)

Particulars	Eighteen Months Period Ended	For the year ended			
	March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
INCOME					
Sale of Product Manufactured	38,026.86	20,650.58	17,723.80	15,475.28	12,672.64
Sale of Traded Goods	330.82	211.24	1,206.75	1,006.12	1,468.64
Total Sales	**38,357.68**	**20,861.82**	**18,930.55**	**16,481.40**	**14,141.28**
Less: Excise Duty	242.74	4.40	2.90	2.89	3.27
Net Sales	**38,114.94**	**20,857.42**	**18,927.65**	**16,478.51**	**14,138.01**
Other Operating Income, (includes Gain or loss on Premium on Forward Contracts) as Restated	1,575.11	892.90	790.02	710.70	485.19
Other Income	197.85	31.86	16.92	47.80	218.58
	1,772.96	924.76	806.94	758.50	703.77
Total	**39,887.90**	**21,782.18**	**19,734.59**	**17,237.01**	**14,841.78**
EXPENDITURE					
Cost of Materials	24,438.94	11,538.35	7,669.86	8,487.10	7,441.06
Manufacturing and Other Expenses	11,486.64	7,127.48	7,865.81	5,947.24	4,382.63
Purchase of Traded Goods	302.97	190.02	1,004.50	822.62	1,299.50
Employee Cost	1,335.88	719.35	704.35	593.14	465.81
Financial Charges	2,319.53	1,540.20	1,435.62	908.44	697.23
Depreciation	587.27	415.69	322.16	224.48	160.53
Total	**40,471.23**	**21,531.09**	**19,002.30**	**16,983.02**	**14,446.76**
PROFIT/(LOSS) BEFORE TAX	**(583.33)**	**251.09**	**732.29**	**253.99**	**395.02**
Provision for Taxation					
Current Tax, as Restated	-	18.04	61.00	(37.98)	90.78
Fringe Benefit Tax	-	-	6.42	7.34	16.91
Deferred Tax	(39.20)	106.60	(1.50)	214.05	66.22
MAT Credit	(29.37)	(62.05)	-	-	-
NET PROFIT/(LOSS) AFTER TAX, AS RESTATED	**(514.76)**	**188.50**	**666.37**	**70.58**	**221.11**
Profit and Loss amount at the beginning of the year, as Restated	461.97	401.36	260.80	711.73	522.83
Balance available for appropriations, as Restated	**(52.79)**	**589.86**	**927.17**	**782.31**	**743.94**
APPROPRIATIONS					
General Reserve	-	100.00	500.00	500.00	15.00
Dividend Proposed	-	23.92	22.06	18.39	14.71
Tax on Dividend Proposed	-	3.97	3.75	3.12	2.50
Total	-	**127.89**	**525.81**	**521.51**	**32.21**
BALANCE CARRIED FORWARD RESTATED	**(52.79)**	**461.97**	**401.36**	**260.80**	**711.73**

Note: The above statement should be read with the significant accounting policies, adjustments/effects and Notes on Restated Statements as appearing in Annexure IV to the report.

Annexure III

Restated Standalone Cash flow Statement

(₹ In Lakhs)

	Particulars	Eighteen Months Period Ended	For the year ended			
		March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
A	**CASH FLOW ARISING FROM OPERATING ACTIVITIES :**					
	Net Profit /(Loss) before Tax and Extraordinary items	(583.33)	251.09	732.29	253.99	395.02
	Add :					
	Depreciation	587.27	415.69	322.16	224.47	160.53
	Interest and Finance Charges (gross)	2,856.57	1,700.96	1,634.56	954.33	509.77
	Loss on Sale of Assets	7.41	-	7.10	0.21	6.62
	Provision for Gratuity (net of payments)	24.52	(14.94)	28.58	1.93	10.11
	Provision for Leave Encashment (net of payments)	6.16	7.80	(0.74)	(4.66)	22.75
	Balances / Provisions Written Back	-	-	-	3.10	1.11
	Bad Debts Written Off	-	1.70	-	-	-
	Reversal Of Gain	-	-	-	9.31	-
	Foreign Currency Reinstatement Loss/ (Gain)	994.15	65.58	53.90	369.01	-
	Wealth Tax	0.56	0.25	0.35	0.33	-
	Excise Duty on Un-cleared Finished Goods	20.06	0.27	(1.26)	0.63	-
	Loss due to Fire	116.13	-	-	-	-
	Loss due to Accident	3.98	-	-	-	-
	Mark to market gain on outstanding Forward Contracts	344.82	(86.26)	(17.39)	-	-
		4,378.29	2,342.14	2,759.55	1,812.65	1,105.91
	Less:					
	Dividend Income	0.51	0.48	0.40	0.61	0.62
	Interest Received	580.00	177.37	209.60	52.95	9.24
	Prior year (Income) / Expenses (Net)	-	-	-	-	(18.31)
	Recovery of Advances written off	-	-	-	-	-
	Balances / Provision Written Back	0.23	5.35	2.12	2.23	-
	Bad Debts Written Off	-	1.70	-	4.00	-
	Gain on Redemption of Investment	-	0.52	-	-	-
	Recovery of Advance Written off	136.18	-	-	-	-
	Operating Profits Before	**3,661.37**	**2,156.72**	**2,547.43**	**1,752.86**	**1,114.37**

	Particulars	Eighteen Months Period Ended	For the year ended			
		March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
	Working Capital Changes					
	Adjustments For:					
	Increase/(Decrease) in Other Receivables	(437.15)	(454.89)	(160.63)	(416.95)	79.52
	Increase/(Decrease) in Trade Receivables	(301.66)	(656.25)	927.66	(1,755.20)	(75.57)
	Increase/(Decrease) in Inventories	12,606.41	(8,405.02)	(4,244.06)	(2,105.83)	(976.80)
	Increase/(Decrease) in Trade Payables	(8,644.84)	4,701.34	2,336.00	365.75	528.48
	Increase/(Decrease) in Other Payable	(619.35)	1,915.87	(366.39)	450.33	236.84
		2,603.41	(2,898.94)	(1,507.42)	(3,461.90)	(207.53)
		6,264.78	(742.23)	1,040.01	(1,709.04)	906.84
	Less:					
	Direct Taxes Paid - Income Tax	41.63	57.04	91.10	121.42	252.12
	Direct Taxes Paid - Fringe Benefit Tax	-	-	-	11.71	18.41
	Net Cash From Operating Activities (A) :	**6,223.15**	**(799.26)**	**948.91**	**(1,859.38)**	**619.54**
B	**CASH FLOW FROM INVESTING ACTIVITIES :**					
	Additions to Fixed Assets	(1,790.09)	(878.68)	(1,252.38)	(2,839.29)	(461.85)
	Purchase of Capital Work in Progress	-	-	-	-	(220.57)
	Additions to Investments	-	(10.00)	-	-	(10.00)
	Sale of Fixed Assets	16.00	-	6.00	0.15	7.92
	Sale of Investments	-	10.00	2.82	0.42	-
	Gain on Redemption of Investment	-	0.52	-	-	-
	Dividend and Interest Received	580.52	177.85	210.00	53.56	9.86
	Net cash from Investing Activities (B) :	**(1,193.57)**	**(700.31)**	**(1,033.56)**	**(2,785.16)**	**(674.64)**
C	**CASH FLOW FROM FINANCING ACTIVITIES :**					
	Increase/(Decrease) in Share Capital	9.17	7.73	-	-	-
	Increase/(Decrease) in Securities Premium Account	132.00	111.24	-	-	-
	Increase/(Decrease) in Secured Loans	(436.80)	1,897.42	1,474.95	5,215.04	474.50
	Increase/(Decrease) in Loans from Directors	(32.60)	(109.91)	(21.98)	81.92	(4.10)

Particulars		Eighteen Months Period Ended	For the year ended			
		March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
	Increase/(Decrease) in Fixed Deposits from Public	(270.65)	484.97	244.11	44.88	33.25
	Increase/(Decrease) in Inter Corporate Deposits	(1,585.00)	1,050.55	(95.16)	629.62	-
	Increase/(Decrease) in Interest Accrued and Due	(6.98)	(1.27)	17.98	(1.17)	(1.08)
	Increase/(Decrease) in Share Application Money	-	-	86.71	-	-
	Interest paid	(2,572.42)	(1,438.92)	(1,315.32)	(675.11)	(509.77)
	Recovery of advances written off	136.18	-	-	-	-
	Dividend Paid (Including Dividend Tax)	(27.47)	(25.00)	(20.82)	17.21	16.77
	Guarantee Commission and Other Financial Charges	(284.15)	(262.03)	(319.24)	(279.22)	-
	Interest on Term Loans Capitalised	(114.48)	(57.35)	(101.49)	(11.44)	-
	Net Cash From Financing Activities (C) :	**(5,053.21)**	**1,657.40**	**(50.26)**	**5,021.73**	**9.57**
D	**NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS : D=(A+B+C)**	**(23.62)**	**157.83**	**(134.90)**	**359.98**	**(62.30)**
	Cash and Cash Equivalents (Opening Balance)	640.01	482.18	617.08	257.11	319.41
	Cash and Cash Equivalents (Closing Balance)	616.39	640.01	482.18	617.08	257.11

Annexure-IV

SIGNIFICANT ACCOUNTING POLICIES, ADJUSTMENT/EFFECTS AND NOTES ON RESTATED STANDALONE FINANCIAL STATEMENTS OF FOODS AND INNS LIMITED

I. SIGNIFICANT ACCOUNTING POLICIES :

A. BASIS OF ACCOUNTING

a. **Accounting Convention:**

The financial statements are prepared on the basis of going concern under historical cost convention on an accrual basis in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 1956.

b. **Use of Estimates:**

The preparation of the financial statements in conformity with the Generally Accepted Accounting Principles requires Management to make estimates and assumptions to be made that effects the reported amounts of revenues and expenses during the reporting period, the reported amounts of assets and liabilities and the disclosure relating to the contingent liabilities on the date of the financial statements. Examples of such estimates include useful lives of Fixed Assets, provision for doubtful debts / advances, deferred tax, export incentives, provision for retirement benefits, etc. Actual results could differ from those estimates.

B. FIXED ASSETS:

a. Land (Freehold): At cost except Land at Deonar, Mumbai, which is reflected at revalued amount;

b. Buildings: At cost less depreciation and grants related to specific assets except buildings at Deonar, Mumbai, which are reflected at revalued amount less depreciation;

c. Other Fixed Assets: At cost less depreciation.
‘Cost’ for the aforesaid purpose comprises of its purchase price, including import duties and other non-refundable taxes and levies and any directly attributable cost of bringing the asset to its working condition for its intended use; trade discount and rebate, if any, are deducted in arriving at the purchase price;

C. DEPRECIATION:

a. Depreciation on Fixed Assets is provided on the straight-line method, at the rates prescribed under Schedule XIV to the Companies Act, 1956.

b. Assets costing below ₹5,000 have been depreciated fully in the period of acquisition.

c. The amount of depreciation on the Revalued Fixed Assets over its Original Cost is withdrawn from Revaluation Reserve Account (to the extent the Reserve is available) and credited to the Profit and Loss Account.

D. INVENTORIES:

a. Inventories are valued at the lower of Cost and Net Realisable Value.

b. Raw Materials and Packing Materials are valued at cost computed on FIFO basis. Cost includes cost of purchase, Excise Duties and Taxes and all other costs incurred in bringing the same to its present condition and location (net of Cenvat / Sales tax set off, if any).

c. Cost of Finished Goods consists of direct cost and an appropriate share of related factory overheads. Excise duty is provided on closing stock of finished goods, wherever applicable

.

E. REVENUE RECOGNITION:

a. Sales :

i. Sale of goods in respect of export sales are recognised as and when the shipment of goods takes place.

ii. Sale of goods in respect of export sales from overseas warehouses are recognized as and when the release order for goods is sent to the warehouse.

iii. Sale of goods in respect of domestic sales are recognised on despatch of goods to the customer net of VAT and excise duties. However, for the purpose of disclosure, Sales are disclosed at gross as reduced by Excise Duty.

iv. Sales are net of returns.

b. Export Incentives are accounted for on export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to claims are fulfilled.

c. Excise Duty Refund, Octroi Duty Refund and Sales Tax Set off, if any, is taken on accrual basis. Grants are recognised as accrued on the basis of sanction letter received from the concerned authorities.

d. Dividend income is recognised when the right to receive payment is established.

e. Interest income is recognised on a time proportionate basis taking into account the amount outstanding and the rate applicable.

f. Claims for Insurance are accounted at the time of its lodgement with the Insurance Company.

F. FOREIGN CURRENCY TRANSACTIONS:

a. Transactions in foreign currency (monetary and non-monetary items) are recorded at exchange rates prevailing on the respective dates of the relevant transactions.

b. Monetary items (i.e receivables, payables, loans, etc.), which are denominated in foreign currency are translated and reported using the exchange rates prevailing on the date of Balance Sheet.

c. Exchange difference arising on the settlement of monetary items or on reporting at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

d. Non-monetary items denominated in foreign currency and carried at:

- fair value / net realisable value, are translated at the exchange rate prevalent at the date when the fair value / net realisable value was determined;
- historical cost, are translated at the exchange rate prevalent at the date of transaction.

e. In case of forward contracts:

- the premium or discount is recognised as income or expense over the period of the contract;
- the exchange differences are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change;
- the exchange differences on settlement/restatement are recognised in the Profit and Loss Account in the period in which the forward contracts are settled/restated.

G. GRANTS:

a. Grants related to specific fixed assets are shown as deduction from the gross value of the assets.

b. Revenue grants are deducted from the related expense.

H. INVESTMENTS:

Long-term investments are stated at cost. A provision for diminution, if any, is made to recognise a decline, other than temporary, in the value of Investments.

I. **EMPLOYEE BENEFITS:**
Short-term employee benefits are recognised as expense at the undiscounted amount in the Profit and Loss Account of the period in which the related service is rendered.

Long term benefits:

Defined Contribution Plan:

Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary. The contributions are made to the Provident Fund Account under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. Provident Fund and Family Pension Fund are classified as Defined Contribution Plans as the Company has no further obligations beyond making the contribution. The Company's contributions to Defined Contribution Plan are charged to profit and loss account as incurred.

Defined Benefit Plan:

1. **Gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes contribution to the Group Gratuity Scheme with SBI Life Insurance Company Limited based on an independent actuarial valuation made at the year-end. Actuarial gains and losses are recognised in the Profit and Loss Account.

2. **Compensated absences**

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/ availment. The liability is recognised based on number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses are recognised in the Profit and Loss Account.

3. **Superannuation fund**

The superannuation fund benefits are administrated by a trust formed for this purpose through the group scheme of Life Insurance Corporation of India. The Company's contribution to superannuation fund are charged to the Profit and Loss Account as incurred.

J. **BORROWING COSTS:**

Borrowing costs, attributable to the acquisition/construction of qualifying assets are capitalised as part of the cost of such assets upto the commencement of commercial operations. Other borrowing costs are charged as an expense in the period in which the same are incurred. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use.

K. **LEASES:**

Assets taken on lease where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

L. **TAXATION:**

a. Provision for current tax is made on the estimated taxable income of the period at the rate applicable to the relevant assessment year.

b. In accordance with the Accounting Standard 22 – "Accounting for taxes on Income", the deferred tax for the timing differences is measured using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

Deferred tax assets are recognised only if there is a reasonable or virtual certainty, as may be applicable, that sufficient future taxable income will be available, against which they can be realised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilised

M. IMPAIRMENT OF ASSETS:

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognised wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal.

N. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

a. A provision is recognised, if as a result of past event, the Company has a present legal obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability.

b. A disclosure for a Contingent Liability is made when there is a possible obligation or a present obligation that may, but probably will not, require outflow of resources. Where there is a possible obligation or present obligation where likelihood of outflow of resources is remote, no provision or disclosure is made.

c. Contingent Assets are neither recognised nor disclosed.

II. SIGNIFICANT ADJUSTMENTS/ EFFECTS :

Adjustments referred below, have been made in the Restated Statements as at and for the Financial Year of Eighteen Months Period ended March 31, 2012 and as at and for the Financial Years ended September 30, 2010, 2009, 2008 and 2007.

A. Change in the manner of recognising Export Benefits:

Till the year ended September 30, 2008, the Company was recognising incentives on export of goods in the year in which applications are filed and acknowledged by the concerned authority at the estimated realisable value on such entitlements. From the year ended September 30, 2009, the Company has changed the manner of recognising such export benefits and the same have since then be recognising on the basis of the year of export of goods. The effect of such change in the manner of recognising export benefits is given for the years ended on September 30, 2007 and September 30, 2008 and accordingly, the figures have been restated for the affected years; even the effect in the Balance Brought Forward in the Profit and Loss Account as on October 1, 2006 is considered as shown in Note II(E) below.

B. Prior Period Adjustments:

In the Profit and Loss Account for the year ended September 30, 2007, Prior Period for ₹18.31 lakhs is reflected in respect of certain income/expense. For the purpose of the Restated Standalone Financial Statements, such Prior Period income/expense have been appropriately adjusted and since the same are for the period prior to October 1, 2006, it is adjusted in the balance standing in General Reserve as on October 1, 2006. The item of Prior Period of ₹249.06 lakhs, reflected in the Profit and Loss Account for the Financial Year of Eighten Months period ended March 31, 2012 does not require any adjustment in the Restated Standalone Financial Statements, since the same has been dealt with by way of an adjustment for the qualification in Auditors' Report as shown in (C) below.

C. Adjustments of Auditor's Qualification:

1. Pursuant to the decision of the Board of Directors in its meeting held on August 23, 2002, the Company had revalued its Land and Building at Deonar, Mumbai, on the basis of fair value as per the Valuation Report as on September 26, 2002 and Valuation Report dated September 27, 2002 of an expert. Consequently, ₹1066.79 lakhs was credited to the Revaluation Reserve Account in the year of revaluation.

   The Company had written off ₹103.07 lakhs and ₹87.18 lakhs, amounts outstanding from a company and Dravya Finance Limited (including investments therein), a subsidiary company, respectively, and adjusted the said amount of write off against the Revaluation Reserve so created. Further, the Company had provided for diminution in value of long-term investments aggregating, to ₹58.81 lakhs (including investments of ₹48 lakhs in Finns Frozen Foods (I) Limited, the associate, and that too was adjusted against the Revaluation Reserve.Such adjustments were made in the year 2002. As a result, the balance in Revaluation Reserve Account was lower by the aggregate sum of ₹249.06 lakhs.

   The statutory auditors have since been qualifying their opinion on the financial statements (including those for the years ended September 30, 2010, 2009, 2008 and 2007) for adjustments for amounts written off and diminution in value of investments for the abovementioned amounts against the Revaluation Reserve, Account on the basis that such treatment was not in accordance with the Guidance Note on “Treatment of Reserves created on Revaluation of Fixed Assets” issued by the Institute of Chartered Accountants of India. Since the amounts were written off/provided against the Revaluation Reserve prior to October 1, 2006, adjustments for the Auditor’s Qualification are made to the statement of financial statements, as restated as on October 1, 2006.

   During the Financial Year of Eighteen Months Period ended March 31, 2012, to fall in line with the requirements of the Guidance Note, the Company has rectified such non-compliance by charging the said aggregate sum of ₹249.06 lakhs to the Profit and Loss Account as a prior period adjustment and thereby restating Revaluation Reserve by ₹249.06 lakhs. However as explained earlier, since such rectification has been appropriately adjusted in Restated Statements as on October 1, 2006, no other adjustment is required for the same.

2. Other qualifications in Auditors’ Report, which do not require any corrective adjustment in the financial information are as follows :

   i. Financial Year ended September 30, 2007 –Non-receipt of confirmation from few Debtors, Creditors and few parties from whom advances are recoverable in cash or in kind and its consequential impact on Profit and Loss Account for the year on account of subsequent reconciliation/adjustment, if any.

   ii. Under CARO, 2003

   a. Physical Verification of Fixed Assets – for Financial Years ended September 30, 2010, 2009, 2008 and 2007 :

   "No physical verification of fixed assets has been conducted during the year. Hence, we are unable to comment on any material discrepancies, if any."

   b. Internal Control - for the Financial Year ended September 30, 2007 :

   "In respect of purchase of inventory viz., raw fruits and packing materials, the purchase of which is directly controlled by head of operations at respective locations and further the same is ratified by the Director who is looking after the day to day affairs of the Company, the internal control procedure should be commensurate with the size of the Company and nature of its business."

c. Internal Audit –

* For Financial Years ended September 30, 2008, 2009 and 2010
  The Internal Audit to the extent not carried out for its manufacturing unit and Corporate Office it is not commensurate with the size of the Company and the nature of its business operations.
* For the Financial Year ended September 30, 2007:
  The Internal Audit of the Company has been carried out by an independent firm of Chartered Accountants. In our opinion the scope of the Internal Audit is not commensurate with the size of the Company and the nature of its business operations and needs to be further strengthened.

d. Default in repayment of dues to a bank for the Financial Year ended September 30, 2009:

"The Company had defaulted in repayment of dues to a bank amounting to ₹37 lakhs (including interest), which had become due by the year end, the same was paid subsequent to the Balance Sheet date."

e. Utilisation of fund for Financial Years ended September 30, 2010 and 2008 –

At the close of the year short-term funds amounting to ₹ 422.77 lakhs (For the year ended September 30, 2008: ₹ 465.19 lakhs) stand utilised for long-term purposes.

D. Treatment of Current-tax Excess/Short Provision for earlier years:

The Profit and Loss Account for the Financial Year of Eighteen Months Period ended March 31, 2012 and for the Financial Years ended September 30, 2010, 2009 include amounts paid/ provided for or refunded/written back, in respect of shortfall/ excess of Current Tax, arising out of assessments, and appeals, etc. which have now been adjusted in the respective years in which the provision was made as shown in Note II(E) below. Also, the Current Tax has been computed on adjustments made as detailed above and the same have been appropriately adjusted in the Restated Profits and Losses (including in the balance brought forward in the Profit and Loss Account as on October 01, 2006).

E. Statement of Adjustment to Profit and Losses

a. Brought forward balance in the Profit and Loss account as on October 1, 2006

(₹ In Lakhs)

Particulars	**October 1, 2006**
The Brought Forward Balance at the beginning of the year as per the Audited Profit and Loss Account	**244.73**
Adjustments	
Change in the manner of accounting of Export Benefits [Refer II(A) above]	397.12
Change in the impact on Current Tax due to Export Benefits as above	(135.00)
Current Tax - Excess/ Short Provision for earlier years upto September 30, 2006	15.98
Gross Effect	**278.10**
The Brought Forward Balance at the beginning of the year, as Restated	**522.83**

b. **Profit/ Loss for the year:**

Particulars		For the Eighteen Months Period ended	For the year ended			
		March 31, 2012	**September 30, 2010**	**September 30, 2009**	**September 30, 2008**	**September 30, 2007**
Profit after tax as per the Audited Profit and Loss Account		**(381.93)**	**164.84**	**622.41**	**213.54**	**291.09**
Adjustments						
a.	Change in the manner of the recognising Export Benefits [Refer II(A) above]	-	-	-	(240.94)	(156.20)
b.	Change in the impact on Current Tax due to Export Benefits as above				82.00	53.00
c.	Current Tax - Excess/ Short Provision for earlier years [Refer II(D) above]					
	Financial Year- 2006-07	-	-			33.22
	Financial Year- 2007-08				15.98	-
	Financial Year- 2008-09			9.96	-	
	Financial year - 2009-10			34.00	-	-
	Financial year - 2010-11	(132.83)	23.66	-	-	-
Gross Effect to the Profit and Loss Account		**(132.83)**	**23.66**	**43.96**	**(142.96)**	**(69.98)**
Net Profit as per the Restated Profit and Loss Account		**(514.76)**	**188.50**	**666.37**	**70.58**	**221.11**

F. Statement of Adjustments to Reserves and Surplus

a. **General Reserve**

(₹ in Lakhs)

Particulars	September 30, 2007
General Reserve as per the Audited Balance Sheet	**999.21**
Adjustment pertaining to year prior to 2007 [Refer (A) above]	
i. Prior Period Income	18.32
ii. Reversal of Revaluation Reserve	(249.06)
Net Effect on Reserves and Surplus	
Balance in General Reserve, as Restated	**768.47**

b. **Revaluation Reserve**

(₹ in Lakhs)

Particulars	September 30, 2007
Revaluation Reserve as per the Audited Balance Sheet	**773.21**
Adjustment pertaining to year prior to 2007 [Refer a(iii)above]	249.06
Others	-
Net Effect on Reserves and Surplus	**249.06**
Balance in Revaluation Reserve, as Restated	**1,022.27**

G. Extra-ordinary Item:

As per the audited financial statements and in the opinion of management, there is no extra-ordinary item as defined in Accounting Standard 5 on "Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies", so as to include in the Statement of Profit and Loss for the Financial Year of Eighteen Months Period ended March 31, 2012 and of each of the Financial Years ended September 2010, 2009, 2008 and 2007.

III. SIGNIFICANT NOTES TO ACCOUNTS :
1A

(₹ in lakhs)

No.	Particulars	As At March 31, 2012 Figures in ₹	As At September 30, 2010 Figures in ₹
a.	Estimated amount of contracts remaining to be executed on capital account and not provided for	268.26	118.88
	Less: Advance paid / bills booked	110.83	52.74
	Net Estimated Amount	**157.43**	**66.14**
b.	Contingent Liabilities not provided for :- (i). Corporate Guarantees given to a bank against the credit facility extended to associate company, the Finns Frozen Foods (India) Limited.	1170.00	1170.00
	(ii). Export obligations of ₹ 396.95 lakhs (1,125.11 lakhs) against Advance licenses – Duty saved	104.85	295.87
	(iii). Export obligations of ₹ 1277.26 lakhs (₹849.89 lakhs) against EPCG Licenses utilized for purchase of Fixed Assets but not yet installed – Duty saved	170.65	135.11
	(iv). Income-tax matters under appeal	780.80	32.69
	(v). Service Tax matters under appeal	3.97	3.97
	(vi). Claims/Demands against the Company disputed/not acknowledged as debts	NIL	0.50

B.

a. Export obligations against advance licence of ₹301.23 Lakhs (September 30, 2010: ₹198.22 Lakhs) has already been fulfilled by the Company, however, procedural formalities for the closure of the Advance Licenses are pending.

b. Export obligations against the purchase of machinery and packing materials under Export Promotion Capital Goods Scheme (“EPCG”) of ₹184.44 Lakhs (September 30, 2010: ₹10.13 Lakhs) have already been fulfilled by the Company, however, procedural formalities for the closure of the EPCG Licenses are pending.

C.

a. Provision has not been made for Interest for delayed payment of ₹7.14 Lakhs (September 30, 2010: ₹7.14 Lakhs) due to a director, notified under the Trial of Offences (Relating to Transactions in Securities) Act, 1992, as no demand has yet been raised. The said amount is outstanding since 1992.

b. The Income-tax Authorities had carried out a search in premises of the Company under section 132 of the Income-tax Act, 1961 on October 16, 1992 and seized the share certificates in respect of the investments of the Company. The time to hold share certificates under seizure by the Income-tax Department is over and the latter informed the Company for releasing of Shares but the Company could not take any step in this respect without taking approval of the Custodian specified in the Act. Subsequently, on June 12. 2007, the Company made an application to the Special Court for giving specific directions in this regard, the response of which is awaited.

1. During the period ended on September 30, 2009, the Company had issued 2,25,220 Convertible Warrants ("Warrants") on a preferential basis to the Promoters against which it received the aggregate sum of ₹86.71 Lakhs, being 25% of the price fixed against such Warrants. Each Warrant carried a right to convert the same into one Equity Share of ₹10 each at a premium of ₹144 each (as per the formula prescribed under the SEBI (DIP) Guidelines) over a period of 18 months from the date of allotment.

   Of the above, 1,03,000 Warrants were converted into Equity Shares in the month of March 31, 2010. The balance 1,22,220 Warrants were converted into Equity Shares in the month of March 31, 2011 and accordingly, the paid up Equity Share Capital and Securities Premium were increased to ₹132.88 lakhs and ₹236.22 lakhs, respectively, as at March 31, 2010 and accordingly, the paid up Equity Share Capital and Securities Premium have increased to ₹ 145.10 lakhs and ₹412.23 lakhs , respectively, as at March 31, 2011.

2. a Pursuant to the decision of the Board of Directors in its meeting held on August 23, 2002, the Company had revalued its Land and Building at Deonar, Mumbai, on the basis of fair value as per the Valuation Report as on September 26, 2002 and Valuation Report dated September 27, 2002 of an expert. Consequently, ₹1066.79 Lakhs had been credited to the Revaluation Reserve Account in the year of revaluation.

   b Depreciation provided on the revalued amounts of Fixed Assets over its original cost, aggregating to ₹84.59 lakhs (September 30, 2010: ₹71.23 Lakhs) [including ₹13.36 Lakhs relating to the period to end on September 30, 2010] is withdrawn from the Revaluation Reserve Account and credited to the Profit and Loss Account.

3. Investments include a sum of ₹240 Lakhs (September 30, 2010: ₹240 Lakhs) invested in Finns Frozen Foods (I) Limited ("Finns"), the associate.

   The Company has given a deposit of ₹300 Lakhs (September 30, 2010: ₹300 Lakhs) to Finns, for getting exclusive export rights of Frozen Fruit Pulp, etc.

   The Company has given advances from time to time for the purchase of Frozen Fruit Pulp, etc. for exports and for certain expenses of Finns, against which the Company has purchased Frozen Fruit Pulp amounting to ₹124.70 lakhs (September 30, 2010: ₹29.41 lakhs). During the period, the Company has also sold raw materials aggregating to ₹3.91 lakhs (September 30, 2010: ₹93.12 lakhs). On account of all such transactions, the net amount due from Finns is ₹425.77 lakhs (September 30, 2010: ₹554.88 lakhs) and the same is reflected in the Balance Sheet as 'Advances Recoverable in cash or kind or for value to be received' under 'Loans and Advances' on Schedule of 'Current Assets, Loans and Advances'.

   Since the net worth of Finns was eroded, the Board of Directors of the Company in its meeting held on August 23, 2002 discussed the restructuring proposal of Finns, the expected improvements in the working of Finns and the future orders in hand with Finns.

   Consequently, having regard to the restructuring proposal, strategic nature of the investment and expected improvements in the future operations of Finns, the Board of Directors of the Company perceived the diminution in the value of investments as a temporary in nature. But, out of abundant caution, the Board of Directors of the Company had decided to provide 20% of the investment in Finns, as diminution in the value of investments. Further, the Board reviewed the working of Finns, orders it had in hand and decided that the current provision for diminution in value of shares is sufficient and no further provision is needed as on at March 31, 2012(as at September 30, 2010).

4. Advances include ₹24.54 Lakhs (September 30, 2010: ₹32.64 Lakhs) as advance paid to a party for taking a premises on lease. Such advances are adjusted against the lease rentals due to the party.

   Advances includes ₹6.97 Lakhs (September 30, 2010: ₹2.91 Lakhs) due from a private company in which one of the directors of the company is director.

5. Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006:

	Particulars	As at March 31, 2012 ₹ in Lakhs	As at September 30, 2010 ₹ in Lakhs
a.	Principal amount remaining unpaid and interest due thereon	1.13	31.28
b.	Interest paid in terms of Section 16	Nil	Nil
c.	Interest due and payable for the period of delay in payment	0.83	0.37
d.	Interest accrued and remaining unpaid	2.23	1.38
e.	Interest due and payable even in succeeding years	Nil	Nil

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified by the Company.

6. Guarantee Commission of ₹ Nil (September 30, 2010: ₹36.34 Lakhs) paid/provided as due to a director, of which ₹ Nil (September 30, 2010: ₹9 Lakhs) is capitalised as Factory Building in Chittoor Division and ₹Nil (September 30, 2010: ₹27.34 Lakhs) is reflected under Statement on Financial Charges.

7. Foreign currency exposures as on March 31, 2012 which are not hedged, but have been restated in the Financial Statements are as under:

Particulars	US$	EURO	₹ in Lakhs
Term Loan in foreign currency	Nil	Nil	Nil
	(Nil)	(0.10)	(6.05)
Loan from Directors in foreign currency	5.00	Nil	244.65
	(5.00)	(Nil)	(224.60)
PCFC in Foreign Currency	54.68	Nil	2797.09
	(Nil)	(Nil)	(Nil)
FLC in Foreign Currency	9.50	Nil	486.10
	(Nil)	(Nil)	(Nil)
Others:			
Customer Advances in foreign currency	**38.78**	**Nil**	**1983.75**
	(14.66)	**(Nil)**	**(658.68)**
Export Commission in foreign currency	**0.32**	**0.03**	**18.29**
	(0.25)	**(Nil)**	**(11.22)**
Overseas Warehousing Charges	**0.33**	**0.65**	**60.99**
	(Nil)	**(1.41)**	**(85.82)**
Total	**108.61**	**0.67**	**5602.02**
	(19.91)	**(1.51)**	**(986.36)**

8. During the period, due to fire accident in the company's Fruit Processing Plant I and II (FPP I and FPP II) located at Chittoor stock of raw materials (raw mangoes), packing materials and finished goods were destroyed, the aggregate cost of which is ₹116.13 lakhs.

9. The Company was following October to September as its Financial Year.and accordingly, prepared its financial statements up to September 30, 2010. Therafter the Company decided to follow April to March as its Financial Year, accordingly, the financial statements for the current Financial Year have been prepared for the period of Eighteen Months from October 1, 2010 to March 31, 2012. The notification issued by the Ministry of Corporate Affairs relating to the presentation of Financial Statements as per the Revised Schedule VI is made applicable for the accounting year commencing on or after April 1, 2011 and therefore, the said notification is not applicable to the Company for the financial statements prepared for the Financial Year of the Eighten Months Period ended on March 31, 2012. Accordingly the financial statements of the Company for the Eighteen Months period are presented in the terms of Pre-revised Schedule VI format only.

As per our report of even date attached

For B.S.MEHTA & CO
Chartered Accountants
Firm Registration No.106190W

PARESH H. CLERK
Partner
Membership No.36148

Place: Mumbai
Date: August 13, 2012

For and on behalf of the Board of Directors

Directors

Place: Mumbai
Date: August 13, 2012

Annexure -V

Details of Share capital

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	**September 30, 2010**	**September 30, 2009**	**September 30, 2008**	**September 30, 2007**
Authorised :					
60,00,000 Equity Shares of ₹10 each	600.00	600.00	600.00	300.00	300.00
(September 30, 2010: 60,00,000 Equity Shares of ₹10 each)					
(September 30, 2009: 60,00,000 Equity Shares of ₹10 each)					
(September 30, 2008: 30,00,000 Equity Shares of ₹10 each)					
(September 30, 2007: 30,00,000 Equity Shares of ₹10 each)					
3,00,000 Redeemable Preference Shares of ₹100 each	300.00	300.00	300.00	-	-
(September 30, 2010: 3,00,000 Redeemable Preference Shares of ₹100 each)					
(September 30, 2009: 3,00,000 Redeemable Preference Shares of ₹100 each)					
(September 30, 2008: NIL)					
(September 30, 2007: NIL)					
	900.00	**900.00**	**900.00**	**300.00**	**300.00**
ISSUED, SUBSCRIBED AND PAID UP:					
14,51,040 Equity Shares of ₹10 each	145.10	132.88	122.58	122.58	122.58
(September 30, 2010: 13,28,820 Equity Shares of ₹10 each)					
(September 30, 2009: 12,25,820 Equity Shares of ₹10 each)					
(September 30, 2008: 12,25,820 Equity Shares of ₹10 each)					
(September 30, 2007: 12,25,820 Equity Shares of ₹10 each)					
	145.10	**132.88**	**122.58**	**122.58**	**122.58**

Annexure-VI

Statement of Standalone Reserve and Surplus

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Capital Reserve (A)	3.13	3.13	3.13	3.13	3.13
Revaluation Reserve, as Restated (B)	982.23	995.58	1,004.48	1,013.39	1,022.27
Securities Premium (C)	412.23	236.23	87.91	87.91	87.91
General Reserve, as Restated (D)	1,868.47	1,868.47	1,768.47	1,268.47	768.47
Surplus in the Profit and Loss Account, as Restated (E)	(52.79)	461.97	401.36	260.80	711.73
Total (A+B+C+D+E)	**3,213.27**	**3,565.38**	**3,265.35**	**2,633.70**	**2,593.51**

Annexure-VII

Details of Secured Loans

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Term Loans					
From Banks					
Andhra Bank Corporate Loan	22.53	123.58	190.80	-	195.93
Andhra Bank- Term Loan	732.94	593.54	959.53	150.06	-
Bank of Maharashtra	-	-	-	7.74	20.52
State Bank of India - (I)	-	-	-	0.85	45.58
State Bank of India - (II)	736.44	6.04	75.77	141.62	166.82
State Bank of India - (III)	0	67.81	134.64	202.50	193.45
State Bank of India - (IV)	-	1,115.39	1,353.05	1,347.40	-
Corporation Bank	169.23	293.64	187.21	-	-
Exim Bank	480.00	360.00	-	-	107.08
Total (A)	**2,141.14**	**2,560.00**	**2,901.00**	**1,850.17**	**729.38**
Cash Credits/ Packing Credits/ Foreign Bills Purchased					
From Banks					
Andhra Bank	4,622.53	5,213.46	3,970.64	3,581.57	1,440.91
Bank of Maharashtra	1,281.75	1,044.69	1,043.18	715.72	596.46
State Bank of India	1,984.28	1,980.61	2,202.94	2,860.76	1,908.77
Corporation Bank	281.87	400.67	295.34	316.53	-
Exim Bank	1,783.69	1,927.05	1,847.01	1,864.48	1,180.46
Bank of India	726.85	697.06	-	-	-
HDFC Bank	-	906.90	-	-	-
Total (B)	**10,680.98**	**12,170.44**	**9,359.11**	**9,339.06**	**5,126.60**
Overdraft Facilities					
Deutsche Bank	2,000.00	-	-	-	-
	2,000.00	**-**	**-**	**-**	**-**
Loans against Fixed Deposits					
Andhra Bank	36.00	45.00	52.53	129.50	-
Total (C)	**36.00**	**45.00**	**52.53**	**129.50**	-
Inter corporate Deposits					
From Others					
Anjana Projects Private Limited	-	-	500.00	-	-
Total (D)	-	-	**500.00**	-	-
Vehicle Loans (E)	**27.26**	**19.68**	**24.48**	**44.14**	**40.16**
Total (A + B + C + D + E)	**14,885.38**	**14,795.12**	**12,837.12**	**11,362.87**	**5,896.14**

Annexure-VII (Contd.)

Details of Loans taken and Assets Charged as securities as at March 31, 2012

Lender	Date of Agreement	Purpose	Nature of Facility	Sanctioned Amount (` In Lakhs)	Outstanding as on March 31,2012 (` In Lakhs)	Rate of Interest	Repayment Terms	Security
Andhra Bank	19.06.2009		Corporate Loan	200.00	22.53	16%	Loan is repayable in Ten Monthly installments of ` 5.56 Lakhs	**Collateral Security:** Pari Passu second charge on fixed Assets under first charge to working capital lenders
Andhra Bank	11.06.2011	Chitoor Expansion Project	Term Loan	900.00	732.94	16%	Loan is repayable in 60 Monthly installment of ` 15 Lakhs commencing from June, 2012 to May, 2017.	**Primary Security:** Exclusive First Charge on moveable and immoveable fixed assets acquired /to be acquired out of this term loan. **Collateral Security:** (i) Second residual charge on Current Assets charged to working capital lenders (ii) Pari Passu second charge on fixed Assets under first charge to working capital lenders **Personal Guarantee:** Personal Guarantee of (i) Mr. Utsav Dhupelia, Director (ii) Mrs. Pallavi Dhupelia, Shareholder

State Bank of India	05.11.2011	Bulsar Expansion Project	Term Loan - i	265.00	NIL	14%	Loan is repayable in single monthly installment of ` 5.50 lakhs	**Primary Security:** First charge by way of Equitable mortgage on specific assets acquired out of the term loan. **Collateral Security:** First charge by way of equitable Mortgage on land and building, Plant and Machinery, Furniture and other Fixed Assets of the Company. **Personal Guarantee:** Personal Guarantee of (i) Mr. Utsav Dhupelia, Director (ii) Mrs. Pallavi Dhupelia, Shareholder

	07.04.2008	Gonde (Sinnar) Project	Term Loan	1,390.00	736.44	14%	Loan is Repayable in Five Half yearly Installments of ` 173 Lakhs	**Primary Security:** First charge by way of Equitable mortgage on specific assets acquired out of the term loan. **Collateral Security:** First charge by way of equitable Mortgage on land and building, Plant and Machinery, Furniture and other Fixed assets of the Company. **Personal Guarantee:** Personal Guarantee of (i) Mr. Utsav Dhupelia, Director (ii) Mrs. Pallavi Dhupelia, Shareholder

Corporation Bank	19.12.2008	Chitoor Expansion Project	Term Loan	370.00	169.23	14%	Loan is Repayable in Twenty five Monthly installments of ` 7.77 Lakhs	**Primary Security:** First charge by way of Equitable mortgage/hypothecation of the entire fixed assets of Gonde Unit consisting of land, building, Plant and Machinery acquired out of this term loan. **Collateral Security:** First charge on pari passu basis with other banks of the consortium on all current assets of the Company consisting of raw Material , Stock in Process, Finished Goods, Stores and Spares, Other Consumables and Book Debts **Personal Guarantee:** Personal Guarantee of (i) Mr. Utsav Dhupelia, Director (ii) Mrs. Pallavi Dhupelia, Shareholder

EXPORT IMPORT BANK OF INDIA	08.04.2010	Chitoor Expansion – FFP Plant -II	Term Loan	600.00	480.00	12.25%	Loan is Repayable in Eighteen Quarterly installments of ` 30 Lakhs	**Primary Security:** Exclusive First charge on immoveable and moveable fixed Assets acquired out of this term loan Exclusive First charge on land admeasuring 4.04 acres pertaining to company's FFP plant – II at Chittoor. **Collateral Security:** Second Pari Pasu charge on the entire fixed assets of company excluding specific fixed assets charged exclusively to term lender **Personal Guarantee:** **Personal Guarantee of** (i) Mr. Utsav Dhupelia, Director (ii) Mrs. Pallavi Dhupelia, Shareholder
Andhra Bank	11.06.2011	Working Capital Limits	Fund Based	4,574.00	4,622.53		Repayable on Demand	**Primary Security:** First charge on pari passu basis by way of hypothecation os stock, and book debts, and Current Assets of the Company. **Collateral Security:** First charge on on pari passu basis on the entire Fixed Assets of the company With WDV of ` 696.60 crores as on September 30, 2010 excluding the assets financed out of
State Bank of India	05.11.2011			1,990.00	1,984.28			
Bank of Maharashtra	16.09.2010			1,189.00	1,281.75			
EXIM Bank	15.07.2011			2,085.00	1,783.69			

Corporation Bank	26.11.2010			400.00	281.86			the Term loans by term lenders **Personal Guarantee:** Personal Guarantee of (i) Mr. Utsav Dhupelia, Director (ii) Mrs. Pallavi Dhupelia, Shareholder
Bank of India	05.07.2011			900.00	726.85			
Deutsche Bank	12.03.2012		OverDraft Facility	2,000.00	2,000.00			**Primary Security:** First charge on by way of hypothecation of pepsico stock, and Book debts.
Andhra Bank	11.06.2011	LC /BG	Non-Fund Based	2,275.00	1,251.01			**Primary Security:** First charge on pari passu basis by way of hypothecation of stock, and Book debts, and Current Assets of the Company. **Collateral Security:** First charge on pari passu basis on the entire Fixed Assets of the company With WDV of ` 696.60 Crores as on September 30, 2010 excluding the assets financed out of the Term loans by term lenders **Personal Guarantee:** Personal Guarantee of (i) Mr. Utsav Dhupelia, Director (ii) Mrs. Pallavi Dhupelia, Shareholder
State Bank of India	05.11.2011			420.00	NIL			
Bank of Maharashtra	16.09.2010			250.00	90.79			
Corporation Bank	26.11.2010			200.00	123.05			
Bank of India	05.07.2011			100.00	NIL			

Annexure- VII (Contd.)

Details of Unsecured Loan

(₹ In Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Fixed Deposits	571.30	841.95	356.98	112.88	68.00
Loans From Directors/Promoters	255.80	257.20	382.71	399.19	317.26
Inter corporate Deposits	-	1,585.00	534.45	629.61	-
Interest Accrued and due on Loans/	9.83	16.80	18.08	0.10	1.27
Inter corporate Deposits	-	-	-	-	-
TOTAL	**836.93**	**2,700.95**	**1,292.22**	**1,141.78**	**386.53**

Notes:

1. Unsecured Loans are repayable on demand and there is no fixed repayment schedule.
2. Fixed Deposit are deposits under Section 58A of the Companies Act, 1956. The total amount outstanding as on March 31, 2012 is ₹571.30 Lakhs (repayable within one year: ₹288.68 Lakhs) the rate of interest varies from 10% to 12.50%.

Fixed Deposits from a Director's Relative / Promoter

[(Received from Mrs. Pallavi Dhupelia (Wife of Mr. Utsav Dhupelia)]

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Fixed Deposit From Promoter	140.55	254.29	209.53	112.88	68.00

Loans From Directors/ Promoters

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Mr. Ray Simkins	255.80	224.60	240.20	234.70	198.70
Mr. Utsav Dhupelia	-	32.60	142.01	138.99	118.56
Mr. Milan Dalal	-	-	0.50	25.50	-
	255.80	**257.20**	**382.71**	**399.19**	**317.26**

Annexure- VIII

Statement of Standalone Investment

(₹ in Lakhs)

Particulars		As At				
		March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Investments - Long Term						
Non - Trade						
Quoted - Fully Paid						
66 Equity Shares of Hindustan Lever Limited of ₹10 each.		0.03	0.03	0.03	0.03	0.03
1,00,000 Equity Shares of CIFCO Finance Limited of ₹10 each.*		10.80	10.80	10.80	10.80	10.80

Particulars		As At				
		March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
100 Equity Shares of Western Food Limited ₹10 each.*		0.01	0.01	0.01	0.01	0.01
2,000 Equity Shares of FDC Limited ₹10 each.		0.10	0.10	0.10	0.10	0.10
9,400 Equity Shares of Bank of Maharashtra Limited of ₹10 each.		2.16	2.16	2.16	2.16	2.16
5,098 Equity Shares of Andhra Bank Limited of ₹ 10 each.		4.59	4.59	4.59	4.59	4.59
2,821 (3,239) Bonds of Unit Trust of India.		-	-	-	2.82	3.24
	(A)	**17.69**	**17.69**	**17.69**	**20.51**	**20.93**
Unquoted						
In Subsidiary Companies						
49,994 Equity Shares of Asim Exports International Limited of ₹10 each.		5.00	5.00	5.00	5.00	5.00
In Associate Company						
24,00,000 Equity Shares of Finns Frozen Foods (I) Limited of ₹10 each.*		240.00	240.00	240.00	240.00	240.00
	(B)	**245.00**	**245.00**	**245.00**	**245.00**	**245.00**
In Units of Mutual Funds						
1,00,000 Units in SBI Mutual Fund of Rs. 10 each	**(C)**	**10.00**	**10.00**	**10.00**	**10.00**	**10.00**
		272.69	272.69	272.69	275.51	275.93
s: Provision for Diminution in Value vestment of investments	**(D)**	(58.81)	(58.81)	(58.81)	(58.81)	(58.81)
TOTAL = (A+B+C-D)		**213.88**	**213.88**	**213.88**	**216.70**	**217.12**

Aggregate Book Value of Investments (Net of Provision for Diminution					
Quoted	6.88	6.88	6.88	9.70	20.13
Unquoted	207.00	207.00	207.00	207.00	196.99
	213.88	**213.88**	**213.88**	**216.70**	**217.12**
Aggregate Market Value of Quoted Investments	**13.05**	**26.58**	**16.74**	**11.43**	**14.64**

Notes:

1. Since the above details are given for ₹ in Lakhs, investments in National Savings Certificates (VII Issue)/ Indira Vikas Patra of ₹400 is not shown separately. Refer Annexure IV - Note III [1 C (b)]

Annexure- IX

Statement of Age-wise standalone Analysis of Sundry Debtors

(₹ in Lakhs)

Particulars	**As At**				
	March 31,2012	**September 30, 2010**	**September 30, 2009**	**September 30, 2008**	**September 30, 2007**
Unsecured					
Considered Good					
For a period exceeding six months	128.62	39.79	15.91	4.73	4.73
Others	3,968.00	3,708.31	3,086.78	4,025.63	2,298.42
	4,096.62	3,748.10	3,102.69	4,030.36	2,303.15
Considered doubtful					
For a period exceeding six months	-	89.87	91.57	91.57	91.57
	4,096.62	3,837.97	3,194.26	4,121.93	2,394.72
Less: Provision for Doubtful Debts	-	89.87	91.57	91.57	91.57
TOTAL	**4,096.62**	**3,748.10**	**3,102.69**	**4,030.36**	**2,303.15**

Note:-

1. None of the Sundry Debtors are related to the Directors or Promoters or the Issuer Company or its Group.

Annexure- X

Statement of Details of Standalone Loan and Advances

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Unsecured and Considered Good, unless otherwise stated					
Loans to staff	100.47	38.36	9.21	8.09	5.01
Advances Recoverable in Cash or in Kind or					
for the value to be received					
Considered Good	1,416.44	1,353.51	968.53	907.06	700.05
Considered Doubtful	8.10	99.74	99.74	99.74	99.75
	1,424.54	1,453.25	1,068.27	1,006.80	799.80
Less: Provision for Doubtful Advances/Dues	8.10	99.74	99.74	99.74	99.75
	1,416.44	1,353.51	968.53	907.06	700.05
Export Benefits Receivable	545.92	597.02	586.20	462.57	379.12
Intercorporate Deposits	170.85	122.85	97.85	86.02	-
Other Deposits	374.47	352.23	354.36	368.81	356.44
Taxes Paid (Net of Provision), as Restated	311.73	131.92	92.93	69.23	(94.55)
VAT Receivable	29.21	43.95	36.88	59.86	17.55
Excise Credit Receivable	48.57	-	-	-	-
MAT Credit Entitlements	91.43	62.06	-	-	-
Total	**3,089.08**	**2,701.90**	**2,145.96**	**1,961.64**	**1,363.61**

Inter corporate Deposits given to Related Party

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Muller and Phipps (I) Limited	170.00	82.00	57.00	32.00	-
	170.00	**82.00**	**57.00**	**32.00**	-

Note:

Except as disclosed above, none of Loans and Advances is related to the Directors or Promoters or the Issuer Company or its Group.

Details of Inter corporate Deposits given to Related Party:

Receiver	Date of Agreement	Outstanding as at March 31, 2012 (₹ in Lakhs)	Rate of Interest	Repayment Terms	Security
Muller and Phipps (I) Limited	April 15, 2011	20.00	17%	Maturity date December 31, 2012	N.A
	May 23, 2011	10.00	16%	Maturity date December 31, 2012	N.A
	May 31, 2011	140.00	16%	Maturity date December 31, 2012	N.A

Annexure-XI

Statement of Standalone Current Liabilities and provisions

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	**September 30, 2010**	**September 30, 2009**	**September 30, 2008**	**September 30, 2007**
CURRENT LIABILITIES:					
Sundry Creditors					
Dues of Micro Enterprises and Small Enterprises	1.12	31.28	10.11	266.58	163.36
Dues of Others					
For Capital Expenses	169.23	193.12	363.25	281.46	-
For Expenses	1,355.82	9,475.85	4,735.14	2,241.85	2,211.15
	1,526.17	9,700.26	5,108.50	2,789.88	2,374.51
Acceptance	284.69	-	-	-	-
Advance from Customers	2,062.74	2,610.86	669.74	1,104.00	563.22
Other Liabilities (includes Book Overdraft and Interest Accrued but not due on Fixed deposits from Public)	239.82	219.08	216.33	102.38	121.14
Unclaimed Dividend*	3.13	2.71	1.90	1.27	0.63
(A)	4,116.55	12,532.91	5,996.47	3,997.53	3,059.50
PROVISIONS:					
Provision for Gratuity	72.74	48.21	63.15	34.57	40.86
Provision for Leave Encashment	48.52	42.36	34.56	35.30	39.96
Proposed Dividend	-	23.92	22.06	18.39	14.71
Wealth Tax	0.29	0.60	0.35	0.08	0.08
Dividend tax	-	3.97	3.75	3.12	2.50
(B)	121.55	119.06	123.87	91.47	98.11
TOTAL (A + B)	**4,238.10**	**12,651.97**	**6,120.34**	**4,089.00**	**3,157.61**

***Unclaimed dividend does not include any amount, which has become due and outstanding, to be credited to Investor Education and Protection fund**

Annexure- XII

Statement of standalone other Income

(₹ in Lakhs)

Particulars		Eighteen Months Period Ended	For the year ended			
		March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
A.	**Recurring**					
1	Interest on Security/ Intercorporate Deposit	42.95	16.61	10.67	7.06	6.24
2	Dividend from Other Companies	0.51	0.48	0.40	0.61	0.62
3	Guarantee Commission Received	8.62	6.34	(3.00)	6.25	6.25
4	Difference in Rate of Exchange (Net)	-	-	-	-	174.00
5	Miscellaneous Income	8.93	2.56	6.73	29.88	28.53
		61.01	25.99	14.80	43.80	215.64
B.	**Non-Recurring**					
1	Gain of Redumption on Long Term Investments	-	0.52	-	-	-
2	Provision for Doubtful Debts no longer required	-	-	-	4.00	-
3	Balance / Provisons writtern back (Net)	0.65	5.35	2.12	-	2.94
4	Recovery of Advances written off	136.19	-	-	-	-
		136.84	5.87	2.12	4.00	2.94
TOTAL		**197.85**	**31.86**	**16.92**	**47.80**	**218.58**

Annexure-XIII

Statement of Standalone Deferred Tax Liability

(₹ in Lakhs)

No.	Particulars	Accumulated Deferred Tax (Asses)/ Liabilities as at				
		March 31,2012	September 30, 2010	September 30, 2009 *	September 30, 2008	September 30, 2007
1	Depreciation	798.01	633.05	529.20	506.29	303.62
2	Expenses allowable for Tax Purpose when paid	(49.60)	(52.17)	(52.88)	(28.48)	(38.50)
3	Provision for Doubtful Debts / Advances	(2.63)	(62.99)	(65.03)	(65.02)	(66.38)
4	Losses Carried Forward	(267.09)	-	-	-	-
Total		**478.69**	**517.89**	**411.29**	**412.79**	**198.74**

*The Net Credit for the year is after considering Deferred Tax Credit for the prior period of ₹117.73 lakhs (of which ₹115.24 lakhs relating to depreciation and ₹2.49 lakhs relating to expenses allowable for tax purpose, when paid); the same is not adjusted for corresponding year.
** The Company has carried forward business losses and unabsorbed depreciation as at March 31, 2012. Based on the confirmed export orders, the Company is virtually certain that there would be sufficient taxable income in future against which the deferred tax asset can be realised.

Annexure-XIV

Statement of Dividend paid

(₹ in Lakhs)

Particulars	Eighteen Months Period Ended	For the year ended			
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Equity Shares					
Number of Shares	1,451,040	1,328,820	1,225,820	1,225,820	1,225,820
Face Value (₹)	145.10	132.88	122.58	122.58	122.58
Paid-up Value (₹)	145.10	132.88	122.58	122.58	122.58
Rate of Dividend *	-	18%	18%	15%	12%
Total Dividend (₹ In Lakhs) *	-	23.92	22.06	18.39	14.71
Corporate Dividend Tax on above (₹ In Lakhs) *	-	3.97	3.75	3.12	2.5

* It may be noted that for the Company's current financial year is for the Period of Eighteen Months to end on March 31, 2012 for which no dividend is declared.

Annexure- XV

Statement of Standalone Tax Shelter

(₹ in Lakhs)

Particulars		For the Eighteen Months Period ended	For the year ended			
		March 31,2012	September 30,2010	September 30,2009	September 30,2008	September 30,2007
Profit Before Tax, as Restated		(583.33)	251.09	732.29	253.99	395.02
Normal Tax Rate		30.90	33.22	33.99	33.99	33.99
Minimum Alternative Tax Rate		19.05	19.93	17.00	11.33	11.33
Normal Tax at Normal Rates	**A**	(180.25)	77.59	248.91	86.33	134.27
Adjustments :						
Permanent Differences						
Dividend		(0.51)	(0.48)	(0.40)	(0.61)	(0.62)
Wealth-tax		0.56	0.25	0.35	0.33	0.08
Interest on TDS Delayed Payments / MSMED		7.37	5.40	-	-	-
Share issue expenses		32.72	-	-	-	-
Share transfer expenses		0.16	-	-	-	-
Total	**B**	**40.30**	**5.17**	**(0.05)**	**(0.28)**	**(0.54)**
Timing Differences						
Difference between Tax Depreciation and Book Depreciation		(553.84)	(348.79)	(422.49)	(490.44)	(143.03)
Expenses allowable on payment basis (net):						
Gratuity		24.52	(13.68)	23.45	1.74	(4.71)
Leave Salary		6.16	7.80	(0.74)	(4.66)	22.75

Particulars		For the Eighteen Months Period ended	For the year ended			
		March 31,2012	September 30,2010	September 30,2009	September 30,2008	September 30,2007
Agriculture Market cess		4.04	9.10	10.96	2.58	(0.68)
Bonus		0.30	(1.74)	-	-	-
Disallowance u/s. 43 B		-	-	0.03	-	-
(Profit) / Loss on Sale/Disposal of Fixed Assets		-	-	7.10	0.21	6.62
Provision for Doutbful Debts Written Back		(181.51)	(1.70)	-	(4.00)	-
Recovery of advance w/off		(136.17)	-	-	-	-
Others		(0.65)	-	12.31	9.31	92.00
Total	**C**	**(837.15)**	**(349.01)**	**(369.39)**	**(485.26)**	**(27.07)**
Net Adjustments	**D = B + C**	**(796.85)**	**(343.84)**	**(369.43)**	**(485.54)**	**(27.60)**
Tax Burben/ (Saving) thereon	**E**	(246.23)	(114.22)	(125.57)	(165.04)	(9.38)
Total Taxation		(426.48)	(36.63)	123.34	(78.70)	124.88
Tax u/s 115JB of Income Tax Act		-	49.95	124.42	28.25	44.69

Notes:- Since the year end current tax / Differed tax is based after considering the impact for two separate previous year relevant to the respective assessment year (as the financial year of the Company has been October to September and not April to March as the previous year in terms of the provision of the Income Tax Act,1961), the Total Taxation worked out for the each year / period in the Statement of Tax shelter is subject to reconciliation.

Annexure- XVI

Statement of Standalone Accounting Ratio

(₹ in Lakhs)

	Particulars	Eighteen Months Period Ended	For the year ended			
		March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
a	Net Profit after Tax as Restated (₹ In Lakhs)	(514.76)	188.50	666.37	70.58	221.11
b	Net Worth (₹ In Lakhs)	2,376.16	2,749.76	2,470.17	1,742.91	1,693.82
c	Return on Net Worth (%) [c= a/b]	(21.66)%	6.86%	26.98%	4.05%	13.05%
d	Number of Equity Shares at the end of the year/Period	1,451,040	1,328,820	1,225,820	1,225,820	1,225,820
	(Face Value ₹ 10)					
e	Weighted Average Number of Equity Shares					
	(i) For Basic Earnings Per Share (EPS)	1,451,040	1,277,743	1,225,820	1,225,820	1,225,820
	(ii) For Dilluted EPS	1,451,040	1,327,880	1,258,704	1,225,820	1,225,820
f	Basic EPS	(35.48)	14.75	54.36	5.76	18.04
g	Diluted EPS	(35.48)	14.20	52.94	5.76	18.04
h	Net Asset Value / Book Value per share (in ₹)	163.76	206.93	201.51	142.18	138.18

Notes:

The ratios have been computed as per the following formulae:

1. Earnings Per Share (₹) = Profit available to Equity Shareholders (a) / Weighted Average Number of Equity Shares (e)(i)

2. Diluted Earnings Per Share (₹) = Profit available to Equity Shareholders (a) / Weighted Avg. No. of Equity Shares adjusted (e)(ii) for the effect of dilutive options

3. Return on Net Worth (%) = Restated Profit after Taxation (a) X 100 / Net Worth (b)

4. Net Asset Value/Book Value Per Share (₹) = Net Worth (b) / Number of Equity Shares at the end of year (d)

5. The Net Worth is calculated after reducing the balance in the Revaluation Reserve Account

Annexure-XVII
Statement of Capitalisation

(₹ in Lakhs)

Particulars	Pre Issue as at March 31,2012	Post Issue *
Borrowings		
Secured		
Short Term Debts	10,680.98	
Long Term Debts	4,204.40	
Total	**14885.38**	
Unsecured		
Short term Debts	554.31	
Long term Debts	282.62	
Total	**836.93**	
Total Debts (A)	**15,722.31**	
Equity Shareholders' Funds :		
Share Capital	145.10	
Reserves and Surplus, as Restated	2,231.06	
Total Shareholders' Funds (B)	**2,376.16**	
Long Term Debt / Equity Ratio (A / B)	6.62	

Note:-Reserve and Surplus does not include Revaluation Reserve of ₹982.21 lakhs

- Share Capital and Reserves, post issue can be ascertained only after the conclusion of book building process
- Details will be incorporate on ascertaining the issue price through 100% book building process.

Annexure- XVIII

Statement of Standalone Related party transaction

(₹ in Lakhs)

No.	Particulars	Relation	For the Eighteen Months Period ended	For the year ended			
			March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
1	Sales (Net of Sales return)	Associate Company	3.91	92.79	200.03	0.69	20.14
		Enterprises over which KMP or his relative exercises significant influence	-	75.60	500.34	1,319.71	1,156.01
2	Purchases of Goods	Associate Company	124.70	29.41	627.30	776.59	829.85
3	Processing Charges Received	Associate Company	-	0.33	17.27	32.99	-
4	Rent Income	Associate Company	-	-	-	37.18	-
		Enterprises over which KMP or his relative exercises significant influence	1.62	1.08	1.08	-	-
	Rent Expenses	Subsidiary Company	4.70	11.27	11.21	8.80	10.08
		Associate Company	-	-	-	3.11	-
5	Guarantee Commission Income	Associate Company	8.62	6.34	-	-	-
		Enterprises over which KMP or his relative exercises significant influence			(3.00)	6.25	6.07
	Guarantee Commission	KMP	-	36.34	109.89	106.72	95.00
		Relative of KMP	-	36.34	109.89	106.72	95.00
6	Brokerages /Commission Paid	KMP	-	7.00	21.96	-	-
		Enterprises over which KMP or his relative exercises significant influence	1.08	16.07	-	-	-
7	Director Sitting Fees	KMP	6.30	6.60	1.10	0.40	0.95
		Relative of KMP	3.45	3.20	0.70	-	-
8	Corporate Guarantee Given	Associate Company	1,170.00	1,170.00	-	24.50	-

No.	Particulars	Relation	For the Eighteen Months Period ended	For the year ended			
			March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
9	Advance Given	Subsidiary Company	-	-	-	10.01	9.04
		Associate Company	-	-	-	821.07	908.72
10	Advance Received	Associate Company	-	-	-	1,261.19	934.00
	Finance (Including Loan & Equity Contribution in cash or In Kind)						
11	Loan Taken	KMP	-	32.60	136.53	156.37	84.00
		Relative of KMP	-	32.60	107.65	95.13	84.00
	Interest on above Loans	KMP	1.34	7.94	11.05	8.19	8.20
		Relative of KMP	34.01	25.91	13.38	3.71	1.96
12	Re-imbursement Expenses	Subsidiary Company	0.44	-	-	-	0.02
		Associate Company	-	-	-	-	0.35
		KMP	16.47	9.95	4.96	-	-
		Relative of KMP	0.06	-	-	-	-
		Enterprises over which KMP or his relative exercises significant influence	0.43	-	-	-	-
13	Inter Corporate Deposit Given	Enterprises over which KMP or his relative exercises significant influence	185.25	147.00	25.00	-	-
	Interest Income on above Deposit	Associate Company	-	-	-	-	5.34
		Enterprises over which KMP or his relative exercises significant influence	22.75	9.46	5.45	4.81	-
	Outstanding Balance as at September 30th		**2012**	**2010**	**2009**	**2008**	**2007**
14	Sundry Creditors	Subsidiary Company	3.74	0.10	0.15	0.21	1.13
		KMP	-	-	-	-	1.17
		Enterprises over which KMP or his relative exercises significant influence	0.11	8.87	-	-	-
15	Advance Recoverable in cash or in	Subsidiary Company	361.90	3.62	3.16	-	-
		Associate Company	425.77	554.88	387.49	503.78	750.78

No.	Particulars	Relation	For the Eighteen Months Period ended	For the year ended			
			March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
	Kind*	Enterprises over which KMP or his relative exercises significant influence	292.72	319.25	325.58	350.34	-
16	Loan Taken**	KMP	19.41	281.12	392.87	399.19	118.56
		Relative of KMP	150.31	254.29	218.43	112.88	68.00
17	Inter Corporate Deposit Given*	Enterprises over which KMP or his relative exercises significant influence	170.00	82.00	57.00	32.00	-
18	Other Deposit Receivable	Associate Company	300.00	300.00	300.00	300.00	300.00
19	Corporate Guarantee Given	Associate Company	1,170.00	1,170.00	-	-	-

Notes:

* Outstanding balance is arrived at after considering transactions with the related parties for purchase, sales, services, etc., as also advances and/or payments made/received on their behalf and/or payments made/received on the Company's behalf.

**Fixed Deposits From Director's Relative:

Particulars	Outstanding as at March 31, 2012 (₹ in Lakhs)	Rate of Interest	Nature of Loan
Mrs. Pallavi Dhupelia (Wife of Mr. Utsav Dhupelia)	148.91	12.5%	Fixed Deposit

Particulars	Outstanding as at March 31, 2012 (₹ in Lakhs)	Rate of Interest	Nature of Loan
Mr. Ray Simkins	255.80	No Interest	Loans From Directors
Mr. Utsav Dhupelia	17.72	12.5%	
Mr. Milan Dalal	1.89	No Interest	

Relationship:

I. Subsidiary Company:

(i). Dravy Finance Limited
(ii). Asim Export International Limited

II. Associates Company:

(i). Finns and Frozen Foods (India) Limited

III. **Key managerial Person**

(i). Utsav Dhupelia
(ii). Milan Dalal

IV. **Relative of Key managerial Person**

(i). Mrs. Pallavi Dhupelia
(ii). Mr. Bhupen Dalal

V. **Entities on which Key Managerial Personnel or Relative has significance influence**

(i). Muller & Phipps (India) Limited
(ii). Western Press Private Limited
(iii). Trans Union Courire
(iv). Western Securities-A Division of western Press Private Limited
(v). Tropical Securities and Investments Private Limited

Annexure XIX

Consolidated Statement of Assets and Liabilities

(₹ in Lakhs)

	Particulars	As At				
		March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
A.	**Fixed Assets:**					
	Gross Block	10,625.49	9,083.50	7,875.78	6,312.18	4,332.63
	Less: Depreciation	2,343.69	1,752.12	1,327.53	1,000.65	767.37
	Net Block	**8,281.80**	**7,331.38**	**6,548.25**	**5,311.53**	**3,565.26**
	Less: Balance in Revaluation Reserve	982.21	995.56	1,004.47	1,013.37	1,022.27
	Net Block after adjustment of Revaluation Reserve	**7,299.59**	**6,335.82**	**5,543.78**	**4,298.16**	**2,542.99**
	Add: Capital work in progress	960.71	630.59	902.28	1,129.09	258.35
	Sub - total	**8,260.30**	**6,966.41**	**6,446.06**	**5,427.25**	**2,801.34**
B.	**Investments**	**16.88**	**16.88**	**16.88**	**19.70**	**20.12**
C.	**Current Assets, Loans and Advances**					
	Inventories	6,556.87	19,163.28	10,758.27	6,514.21	4,408.40
	Sundry Debtors	4,096.62	3,748.10	3,102.69	4,030.36	2,303.15
	Cash and Bank Balances	618.46	642.19	485.19	618.61	259.07
	Loans and Advances	3,121.29	2,809.69	2,251.42	2,069.13	1,471.25
	Sub - total	**14,393.24**	**26,363.26**	**16,597.57**	**13,232.31**	**8,441.87**
	Total (A+B+C)	**22,670.42**	**33,346.56**	**23,060.51**	**18,679.26**	**11,263.33**
D.	**Liabilities and Provisions**					
	Secured Loans	14,885.38	14,795.12	12,837.12	11,362.87	5,896.14
	Unsecured Loans	875.95	2,807.16	1,396.76	1,246.32	491.06
	Current Liabilities and Provisions	4,234.93	12,652.75	6,121.03	4,090.08	3,158.72
	Deferred Tax Liability (Net)	478.69	517.89	411.29	412.79	198.74
	Sub - total	**20,474.95**	**30,772.92**	**20,766.20**	**17,112.06**	**9,744.66**
E.	**Net Worth (A+B+C-D)**	**2,195.48**	**2,573.64**	**2,294.31**	**1,567.20**	**1,518.67**
F.	**Represented By:**					
	Share Capital	145.10	132.88	122.58	122.58	122.58
	Amount for Preferential Convertible Warrants	-	47.05	86.71	-	-
	Reserves and Surplus, as Restated	3,032.58	3,389.27	3,089.49	2,457.99	2,418.36
	Less: Revaluation Reserve, as Restated	982.21	995.56	1,004.47	1,013.37	1,022.27
	Reserves (Net of Revaluation Reserve), as Restated	2,050.38	2,393.71	2,085.02	1,444.62	1,396.09
	Net Worth	**2,195.48**	**2,573.64**	**2,294.31**	**1,567.20**	**1,518.67**

Annexure- XX

Statement Showing Consolidated Profit and Losses

(₹ in Lakhs)

Particulars	Eighteen Months Period Ended	For the year ended			
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
INCOME					
Sale of Product Manufactured	38,026.86	20,650.58	17,723.80	15,475.28	12,672.64
Sale of Traded Goods	330.82	211.24	1,206.75	1,006.12	1,468.64
Total Sales	**38,357.68**	**20,861.82**	**18,930.55**	**16,481.40**	**14,141.28**
Less: Excise Duty	242.74	4.40	2.90	2.89	3.27
Net Sales	**38,114.94**	**20,857.42**	**18,927.65**	**16,478.51**	**14,138.01**
Other Operating Income, (includes gain or loss on Premium on Forward Contracts) as Restated	1,575.11	892.90	790.02	710.70	485.19
Other Income	132.02	32.28	17.60	47.94	218.78
	1,707.13	925.18	807.62	758.64	703.97
Total	**39,822.07**	**21,782.60**	**19,735.27**	**17,237.15**	**14,841.98**
EXPENDITURE					
Cost of Materials	24,438.94	11,538.35	7,669.86	8,487.10	7,441.06
Manufacturing and Other Expenses	11,487.84	7,128.09	7,866.35	5,947.80	4,382.99
Purchase of Traded Goods	302.97	190.02	1,004.50	822.63	1,299.50
Employee Cost	1,335.88	719.51	704.64	593.26	465.85
Financial Charges	2,320.63	1,540.20	1,435.63	908.45	697.24
Depreciation	587.27	415.69	322.16	224.48	160.53
Total	**40,473.53**	**21,531.86**	**19,003.12**	**16,983.72**	**14,447.17**
PROFIT/(LOSS) BEFORE TAX	**(651.46)**	**250.74**	**732.15**	**253.43**	**394.81**
Provision for Taxation					
Current Tax , as Restated	-	17.93	61.00	(37.98)	90.78
Fringe Benefit Tax	-	-	6.42	7.33	16.91
Deferred Tax	(39.20)	106.60	(1.50)	214.05	66.21
MAT Credit	(29.37)	(62.06)	-	-	-
NET PROFIT/(LOSS) AFTER TAX, AS RESTATED	**(582.89)**	**188.25**	**666.23**	**70.03**	**220.91**
Profit and Loss amount at the beginning of the year, as Restated	459.50	399.14	258.72	710.20	521.50
Balance available for appropriations, as Restated	**(123.39)**	**587.39**	**924.95**	**780.23**	**742.41**
APPROPRIATIONS					
General Reserve		100.00	500.00	500.00	15.00
Dividend Proposed	-	23.92	22.06	18.39	14.71
Tax on Dividend Proposed	-	3.97	3.75	3.12	2.50
Total	-	**127.89**	**525.81**	**521.51**	**32.21**
BALANCE CARRIED FORWARD RESTATED	**(123.39)**	**459.50**	**399.14**	**258.72**	**710.20**

Annexure-XXI

Consolidated Restated Statement of Cash Flow

(₹ in Lakhs)

	Particulars	**Eighteen Months Period Ended**	**For the Year ended**			
		March 31, 2012	**September 30, 2010**	**September 30, 2009**	**September 30, 2008**	**Septembe r 30, 2007**
A	**CASH FLOW ARISING FROM OPERATING ACTIVITIES :**					
	Net Profit /(Loss) before Tax and Extraordinary items	(651.46)	250.74	732.15	253.43	394.81
	Add :					
	Depreciation	587.27	415.69	322.16	224.48	160.53
	Interest and Finance Charges (gross)	2,857.67	1,700.96	1,634.56	954.34	509.78
	Loss on Sale Of Assets	7.41	-	7.10	0.21	6.62
	Provision for Gratuity (net of payments)	24.52	(14.94)	28.58	1.93	10.11
	Provision for Leave Encashment (net of payments)	6.16	7.80	(0.74)	(4.66)	22.75
	Balances / Provisions Written Back	-	-	-	3.10	1.11
	Bad Debts Written Off	-	1.70	-	-	-
	Reversal Of Gain	-	-	-	9.31	-
	Foreign Currency Reinstatement Loss / (Gain)	994.15	65.58	53.90	369.01	-
	Wealth Tax	0.56	0.25	0.35	0.33	-
	Excise Duty On Uncleared Finished Goods	20.06	0.27	(1.26)	0.63	-
	Loss due to fire	116.13				
	Loss due to Accident	3.98				
	Mark to market gain on outstanding Forward Contracts	344.82	(86.26)	(17.39)	-	-
		4,311.26	2,341.79	2,759.40	1,812.10	1,105.71
	Less:					
	Dividend Income	0.86	0.90	0.75	0.75	0.82
	Interest Received	580.89	177.37	209.60	52.95	6.24
	Prior Year (Income) / Expenses (Net)	-	-	-	-	(18.31)
	Provision For Doubtful Debts No Longer Required	-	1.70	-	4.00	2.94
	Provision Written Back	0.35	5.35	2.33	2.25	-
	Gain On Redemption of Investment	-	0.52	-	-	-
	Recovery of Advance Written Off	69.00	-	-	-	-
	Operating Profits Before Working Capital Changes	**3,660.16**	**2,155.95**	**2,546.72**	**1,752.15**	**1,114.01**
	Adjustments For:					
	Increase/ (Decrease) in Other receivables	(361.57)	(457.11)	(158.60)	(416.81)	83.54
	Increase/ (Decrease) in Trade	(301.66)	(656.25)	927.66	(1,755.20)	(75.57)

	Particulars	Eighteen Months Period Ended	For the Year ended			
		March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2008	Septembe r 30, 2007
	receivables					
	Increase/ (Decrease) in Inventories	12,606.41	(8,405.01)	(4,244.06)	(2,105.83)	(976.80)
	Increase/ (Decrease) in Trade Payables	(8,648.72)	4,701.38	2,335.49	365.77	527.82
	Increase/ (Decrease) Other Payable	(579.18)	1,915.92	(366.06)	450.29	237.01
		2,715.28	(2,901.07)	(1,505.57)	(3,461.77)	(204.00)
		6,375.44	(745.12)	1,041.16	(1,709.63)	910.01
	Less:					
	Direct Taxes Paid - Income Tax	37.91	57.04	91.10	133.13	252.12
	Direct Taxes Paid-Fringe Benefit Tax	-	-	-	-	18.41
		37.91	57.04	91.10	150.34	287.30
	Net Cash From Operating Activities (A) :	**6,337.53**	**(802.16)**	**950.05**	**(1,859.95)**	**622.71**
B	**CASH FLOW FROM INVESTING ACTIVITIES**:					
	Additions to Fixed Assets	(1,790.09)	(878.68)	(1,252.38)	(2,839.29)	(461.85)
	Purchase of Capital Work in Progress	-	-	-	-	(220.57)
	Additions to Investments	-	(10.00)	-	-	(10.00)
	Sale of Fixed Assets	16.00	-	6.00	0.15	7.92
	Sale of Investments	-	10.00	2.82	0.42	-
	Gain on Redemption of Investment	-	0.52	-	-	-
	Dividend and Interest Received	581.76	178.27	210.35	53.70	7.06
	Net Cash From Investing Activities (B) :	**(1,192.33)**	**(699.88)**	**(1,033.21)**	**(2,785.02)**	**(677.43)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**:					
	Increase / (Decrease) in Share Capital	9.17	7.73		-	-
	Increase / (Decrease) in Securities Premium Account	132.00	111.24		-	-
	Increase / (Decrease) in Secured Loans	(436.80)	1,897.42	1,474.95	5,215.04	474.50
	Increase / (Decrease) in Loans from Directors	(32.60)	(109.91)	(21.97)	81.92	(4.10)
	Increase / (Decrease) in Fixed Deposits from Public	(270.65)	484.97	244.11	44.88	33.25
	Increase / (Decrease) in Inter Corporate Deposits	(1,585.00)	1,050.55	(95.16)	629.62	-
	Increase / (Decrease) in Interest Accrued & Due	(6.98)	0.40	17.98	(1.17)	(1.08)
	Increase/(Decrease) in Share Application Money	-	-	86.71	-	-
	Interest paid	(2,573.52)	(1,438.92)	(1,315.32)	(675.11)	(509.78)
	Recovery of advances written	69.00				

	Particulars	Eighteen Months Period Ended	For the Year ended			
		March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2008	Septembe r 30, 2007
	off					
	Dividend Paid (Including Dividend Tax)	(27.46)	(25.00)	(20.82)	17.21	16.77
	Guarantee Commission and Other Financial Charges	(284.16)	(262.04)	(319.24)	(279.23)	-
	Interest on Term Loans Capitalised	(114.48)	(57.35)	(101.49)	(11.44)	-
	Net Cash From Financing Activities (C):	**(5,121.49)**	**1,659.06**	**(50.26)**	**5,021.72**	**9.56**
D	**NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS : D=(A+B+C)**	**(23.73)**	**157.00**	**(133.42)**	**359.55**	**(61.93)**
	Cash and Cash Equivalents (Opening Balance)	642.19	485.19	618.61	259.07	321.00
	Cash and Cash Equivalents (Closing Balance)	618.46	642.19	485.19	618.61	259.07
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(23.73)**	**157.00**	**(133.42)**	**359.55**	**(61.93)**

Annexure XXII

I. Significant Accounting Policies, Adjustments/ Effects and Notes on Restated Consolidated Financial Statements of the Group

A. BASIS OF ACCOUNTING

a. Accounting Convention:

The financial statements are prepared on the basis of going concern under historical cost convention on an accrual basis in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 1956.

b. Use of Estimates:

The preparation of the financial statements in conformity with the Generally Accepted Accounting Principles requires Management to make estimates and assumptions to be made that effects the reported amounts of revenues and expenses during the reporting period, the reported amounts of assets and liabilities and the disclosure relating to the contingent liabilities on the date of the financial statements. Examples of such estimates include useful lives of Fixed Assets, provision for doubtful debts / advances, deferred tax, export incentives, provision for retirement benefits, etc. Actual results could differ from those estimates.

c. Principles of Consolidation

The Consolidated financial statements relate to Foods & Inns Limited ("the Company") and its wholly owned Subsidiaries namely, Asim Exports International Limited, Dravya Finance Limited and its associate namely, Finns Frozen Foods (I) Limited ("the Group"). The Consolidated Financial Statements have been prepared on the following basis:

1. The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book value of the like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions and the unrealized profits/losses as per Accounting Standard-21.
2. The Investment in Associate is accounted for in the Consolidated Financial Statements in accordance with the provisions, using Equity Method of accounting, as contained in Accounting Standard-23.

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are prepared to the extent possible, in the same manner as the Company's separate financial statements.

B. FIXED ASSETS:

a. Land (Freehold): At cost except Land at Deonar, Mumbai, which is reflected at revalued amount;

b. Buildings: At cost less depreciation and grants related to specific assets except buildings at Deonar, Mumbai, which are reflected at revalued amount less depreciation;

c. Other Fixed Assets: At cost less depreciation.

'Cost' for the aforesaid purpose comprises of its purchase price, including import duties and other non-refundable taxes and levies and any directly attributable cost of bringing the asset to its working condition for its intended use; trade discount and rebate, if any, are deducted in arriving at the purchase price;

C. **DEPRECIATION:**

a. Depreciation on Fixed Assets is provided on the straight-line method, at the rates prescribed under Schedule XIV to the Companies Act, 1956.

b. Assets costing below ₹5,000 have been depreciated fully in the period of acquisition.

c. The amount of depreciation on the Revalued Fixed Assets over its Original Cost is withdrawn from Revaluation Reserve Account (to the extent the Reserve is available) and credited to the Profit and Loss Account.

D. **INVENTORIES:**

a. Inventories are valued at lower of Cost and Net Realisable Value.

b. Raw Materials and Packing Materials are valued at cost computed on FIFO basis. Cost includes costs of purchase, Excise Duties and Taxes and all other costs incurred in bringing the same to its present condition and location (net of Cenvat / Sales tax set off, if any).

c. Cost of Finished Goods consists of direct cost and an appropriate share of related factory overheads. Excise duty is provided on closing stock of finished goods, wherever applicable.

E. **REVENUE RECOGNITION:**

a. Sales :

(i) Sale of goods in respect of export sales are recognised as and when the shipment of goods takes place.
(ii) Sale of goods in respect of export sales from overseas warehouses are recognized as and when the release order for goods is sent to the warehouse.
(iii) Sale of goods in respect of domestic sales are recognised on despatch of goods to the customer net of VAT and Excise Duty. However, for the purpose of disclosure, Sales are disclosed at gross as reduced by Excise Duty.
(iv) Sales are net of returns.

b. Export Incentives are accounted for on export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to claims are fulfilled

c. Excise Duty Refund, Octroi Duty Refund and Sales Tax Set off, if any, is taken on accrual basis. Grants are recognised as accrued on the basis of sanction letter received from the concerned authorities.

d. Dividend income is recognised when the right to receive payment is established.

e. Interest income is recognised on a time proportionate basis taking into account the amount outstanding and the rate applicable.

f. Claims for insurance are accounted at the time of its lodgement with the Insurance Company.

F. **FOREIGN CURRENCY TRANSACTIONS:**

a. Transactions in foreign currency (monetary and non-monetary items) are recorded at exchange rates prevailing on the respective dates of the relevant transactions.

b. Monetary items which are settled at rates different from those at which they are initially recorded during the period, exchange differences arising thereon is credited / charged to the Profit and Loss Account.

c. Exchange difference arising on the settlement of monetary items or on reporting at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

d. Non-monetary items denominated in foreign currency and carried at:
- fair value / net realisable value, are translated at the exchange rate prevalent at the date when the fair value / net realisable value was determined;
- historical cost, are translated at the exchange rate prevalent at the date of transaction.

e. In case of forward contracts:
- the premium or discount is recognised as income or expense over the period of the contract;
- the exchange differences are recognised in the Profit and Loss account in the reporting period in which the exchange rates change;
- the exchange differences on settlement/restatement are recognised in the Profit and Loss account in the period in which the forward contracts are settled/restated.

G. GRANTS:

a. Grants related to specific fixed assets is shown as deduction from the gross value of the assets.

b. Revenue grants are deducted from the related expense.

H. INVESTMENTS:

Long term investments are stated at cost. A provision for diminution, if any, is made to recognise a decline, other than temporary, in the value of Investments.

I. EMPLOYEE BENEFITS:

Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the period in which the related service is rendered.

Long term benefits:
Defined Contribution Plan:
Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary. The contributions are made to the Provident Fund Account under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. Provident Fund and Family Pension Fund are classified as Defined Contribution Plans as the Company has no further obligations beyond making the contribution. The Company's contributions to Defined Contribution Plan are charged to profit and loss account as incurred.

Defined Benefit Plan:

1. Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes contribution to the Group Gratuity Scheme with SBI Life Insurance Company Limited based on an independent actuarial valuation made at the year-end. Actuarial gains and losses are recognised in the Profit and Loss Account.

2. Compensated absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/ availment. The liability is recognised based on number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses are recognised in the Profit and Loss Account.

3. Superannuation fund

The superannuation fund benefits are administrated by a trust formed for this purpose through the group scheme of Life Insurance Corporation of India.

J. BORROWING COSTS:

Borrowing costs, attributable to the acquisition/construction of qualifying assets are capitalised as part of the cost of such assets upto the commencement of commercial operations. Other borrowing costs are charged as an expense in the period in which the same are incurred. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use.

K. LEASES:

Assets taken on lease where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

L. TAXATION:

a. Provision for current tax is made on the estimated taxable income of the period at the rate applicable to the relevant assessment year.

b. In accordance with the Accounting Standard 22 – "Accounting for taxes on Income", the deferred tax for the timing differences is measured using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

Deferred tax assets are recognised only if there is a reasonable or virtual certainty, as may be applicable, that sufficient future taxable income will be available, against which they can be realised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilised

M. IMPAIRMENT OF ASSETS:

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognised wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset’s net selling price and value in use which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal.

N. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

a. A provision is recognised, if as a result of past event, the Company has a present legal obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability.

b. A disclosure for a Contingent Liability is made when there is a possible obligation or a present obligation that may, but probably will not, require outflow of resources. Where there is a possible obligation or present obligation where likelihood of outflow of resources is remote, no provision or disclosure is made.

c. Contingent Assets are neither recognized nor disclosed.

II. SIGNIFICANT ADJUSTMENTS/ EFFECTS:

Adjustments referred below, have been made in the Restated Consolidated Financial Statements as at and for the Financial Year of Eighteen Months Period ended March 31, 2012 and as at for the Financial Years ended September 30, 2010, 2009, 2008 and 2007.

A. Change in the manner of recognising Export Benefits:

Till the year ended September 30, 2008, the Company was recognising incentives on export of goods in the year in which applications are filed and acknowledged by the concerned authority at the estimated realisable value on such entitlements. From the year ended September 30, 2009, the Company has changed the manner of recognising such export benefits and the same have since then be recognising on the basis of the year of export of goods. The effect of such change in the manner of recognising export benefits is given for the years ended on September 30, 2007 and September 30, 2008 and accordingly, the figures have been restated for the affected years; even the effect in the Balance Brought Forward in the Profit and Loss Account as on October 1, 2006 is considered as shown in Note II(E) below.

B. Prior Period Adjustments:

In the Profit and Loss Account for the year ended September 30, 2007, Prior Period for ₹18.31 lakhs is reflected in respect of certain income/expense. For the purpose of Restated Consolidated Financial Statements, such Prior Period income/expense have been appropriately adjusted and since the same are for the period prior to October 1, 2006 it is adjusted in the balance standing in General Reserve as on October 1, 2006. The Prior Period income/expense of ₹249.06 lakhs, reflected in the Profit and Loss Account does not require Restated Consolidated Financial Statements since the same has been dealt with by way of an adjustment for the qualification in Auditors' Report as shown in (C) below.

C. Adjustments of Auditor's Qualification:

1. Pursuant to the decision of the Board of Directors in its meeting held on August 23, 2002, the company had revalued its Land and Building at Deonar, Mumbai, on the basis of fair value as per the Valuation Report as on September 26,2002 and Valuation Report dated September 27, 2002 of an expert. Consequently, ₹1066.79 lakhs was credited to the Revaluation Reserve Account in the year of revaluation.

   The Company had written off ₹103.07 lakhs and ₹87.18 lakhs, amounts outstanding from a company and Dravya Finance Limited (including investments therein), a subsidiary company, respectively, and adjusted the same against Revaluation Reserve in the year 2002. Further, the Company had provided for diminution in value of long-term investments aggregating to ₹58.81 lakhs (including investments of ₹48 lakhs in Finns Frozen Foods (I) Limited, the associate, and that too was adjusted against the Revaluation Reserve in the year 2002. As a result of such adjustments, Revaluation Reserve was lower by the aggregate sum of ₹249.06 lakhs.

   The financial statements for the years ended September 30, 2010, 2009, 2008 and 2007 have been verified for adjustments for amounts written off and diminution in value of investments for the abovementioned amounts against Revaluation Reserve, which has not been in accordance with the Guidance Note on "Treatment of Reserves created on Revaluation of Fixed Assets" issued by the Institute of Chartered Accountants of India. Since the amounts were written off/provided against the Revaluation Reserve prior to October 1, 2006, adjustments are made to the statement of financial statements, as restated as on October 1, 2006.

   During the Financial Year of Eighteen Months Period ended March 31, 2012, to fall in line with the requirements of the Guidance Note, the Company has rectified such non-compliance by charging the said aggregate sum of ₹249.06 lakhs to the Profit and Loss Account as a prior period adjustment and thereby restating Revaluation Reserve by ₹249.06 lakhs. However, as explained earlier, since such rectification has been appropriately adjusted in Restated Consolidated Financial Statements as on October 1, 2006, no other adjustment is required for the same.

2. Other qualifications in Auditors' Report, which do not require any corrective adjustment in the financial information are as follows :

   Financial Year ended September 30, 2007 –

Non-receipt of confirmation from few Debtors, Creditors and few parties from whom advances are recoverable in cash or in kind and its consequential impact on Profit and Loss Account for the year on account of subsequent reconciliation/adjustment, if any.

D. Treatment of Current-tax Excess/Short Provision for earlier years:

The Profit and Loss Account for the Financial Year of Eighteen Months Period ended March 31, 2012 and for the Financial Years ended September 30, 2010, 2009 include amounts paid/ provided for or refunded/written back, in respect of shortfall/ excess of Current Tax, arising out of assessments, and appeals, etc. which has now been adjusted in the respective years in which the provision was made as shown in Note II(E) below. Also, the Current Tax has been computed on adjustments made as detailed above and the same have been approximately adjusted in the Restated Profits and Losses (included in the balance brought forward in the Profit and Loss Account as on October 1, 2006).

E. Statement of Adjustment to Profit and Losses

a. **Brought Forward Balance in the Profit and Loss account as on October 1, 2006**

(₹ in lakhs)

Particulars	October 1, 2006
The Brought Forward Balance at the beginning of the year as per the Audited Profit and Loss Account	243.40
Adjustments	
Change in the manner of accounting of Export Benefits [Refer II(A) above]	397.12
Change in the impact on Current Tax due to above	(135.00)
Current Tax - Excess/ Short Provision for earlier years	15.98
Gross Effect	**278.10**
The Brought Forward Balance at the beginning of the year, as Restated	**521.50**

b. **Profit/ Loss for the year:**

(₹ in lakhs)

Particulars		For the Eighteen Months Period ended	For the year ended			
		March 31, 2012	**September 30, 2010**	**September 30, 2009**	**September 30, 2008**	**September 30, 2007**
Profit after tax as per the Audited Profit and Loss Account		**(450.07)**	**164.58**	**622.26**	**212.99**	**290.88**
Adjustments						
a.	Change in the manner of the recognising Export Benefits [Refer II(A) above]	-	-	-	(240.93)	(156.19)
b.	Change in the impact on Current Tax due to above				82.00	53.00
c.	Current Tax - Excess/ Short Provision for earlier years [Refer II(D) above]					
	Financial Year-2006-07 Financial Year-	-	-	9.96 34.00	15.98	33.22

Particulars		For the Eighteen Months Period ended	For the year ended			
		March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
	2007-08 Financial Year-2008-09 Financial year - 2009-10				-	
	Financial year - 2010-11	(132.81)	23.67	-	-	-
Gross Effect to the Profit and Loss Account		**(132.81)**	**23.67**	**43.96**	**(142.95)**	**(69.97)**
Net Profit as per the Restated Profit and Loss Account		**(582.88)**	**188.25**	**666.22**	**70.04**	**220.91**

F. Statement of Adjustments to Reserves and Surplus

a. General Reserve

(₹ in lakhs)

Particulars	As At
	September 30, 2007
General Reserve as per the Audited Balance Sheet	**805.59**
Adjustment pertaining year prior to 2007 [Refer (A) above]	
i. Prior Period Income	18.31
ii Recovery from subsidiary company	(249.05)
Net Effect on Reserves and Surplus	
Balance in General Reserve, as Restated	**574.85**

b. Revaluation Reserve

(₹ in Lakhs)

Particulars	As At
	September 30, 2007
Revaluation Reserve as per the Audited Balance Sheet	**773.21**
Adjustment pertaining year prior to 2007 [Refer a(iii) above]	-
	249.06
Others	-
Net Effect on Reserves and Surplus	**249.06**
Balance in Revaluation Reserve, as Restated	**1,022.27**

G. As per the audited financial statements and in the opinion of management, there is no extra-ordinary item **as** defined in Accounting Standard 5 on "Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies", so as to include in the Statement of Profit and Losses for the Eighteen Months Period ended March 31, 2012 and of each of the years ended September 2010, 2009, 2008 and 2007.

III. SIGNIFICANT NOTES TO ACCOUNTS:

1. A. Contingent Liabilities

(₹ in Lakhs)

No.	Particulars	As At March 31, 2012 Figures in ₹	As At September 30, 2010 Figures in ₹
a.	Estimated amount of contracts remaining to be executed on capital account and not provided for Less : Advance paid / bills booked	268.26 110.83	118.88 52.74
	Net Estimated Amount	**157.43**	**66.14**
b.	Contingent Liabilities not provided for :- (i) Corporate Guarantees given to a bank against the credit facility extended to associate company, the Finns Frozen Foods (India) Limited.	1170.00	1170.00
	(ii) Export obligations of ₹396.95 lakhs (₹1,125.11 lakhs) against Advance licenses – Duty saved	104.85	295.87
	(iii) Export obligations of ₹1,277.26 lakhs (₹849.89 lakhs) against EPCG Licenses utilized for purchase of Fixed Assets but not yet installed – Duty saved	170.65	135.11
	(iv) Income-tax matters under appeal	780.80	32.68
	(v) Service Tax matters under appeal	3.97	3.97
	(vi) Claims/Demands against the Company disputed/not acknowledged as debts	NIL	0.50

B.

a Export obligations against advance licence of ₹301.23 lakhs (September 30, 2010: ₹198.22 lakhs) has already been fulfilled by the Company, however, procedural formalities for the closure of the Advance Licenses are pending.

b Export obligations against the purchase of machinery and packing materials under Export Promotion Capital Goods Scheme ("EPCG") of ₹184.44 lakhs (September 30, 2010: ₹10.13 lakhs) have already been fulfilled by the Company, however, procedural formalities for the closure of September 30, 2010 the EPCG Licenses are pending.

C

a Provision has not been made for Interest for delayed payment of ₹7.14 lakhs (September 30, 2010: ₹7.14 lakhs) due to a director, notified under the Trial of Offences (Relating to Transactions in Securities) Act, 1992, as no demand has yet been raised. The said amount is outstanding since 1992.Unsecured loan of Asim Exports International Limited, a Subsidiary of the Company, consists of ₹42,200 payable to the said Director notified under The Special Court (Trial Of Offences relating to Transactions in Securities) Act, 1992.

b The Income-tax Authorities had carried out a search in premises of the Company under section 132 of the Income-tax Act, 1961 on October 16, 1992 and seized the share certificates in respect of the investments of the Company. The time to hold share certificates under seizure by the Income-tax Department is over and the latter informed the Company for releasing of Shares but the Company could not take any step in this respect without taking approval of the Custodian specified in the Act. Subsequently, on June 12, 2007, the Company made an application to the Special Court for giving specific directions in this regard, the response of which is awaited.

2. During the period ended on September 30, 2009, the Company had issued 2,25,220 Convertible Warrants ("Warrants") on a preferential basis to the Promoters against which it received the aggregate

sum of ` 86.71 lakhs, being 25% of the price fixed against such Warrants. Each Warrant carried a right to convert the same into one Equity Share of `10 each at a premium of ₹144 each (as per the formula prescribed under the SEBI (DIP) Guidelines) over a period of 18 months from the date of allotment.

Of the above, 1,03,000 Warrants were converted into Equity Shares during the year ended March 31, 2010. The balance 1,22,220 Warrants were converted into Equity Shares in the month of March 31, 2011 and accordingly, the paid up Equity Share Capital and Securities Premium were increased to ₹132.88 lakhs and ₹236.22 lakhs, respectively, as at March 31, 2010 and accordingly, the paid up Equity Share Capital and Securities Premium have increased to ₹145.10 lakhs and ₹412.23 lakhs, respectively, as at March 31, 2011.

3. (a)

(i) Out of the above referred to sum of ₹103.07 lakhs referred in II (C) (1) due from the other company, the Company has received a sum of ₹69.00 lakhs and the same is credited to the Profit and Loss Account as "Recovery of Advances Written Off" under "Other Income"

(ii) Out of the above referred to Loan of ₹67.18 lakhs due from Dravya Finance Limited, a subsidiary company, the Company has received ₹67.18 lakhs and the same is credited to the Company's Profit and Loss Account as "Recovery of Advances Written Off" under "Other Income". However, such recovery, being the inter-company transaction, is eliminated in the Consolidated Profit and Loss Account.

(b) Further, in respect of the other company for which the Company wrote off ₹103.08 lakhs even the Company's subsidiary, Dravya Finance Limited, had also given Loans and Advances of ₹54.15 lakhs (including accrued interest amounting to ₹9.87 lakhs). The said amount is not written off in the books of the subsidiary as on September 30, 2010. Had such amount been written off by the subsidiary, its loss would have been higher by ₹54.15 lakhs and consequently, the profit of the Group, the carried forward balance of the Profit and Loss account

(c) Depreciation provided on the revalued amounts of Fixed Assets over its original cost, aggregating to ₹84.59 lakhs (September 30, 2010: ₹71.23 lakhs) [including ₹13.36 lakhs relating to the Period to end on September 30, 2010] is withdrawn from the Revaluation Reserve Account and credited to the Profit and Loss Account.

4. Investments include a sum of ₹240 lakhs (September 30, 2010: ₹240 lakhs) invested in Finns Frozen Foods (I) Limited ("Finns"), the associate.

The Company has given a deposit of ₹300 lakhs (September 30, 2010: ₹300 lakhs) to Finns, for getting exclusive export rights of Frozen Fruit Pulp, etc.

The Company has given advances from time to time for the purchase of Frozen Fruit Pulp, etc. for exports and for certain expenses of Finns, against which the Company has purchased Frozen Fruit Pulp amounting to ₹124.70 lakhs (September 30, 2010: ₹29.41 lakhs). During the period, the Company has also sold raw materials aggregating to ₹3.91 lakhs (September 30, 2010: ₹93.12 lakhs) On account of all such transactions, the net amount due from Finns is ₹425.77 lakhs (September 30, 2010: ₹554.88 lakhs) and the same is reflected in the Balance Sheet as 'Advances Recoverable in cash or kind or for value to be received' under 'Loans and Advances' on 'Current Assets, Loans and Advances'.

Since the net worth of Finns was eroded, the Board of Directors of the Company in its meeting held on August 23, 2002 discussed the restructuring proposal of Finns, the expected improvements in the working of Finns and the future orders in hand with Finns.

Consequently, having regard to the restructuring proposal, strategic nature of the investment and expected improvements in the future operations of Finns, the Board of Directors of the Company perceived the diminution in the value of investments as a temporary in nature. But, out of abundant caution, the Board of Directors of the Company had decided to provide 20% of the investment in Finns, as diminution in the value of investments. Further, the Board reviewed the working of Finns, orders it had in hand and decided that the current provision for diminution in value of shares is sufficient and no further provision is needed as on September 30, 2011.

As per Accounting Standard 23 on “Accounting for Investment in Associates”, an investment in an associate is to be accounted for in consolidated financial statements under the equity method. As per the equity method, the investment is initially recorded at cost, identifying goodwill/capital reserve arising at the time of acquisition. Accordingly, considering the acquisition in the Associate on the various dates, goodwill was determined at ₹117.67 lakhs. Thereafter, the carrying amount had to be adjusted to recognise the Company’s share of profit or losses of the associate. Accordingly, since the accumulated share of losses in Associate from the date of acquisition till the year of applicability of AS 23, i.e. 2002-03, had exceeded the carrying amount of investments (as reduced by the above mentioned provision for diminution), the value of investments is brought down to Nil and the corresponding adjustment was made in General Reserve. Thereafter, further losses of the said associate have not been recognised.

5. Advances include ₹24.54 lakhs (September 30, 2010: ₹32.64 lakhs) as advance paid to a party for taking a premises on lease. Such advances are adjusted against the lease rentals due to the party.

Advances includes ₹6.97 lakhs (September 30, 2010: ₹2.91 lakhs) due from a private company in which one of the directors of the company is director.

6. Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in Lakhs)

No.	Particulars	As at March 31, 2012	As at September 30, 2010
a.	Principal amount remaining unpaid and interest due thereon	1.13	31.28
b.	Interest paid in terms of Section 16	Nil	Nil
c.	Interest due and payable for the period of delay in payment	0.83	0.37
d.	Interest accrued and remaining unpaid	2.23	1.38
e.	Interest due and payable even in succeeding years	Nil	Nil

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified by the Company.

7. The Company is entitled to Export Benefits; under Vishesh Krishi Upaj Yojana vide Notification no.15/2004-09 dated January 4, 2005, in respect of export of Fruit Pulp, paste, slice, Canned Vegetables and others. The Company recognizes such Export Benefits on the basis of export of goods. Accordingly, the Company has recognised Export benefits of ₹1,198.25 lakhs (September 30, 2010: ₹767.08 lakhs) on export of goods.

8. Guarantee Commission of ` Nil (September 30, 2010: ₹36.34 lakhs) paid/provided as due to a director, of which ₹ Nil (September 30, 2010: ₹9 lakhs) is capitalised as Factory Building in Chittoor Division and ₹ Nil (September 30, 2010: ₹27.34 lakhs) is reflected under Statement on Financial Charges.

9. **Foreign currency exposures as on March 31, 2012 which are not hedged, but have been restated in the Financial Statements are as under:**

(₹ in Lakhs)

Particulars	US$	EURO	₹
Term Loan in foreign currency	Nil	Nil	Nil
	(Nil)	(0.10)	(6.05)
Loan from Directors in foreign currency	5.00	Nil	244.65
	(5.00)	(Nil)	(224.60)
PCFC in Foreign Currency	54.68	Nil	2797.09

Particulars	US$	EURO	₹
	(Nil)	(Nil)	(Nil)
FLC in Foreign Currency	9.50	Nil	486.10
	(Nil)	(Nil)	(Nil)
Others:			
Customer Advances in foreign currency	38.78	Nil	1983.75
	(14.66)	(Nil)	(658.68)
Export Commission in foreign currency	0.32	0.03	18.29
	(0.25)	(Nil)	(11.22)
Overseas Warehousing Charges	0.33	0.65	60.99
	(Nil)	(1.41)	(85.82)
Total	**108.61**	**0.67**	**5602.02**
	(19.91)	(1.51)	(986.36)

10. During the period, due to fire accident in the company's Fruit Processing Plant I and II (FPP I and FPP II) located at Chittoor stock of raw materials (raw mangoes), packing materials and finished goods were destroyed, the aggregate cost of which is ₹116.13 Lakhs.

11. Hitherto, the Company was following October to September as its Financial Year. During the year, the Company has decided to follow April to March as its Financial Year; accordingly, the financial statements for the current period are to be prepared for the period of Eighteen Months from October 1, 2010 to March 31, 2012. The notification issued by the Ministry of Corporate Affairs relating to the presentation of Financial Statement as per the Revised Schedule VI is made applicable for the accounting year commencing on or after April 1, 2011 and therefore, the said notification is not applicable to the Company. Accordingly the financial statements of the Company for the Eighteen Months period are presented in the terms of Pre-revised Schedule VI format only.

As per our report of even date attached

For B.S.MEHTA & CO
Chartered Accountants
Firm Registration No.106190W

PARESH H. CLERK
Partner
Membership No.36148

Place: Mumbai
Date: August 13, 2012

For and on behalf of the Board of Directors

Director

Place: Mumbai
Date: August 13, 2012

Annexure- XXIII

Consolidated Statement of Reserve & Surplus

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Capital Reserve (A)	23.13	23.13	23.13	23.13	23.13
Revaluation Reserve, as Restated (B)	982.21	995.56	1,004.47	1,013.38	1,022.27
Securities Premium (C)	412.23	236.23	87.91	87.91	87.91
General Reserve, as Restated (D)	1,738.41	1,674.85	1,574.85	1,074.85	574.85
Surplus in the Profit and Loss Account, as Restated (E)	(123.39)	459.50	399.14	258.73	710.20
Total (A+B+C+D+E)	**3,032.58**	**3,389.27**	**3,089.49**	**2,457.99**	**2,418.36**

ANNEXURE- XXIV

Consolidated Statement of Secured Loans

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Term Loans					
From Banks					
Andhra Bank Corporate Loan	22.53	123.58	190.80	-	195.93
Andhra Bank- Term Loan	732.94	593.54	959.53	150.06	-
Bank of Maharashtra	-	-	-	7.74	20.52
State Bank of India - (I)	-	-	-	0.85	45.58
State Bank of India - (II)	736.44	6.04	75.77	141.62	166.82
State Bank of India - (III)	0	67.81	134.64	202.50	193.45
State Bank of India - (IV)	-	1,115.39	1,353.05	1,347.40	-
Corporation Bank	169.23	293.64	187.21	-	-
Exim Bank	480.00	360.00	-	-	107.08
Total (A)	**2,141.14**	**2,560.00**	**2,901.00**	**1,850.17**	**729.38**
Cash Credits/ Packing Credits/ Foreign Bills Purchased					
From Banks					
Andhra Bank	4,622.53	5,213.46	3,970.64	3,581.57	1,440.91
Bank of Maharashtra	1,281.75	1,044.69	1,043.18	715.72	596.46
State Bank of India	1,984.28	1,980.61	2,202.94	2,860.76	1,908.77
Corporation Bank	281.87	400.67	295.34	316.53	-
Exim Bank	1,783.69	1,927.05	1,847.01	1,864.48	1,180.46
Bank of India	726.85	697.06	-	-	-
HDFC Bank	-	906.90	-	-	-
Total (B)	**10,680.98**	**12,170.44**	**9,359.11**	**9,339.06**	**5,126.60**
Overdraft Facilities					
Deutsche Bank	2,000.00	-	-	-	-
	2,000.00	**-**	**-**	**-**	**-**
Loans against Fixed Deposits					
Andhra Bank	36.00	45.00	52.53	129.50	-
Total (C)	**36.00**	**45.00**	**52.53**	**129.50**	**-**

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Intercorpoate Deposits					
From Others					
Anjana Projects Private Limited	-	-	500.00	-	-
Total (D)	**-**	**-**	**500.00**	**-**	**-**
Vehicle Loans (E)	**27.26**	**19.68**	**24.48**	**44.14**	**40.16**
Total (A + B + C + D + E)	**14,885.38**	**14,795.12**	**12,837.12**	**11,362.87**	**5,896.14**

ANNEXURE-XXIV (Contd.)

Details of Loan Taken and Assets charged as securities as at March 31, 2012 on Consolidated Basis

Lender	Date of Agreement	Purpose	Nature of Facility	Sanctioned Amount (` In Lakhs)	Outstanding as on March 31, 2012 (` In Lakhs)	Rate of Interest	Repayment Terms	Security
Andhra Bank	19.06.2009		Corporate Loan	200.00	22.53	16%	Loan is repayable in Ten Monthly installments of ` 5.56 lakhs	**Collateral Security**: Pari Passu second charge on fixed Assets under first charge to working capital lenders
Andhra Bank	11.06.2011	Chitoor Expansion Project	Term Loan	900.00	732.94	16%	Loan is repayable in 60 Monthly installment of ` 15 lakhs commencing from June, 2012 to May, 2017.	**Primary Security**: Exclusive First Charge on moveable and immoveable fixed assets acquired /to be acquired out of this term loan. **Collateral Security**: i. Second residual charge on Current Asssets charged to working capital lenders

								ii.	Pari Passu second charge on fixed Assets under first charge to working capital lenders
								Personal Guarantee:	
								-	
								Personal Guarantee of	
								i.	Mr. Utsav Dhupelia, Director
								ii.	Mrs. Pallavi Dhupelia, Shareholder
State Bank of India	05.11.2011	Bulsar Expansion Project	Term Loan - i	265.00	NIL	14%	Loan is repayable in single monthly installment of ` 5.50 lakhs	**Primary Security**:	
									First charge by way of Equitable mortgage on specific assets acquired out of the term loan.
								Collateral Security:	

									First charge by way of equitable Mortgage on land and building, Plant and Machinery, Furniture and other Fixed Assets of the Company.
								Personal Guarantee:	
								Personal Guarantee of	
								i.	Mr. Utsav Dhupelia, Director
								ii.	Mrs. Pallavi Dhupelia, Shareholder
	07.04.2008	Gonde (Sinnar) Project	Term Loan	1,390.00	736.44	14%	Loan is Repyable in Five Half yearly Installments of ` 173 lakhs	**Primary Security**:	
									First charge by way of Equitable mortgage on specific assets acquired out of the term loan.
								Collateral Security:	

									First charge by way of equitable Mortgage on land and building, Plant and Machinery, Furniture and other Fixed assets of the Company.
								Personal Guarantee:	
								Personal Guarantee of	
								i.	Mr. Utsav Dhupelia, Director
								ii.	Mrs. Pallavi Dhupelia, Shareholder
Corporation Bank	19.12.2008	Chitoor Expansion Project	Term Loan	370.00	169.23	14%	Loan is Repayable in Twenty five Monthly instalments of ` 7.77 lakhs	**Primary Security**:	
									First charge by way of Equitable mortgage/hypothecation of the entire fixed assets of Gonde Unit consisting of land, building, Plant and Machinery acquired out of this term loan.
								Collateral Security:	

									First charge on pari passu basis with other banks of the consortium on all current assets of the Company consisting of raw Material , Stock in Process, Finished Goods, Stores and Spares, Other Consumables and Book Debts
								Personal Guarantee:	
								Personal Guarantee of	
								i.	Mr. Utsav Dhupelia, Director
								ii.	Mrs. Pallavi Dhupelia, Shareholder
EXPORT IMPORT BANK OF INDIA	08.04.2010	Chitoor Expansion – FFP Plant -II	Term Loan	600.00	480.00	12.25%	Loan is Repayable in Eighteen Quarterly installments of ` 30 lakhs	**Primary Security**:	
									Exclusiv First charge on immoveable and moveable fixed Assets acquired out of this term loan
									Exclusive First charge on land admesuring 4.04 acres pertaining to company's FFP plant – II at chittoor.

								Collateral Security:	
									Second Pari Pasu charge on the entire fixed assets of company excluding specific fixed assets charged exclusively to term lender
								Personal Guarantee:	
								Personal Guarantee of	
								i.	Mr. Utsav Dhupelia, Director
								ii.	Mrs. Pallavi Dhupelia, Shareholder
Andhra Bank	11.06.2011	Working Capital Limits	Fund Based	4,574.00	4,622.53		Repayable on Demand	**Primary Security**:	
State Bank of India	05.11.2011			1,990.00	1,984.28				First charge on pari pasu basis by way of hypothecation os stock, and book debts, and Current Assets of the Company.
Bank of Maharashtra	16.09.2010			1,189.00	1,281.75				
								Collateral Security:	
EXIM Bank	15.07.2011			2,085.00	1,783.69				
									First charge on on pari

Corporation Bank	26.11.2010			400.00	281.86				passu basis on the entire Fixed Assets of the company With WDV of ` 696.60 crores as on September 30, 2010 excluding the assets financed out of the Term loans by term lenders
Bank of India	05.07.2011			900.00	726.85				
								Personal Guarantee:	
								Personal Guarantee of	
								i.	Mr. Utsav Dhupelia, Director
								ii.	Mrs. Pallavi Dhupelia, Shareholder
Deutsche Bank	12.03.2012		OverDraft Facility	2,000.00	2,000.00				**Primary Security**:
									First charge on by way of hypothecation of pepsico stock, and Book debts.
Andhra Bank	11.06.2011	LC /BG	Non-Fund Based	2,275.00	1,251.01				**Primary Security**:
State Bank of India	05.11.2011			420.00	NIL				First charge on pari pasu basis by way of

									hypothecation of stock, and Book debts, and Current Assets of the Company.
Bank of Maharashtra	16.09.2010			250.00	90.79				
								Collateral Security:	
Corporation Bank	26.11.2010			200.00	123.05				
									First charge on on pari passu basis on the entire Fixed Assets of the company With WDV of ` 696.60 crores as on September 30, 2010 excluding the assets financed out of the Term loans by term lenders
Bank of India	05.07.2011			100.00	NIL				
								Personal Guarantee:	
								Personal Guarantee of	
								i.	Mr. Utsav Dhupelia, Director
								ii.	Mrs. Pallavi Dhupelia, Shareholder

Annexure-XXIV (Contd.)
Consolidated Statement of Unsecured Loans

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Fixed Deposits	571.30	841.95	356.98	112.88	68.00
Loans From Directors/Promoters	255.80	257.20	382.71	399.19	317.26
Intercorporate Deposits	25.42	1,677.60	627.05	722.22	92.60
Interest Accrued and due on Loans/					
Intercorporate Deposits	23.43	30.41	30.01	12.03	13.20
TOTAL	**875.95**	**2,807.16**	**1,396.76**	**1,246.32**	**491.06**

Notes:

1. Unsecured Loans are repayable on demand and there is no fixed repayment schedule.
2. Fixed Deposit are deposits under Section 58A of the Companies Act, 1956. The total amount outstanding as on March 31, 2012 is ₹571.30 lakhs (repayable within one year: ₹288.68 lakhs) the rate of interest varies from 10% to 12.50%.

*Fixed Deposits From a Director's Relative / Promoter
[(Received from Mrs. Pallavi Dhupelia (Wife of Mr. Utsav Dhupelia)]

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Fixed Deposit From Promoter	140.55	254.29	209.53	112.88	68.00

******Loans from Directors/ Promoters

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Mr. Ray Simkins	255.80	224.60	240.20	234.70	198.70
Mr. Utsav Dhupelia	-	32.60	142.01	138.99	118.56
Mr. Milan Dalal	-	-	0.50	25.50	-
	255.80	**257.20**	**382.71**	**399.19**	**317.26**

ANNEXURE XXV

Consolidated Statement of Investments

(₹ in Lakhs)

Particulars		As At				
		March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Investments - Long Term						
Non - Trade						
Quoted - Fully Paid						
66 Equity Shares of Hindustan Lever Limited of ₹10 each.		0.03	0.03	0.03	0.03	0.03
1,00,000 Equity Shares of CIFCO Finance Limited of ₹10 each.*		10.80	10.80	10.80	10.80	10.80

Particulars		As At				
		March 31,2012	**September 30, 2010**	**September 30, 2009**	**September 30, 2008**	**September 30, 2007**
100 Equity Shares of Western Food Limited ₹10 each.*		0.01	0.01	0.01	0.01	0.01
2,000 Equity Shares of FDC Limited ₹10 each.		0.10	0.10	0.10	0.10	0.10
9,400 Equity Shares of Bank of Maharashtra Limited of ₹10 each.		2.16	2.16	2.16	2.16	2.16
5,098 Equity Shares of Andhra Bank Limited of ₹10 each.		4.59	4.59	4.59	4.59	4.59
2,821 (3,239) Bonds of Unit Trust of India.		-	-	-	2.82	3.24
	(A)	**17.69**	**17.69**	**17.69**	**20.51**	**20.93**
Unquoted						
In Associate Company						
24,00,000 Equity Shares of Finns Frozen Foods (I) Limited of ₹10 each.*		240.00	240.00	240.00	240.00	240.00
*Less: Provisions for Diminution in Value of Investments of investments		48.00	48.00	48.00	48.00	48.00
*Less: The Company's share of losses of the Associate to the extent of carrying amount of investment adjusted		192.00	192.00	192.00	192.00	192.00
	(B)	**-**	**-**	**-**	**-**	**-**
In Units of Mutual Funds						
1,00,000 Units in SBI Mutual Fund of Rs. 10 each	**(C)**	**10.00**	**10.00**	**10.00**	**10.00**	**10.00**
		27.69	27.69	27.69	30.51	30.93
*Less: Provisions for Diminution in Value of Investments of investments		10.81	10.81	10.81	10.81	10.81
TOTAL = (A+B +C)		**16.88**	**16.88**	**16.88**	**19.70**	**20.12**
Aggregate Book value of Investment						
Quoted		6.88	6.88	6.88	9.70	20.12
Unquoted		10.00	10.00	10.00	10.00	0.00
		16.88	**16.88**	**16.88**	**19.70**	**20.12**
Aggregate Market value of Quoted Investments		**13.05**	**26.58**	**16.74**	**11.43**	**14.64**

Note: Since the above details are given for ₹ in Lakhs, Investments in National Saving Certificate (VII Issue)/ Indira Vikas Patra of ₹400 is not shown separately. Refer Annexure IV-Note III[1C(b)]

ANNEXURE XXVI

Consolidated Statement of Age-wise Analysis of Debtors

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Unsecured					
Considered Good					
For a period exceeding six months	128.62	39.79	15.91	4.73	4.73
Others	3,968.01	3,708.31	3,086.78	4,025.63	2,298.42
	4,096.62	3,748.10	3,102.69	4,030.36	2,303.15
Considered doubtful					
For a period exceeding six months	-	89.87	91.57	91.57	91.57
	4,096.62	3,837.97	3,194.26	4,121.93	2,394.72
Less: Provision for Doubtful Debts	-	89.87	91.57	91.57	91.57
TOTAL	**4,096.62**	**3,748.10**	**3,102.69**	**4,030.36**	**2,303.15**

Note: None of Sundry Debtors are related to the Directors or Promoters or the Issuer Company or its Group

ANNEXURE XXVII

Consolidated Details of Loans and Advances

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Unsecured and Considered Good,					
unless stated otherwise					
Loans to staff	100.47	38.36	9.21	8.09	5.01
Advances Recoverable in Cash or in Kind or for the value to be received					
Considered Good	1,448.65	1,461.30	1,074.37	1,014.93	808.07
Considered Doubtful	8.10	99.74	99.74	99.74	99.75
	1,456.75	1,561.04	1,174.11	1,114.67	907.82
Less: Provision for Doubtful Advances/Dues	8.10	99.74	99.74	99.74	99.75
	1,448.65	1,461.30	1,074.37	1,014.93	808.07
Export Benefits Receivable	545.92	597.02	586.20	462.57	379.12
* Intercorporate Deposits	170.85	122.85	97.85	86.02	-
Other Deposits	374.47	352.23	354.36	368.81	356.44
Taxes Paid (Net of Provision), as Restated	311.73	131.92	92.55	68.85	(94.93)
VAT Receivable	29.21	43.95	36.88	59.86	17.55
Excise Credit Receivable	48.57	-	-	-	-
MAT Credit Entittlements	91.43	62.06	-	-	-
Total	**3,121.29**	**2,809.69**	**2,251.42**	**2,069.13**	**1,471.25**

* Intercorporate Deposits given to Related Party

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
Muller & Phipps (I) Limited	170.00	82.00	57.00	32.00	-
	170.00	**82.00**	**57.00**	**32.00**	-

Note : Except as disclosed above, none of Loans and Advances is related to the Directors or Promoters or the Issuer Company or its Group

Details of Intercorporate Deposits given to Related Party

Receiver	Date of Agreement	Outstanding as at March 31, 2012 (₹ in Lakhs)	Rate of Interest	Repayment Terms	Security
Muller and Phipps (I) Limited	April 15, 2011	20.00	17%	Maturity date December 31, 2012	N.A
	May 23, 2011	10.00	16%	Maturity date December 31, 2012	N.A
	May 31, 2011	140.00	16%	Maturity date December 31, 2012	N.A

ANNEXURE XXVIII

Consolidated Statement of Current Liabilities and Provisions

(₹ in Lakhs)

Particulars	As At				
	March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
CURRENT LIABILITIES:					
Sundry Creditors					
Dues of Micro Enterprises and Small Enterprises	1.12	31.28	10.11	266.58	163.36
Dues of Others					
- For Capital Expenses	169.23	193.12	363.25	281.46	-
- For Expenses	1,352.32	9,476.35	4,735.59	2,242.81	2,212.09
	1,522.67	9,700.75	5,108.95	2,790.84	2,375.45
Acceptance	284.69				
Advance from Customers	2,062.74	2,610.86	669.74	1,103.85	563.22
Other Liabilities (includes Book Overdraft and Interest Accrued but not due on Fixed deposits from Public)	240.15	219.37	216.56	102.65	121.31
Unclaimed Dividend*	3.13	2.71	1.90	1.27	0.63
(A)	4,113.38	12,533.69	5,997.15	3,998.61	3,060.61
PROVISIONS:					
Provision for Gratuity	72.74	48.21	63.15	34.57	40.86
Provision for Leave Encashment	48.52	42.36	34.56	35.30	39.96
Proposed Dividend	-	23.92	22.06	18.39	14.71
Wealth Tax	0.29	0.60	0.35	0.08	0.08
Dividend tax	-	3.97	3.75	3.12	2.50
(B)	121.55	119.06	123.87	91.47	98.11
TOTAL (A + B)	**4,234.93**	**12,652.75**	**6,121.03**	**4,090.08**	**3,158.72**

**Unclaimed Dividend does not include any amount, which has become due and outstanding, to be credited to Investor Education and Protection Fund.*

ANNEXURE XXIX

Consolidated Statement of Other Income

(₹ in Lakhs)

	Particulars	Eighteen Months Period Ended	For the year ended			
		March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
A.	**Recurring**					
1	Interest on Security/ Intercorporate Deposit	43.85	16.61	10.66	7.06	6.25
2	Dividend from Other Companies	0.86	0.90	0.75	0.75	0.82
3	Guarantee Commission Received	8.62	6.34	(3.00)	6.25	6.24
4	Difference in Rate of Exchange (Net)	-	-	-	-	174.00
5	Miscellaneous Income	8.93	2.56	6.86	29.88	28.53
		62.26	26.41	15.27	43.94	215.84
B.	**Non-Recurring**					
1	Gain of Redumption on Long Term Investments	-	0.52	-	-	-
2	Provision for Doubtful Debts no longer required	0	-	-	4.00	-
3	Balance / Provisons writtern back (Net)	0.77	5.35	2.33	-	2.94
4	Recovery of Advances written off	69.00	-	-	-	-
		69.77	5.87	2.33	4.00	2.94
	TOTAL	**132.02**	**32.28**	**17.60**	**47.94**	**218.78**

ANNEXURE XXX

Consolidated Statement of Dividends Paid

(₹ in Lakhs)

Particulars	Eighteen Months Period Ended	For the year ended			
	March 31,2012	Septembe r 30, 2010	Septembe r 30, 2009	Septembe r 30, 2008	September 30, 2007
Equity Shares					
Number of Shares	1,451,040	1,328,820	1,225,820	1,225,820	1,225,820
Face Value (₹)	145.10	132.88	122.58	122.58	122.58
Paid-up Value (₹)	145.10	132.88	122.58	122.58	122.58
Rate of Dividend *	-	18%	18%	15%	12%
Total Dividend (₹ In Lakhs) *	-	23.92	22.06	18.39	14.71
Corporate Dividend Tax on above (₹ In Lakhs)*	-	3.97	3.75	3.12	2.50

*It may be noted that for the Company's current financial year is for the Period of Eighteen Months to end on March 31, 2012 for which no dividend is declared.

ANNEXURE XXXI

Consolidated Statement of Accounting Ratios

(₹ in Lakhs)

Particulars		Eighteen Months Period Ended	For the year ended			
			March 31,2012	September 30, 2010	September 30, 2009	September 30, 2008
a.	Net Profit after Tax as Restated (₹ In Lakhs)	(582.89)	188.25	666.23	70.03	220.91
b.	Net Worth (₹ In Lakhs)	2,195.48	2,573.64	2,294.31	1,567.19	1,518.67
c.	Return on Net Worth (%) [c= a/b]	(26.55)%	7.31%	29.04%	4.47%	14.55%
d.	Number of Equity Shares at the end of the year/Period	1,451,040	1,328,820	1,225,820	1,225,820	1,225,820
	(Face Value ₹10)					
e.	Weighted Average Number of Equity Shares					
	i. For Basic Earnings Per Share (EPS)	1,451,040	1,277,743	1,225,820	1,225,820	1,225,820
	ii. For Dilluted EPS	1,451,040	1,327,880	1,258,704	1,225,820	1,225,820
f.	Basic EPS	(40.17)	14.73	54.35	5.71	18.02
g.	Diluted EPS	(40.17)	14.18	52.93	5.71	18.02
h.	Net Asset Value / Book Value per share (in ₹)	151.30	193.68	187.17	127.85	123.89

Notes :

1. Earnings Per Share (`) = $\dfrac{\text{Profit available to Equity Shareholders (a)}}{\text{Weighted Average Number of Equity Shares (e)(i)}}$

2. Diluted Earnings Per Share (`) = $\dfrac{\text{Profit available to Equity Shareholders (a)}}{\text{Weighted Avg. No. of Equity Shares adjusted (e)(ii) for the effect of dilutive options}}$

3. Return on Net Worth (%) = $\dfrac{\text{Restated Profit after Taxation (a) X 100}}{\text{Net Worth (b)}}$

4. Net Asset Value/Book Value Per Share (₹) = $\dfrac{\text{Net Worth (b)}}{\text{Number of Equity Shares at the end of year (d)}}$

5. The Net Worth is calculated after reducing the balance in the Revaluation Reserve Account

ANNEXURE XXXII

Consolidated Statement of Capitalisation

(₹ in Lakhs)

Particulars	Pre Issue as at September 30,2011	Post Issue *
Borrowings		
Secured		
Short Term Debts	10,680.98	
Long Term Debts	4,204.40	
Total	**14885.38**	
Unsecured		
Short term Debts	593.33	
Long term Debts	282.62	
Total	**875.95**	
Total Debts (A)	**15,761.33**	
Equity Shareholders' Funds :		
Share Capital	145.10	
Reserves and Surplus, as Restated	2,050.38	
Total Shareholders' Funds (B)	**2,195.48**	
Long Term Debt / Equity Ratio (A / B)	7.18	

Note: Reserves and surplus does not include Revaluation Reserve of ₹ 982.21lakhs
*Share capital and Reserve, post issue can be ascertain only after the conclusion of book building process
* Details will be incorporated on ascertaining the issue price through 100% book building process.

ANNEXURE XXXIII

Statement of Related Party Transactions

(₹ in Lakhs)

No	Particulars	Relation	For the Eighteen Months Period ended	For the year ended			
			March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
1	Sales (Net of Sales return)	Associate Company	3.91	92.79	200.03	0.69	20.14
		Enterprises over which KMP or his relative exercises significant influence	-	75.60	500.34	1,319.71	1,156.01
2	Purchases of Goods	Associate Company	124.70	29.41	627.30	776.59	829.85
3	Processing Charges Received	Associate Company	-	0.33	17.27	32.99	-
4	Rent Income	Associate Company	-	-	-	37.18	-
		Enterprises over which KMP or his	1.62	1.08	1.08	-	-

No	Particulars	Relation	For the Eighteen Months Period ended	For the year ended			
			March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
		relative exercises significant influence					
	Rent Expenses	Associate Company	-	-	-	3.11	-
5	Guarantee Commission Income	Associate Company	8.62	6.34	-	-	-
		Enterprises over which KMP or his relative exercises significant influence	-	-	(3.00)	6.25	6.07
	Guarantee Commission Expenses	KMP	-	36.34	109.89	106.72	95.00
		Relative of KMP	-	36.34	109.89	106.72	95.00
6	Brokerages/Commission Paid	KMP	-	7.00	21.96	-	-
		Enterprises over which KMP or his relative exercises significant influence	1.08	16.07	-	-	-
7	Director Sitting Fees	KMP	6.30	6.60	1.10	0.40	0.95
		Relative of KMP	3.45	3.20	0.70	-	-
8	Corporate Guarantee Given	Associate Company	1,170.00	1,170.00	-	24.50	-
9	Advance Given	Associate Company	-	-	-	821.07	908.72
10	Advance Received	Associate Company	-	-	-	1,261.19	934.00
	Finance (Including Loan & Equity Contribution in cash or In Kind)						
11	Loan Taken	KMP	-	32.60	136.53	156.37	84.00
		Relative of KMP	-	32.60	107.65	95.13	84.00
	Interest on above Loans	KMP	1.34	7.94	11.05	8.19	8.20
		Relative of KMP	34.01	25.91	13.38	3.71	1.96
12	Re-imbursement Expenses	Associate Company	-	-	-	-	0.35
		KMP	16.47	9.95	4.96	-	-
		Relative of KMP	0.06	-	-	-	-

No	Particulars	Relation	For the Eighteen Months Period ended	For the year ended			
			March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
		Enterprises over which KMP or his relative exercises significant influence	0.43	-	-	-	-
13	Inter Corporate Deposit Given	Enterprises over which KMP or his relative exercises significant influence	185.25	147.00	25.00	-	-
	Interest Income on above Deposit	Associate Company	-	-	-	-	5.34
		Enterprises over which KMP or his relative exercises significant influence	22.75	9.46	5.45	4.81	-
Outstanding Balance as at September 30th			**2012**	**2010**	**2009**	**2008**	**2007**
14	Sundry Creditors	KMP	-	-	-	-	1.17
		Enterprises over which KMP or his relative exercises significant influence	0.11	8.87	-	-	-
15	Advance Recoverable in cash or in Kind*	Associate Company	425.77	554.88	387.49	503.78	750.78
		Enterprises over which KMP or his relative exercises significant influence	292.72	319.25	325.58	350.34	-
16	Loan Taken**	KMP	19.41	281.12	392.87	399.19	118.56
		Relative of KMP	150.31	254.29	218.43	112.88	68.00
17	Inter Corporate Deposit Given*	Enterprises over which KMP or his relative exercises significant influence	170.00	82.00	57.00	32.00	-
18	Other Deposit	Associate	300.00	300.00	300.00	300.00	300.00

No	Particulars	Relation	For the Eighteen Months Period ended	For the year ended			
			March 31, 2012	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
	Receivable	Company					
19	Corporate Guarantee Given	Associate Company	1,170.00	1,170.00	-	-	-

* Outstanding balance is arrived at after considering transactions with the related parties for purchase, sales, services, etc., as also advances and/or payments made/received on their behalf and/or payments made/received on the Company's behalf.

**Fixed Deposits from Director's Relative

Particulars	Outstanding as at March 31, 2012 (₹ in Lakhs)	Rate of Interest	Nature of Loan
Mrs. Pallavi Dhupelia (Wife of Mr. Utsav Dhupelia)	148.91	12.5%	Fixed Deposit

Particulars	Outstanding as at March 31, 2012 (₹ in Lakhs)	Rate of Interest	Nature of Loan
Mr. Ray Simkins	255.80	No Interest	Loans From Directors
Mr. Utsav Dhupelia	17.72	12.5%	
Mr. Milan Dalal	1.89	No Interest	

Relationship:

I. Subsidiary Company:

(i) Dravy Finance Limited
(ii) Asim Export International Limited

II. Associates Company:

(i) Finns and Frozen Foods (India) Limited

III. Key managerial Person

(i) Utsav Dhupelia
(ii) Milan Dalal

IV. Relative of Key managerial Person

(i) Mrs. Pallavi Dhupelia
(ii) Mr. Bhupen Dalal

V. Entities on which Key Managerial Personnel or Relative has significance Influence

(i) Muller & Phipps (India) Limited
(ii) Western Press Private Limited
(iii) Trans Union Courier
(iv) Western Securities-A Division of western Press Private Limited
(v) Tropical Securities and Investments Private Limited

STOCK MARKET DATA FOR EQUITY SHARES OF THE COMPANY

The Company is listed on the BSE and PSE. As the Company's shares are actively traded on the BSE, the Company's stock market data have been given for BSE.

The high and low closing prices recorded on the BSE for the preceding three (3) years and the number of Equity Shares traded on the days the high and low prices recorded are stated below:

Prices for the last three (3) years:

The high and low closing prices recorded on BSE during the last three (3) years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below.

BSE

Calender Year	High			Low			Average Price for the year (₹)
	Date	Price	Volume	Date	Price	Volume	
2011	February 04, 2011	293.95	1832	November 30, 2011	207.45	7	257.50
2010	January 12, 2010	326.6	14,991	May 27, 2010	240	114	273.52
2009	December 31, 2009	280.5	1822	March 04, 2009	95.45	61	174.80

Source: www.bseindia.com

Prices for the last six (6) months:

The high and low prices and volume of Equity Shares traded on the respective dates during the last six (6) months are stated as under:

BSE

Month, Year	High			Low			Average Price for the year (₹)
	Date	Price	Volume	Date	Price	Volum e	
July 2012	July 6, 2012	249.90	7	July 30, 2012	194.55	155	225.87
June 2012	July 29, 2012	220.50	5	June 1, 2012	187.05	20	205.26
May 2012	May 2, 2012	222.00	105	May 29, 2012	190.30	6	206.91
April 2012	April 2, 2012	239.95	13	April 26, 2012	215.00	14	227.38
March 2012	March 2, 2012	247.50	4,407	March 9, 2012	220.00	39	230.81
February 2012	February 3, 2012	259.90	3	February 15, 2012	220.05	401	234.53

Source: www.bseindia.com

The Board of Directors of the Company had initially approved the Issue at their meeting held on August 12, 2011. The high and low prices of the Company's shares as quoted on the Bombay Stock Exchange Limited, Mumbai (BSE) on August 16, 2011, the day on which the trading happened immediately following the date of the Board Meeting is as follows:

Date	Volume (Nos.)	High (₹)	Low (₹)
August 16, 2011	400	266.55	241.25

Source: www.bseindia.com

Volume of Shares traded in the last six (6) months:

Month	Volume (Nos)
July 2012	718
June 2012	3,298
May 2012	2,117
April 2012	691
March 2012	6,088
February 2012	2,379

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations on consolidated basis, and, unless otherwise stated, is based upon, and should be read in conjunction with the restated consolidated financial statements for the financial years ended on March 31, 2012 and September 30, 2010, 2009, 2008 and 2007 including the schedules, annexure and notes thereto and the reports thereon beginning on page 161 of this Draft Letter of Offer. These financial statements are based on the audited financial statements prepared in accordance with Indian GAAP, the Accounting Standards and other applicable provisions of the Companies Act and are restated in accordance with the SEBI (ICDR) Regulations. The financial year ends on September 30 of each year till 2010. The Company has recently changed its financial year from September 30 to March 31. Accordingly, all references to the financial years 2010, 2009, 2008 and 2007 are to the twelve month period ended September 30 of that year and for the financial year 2012 is to the eighteen month period ended March 31.

*The following discussion and analysis contains forward-looking statements that reflect the current views with regard to the plans, estimates and beliefs and involve risks and uncertainties of the Company. The actual results may differ materially from those discussed in these forward-looking statements. For additional information regarding such risks and uncertainties, please refer to section titled "*Forward Looking Statements*" and "*Risk Factors*" beginning on pages 12 and 13 respectively of this Draft Letter of Offer.*

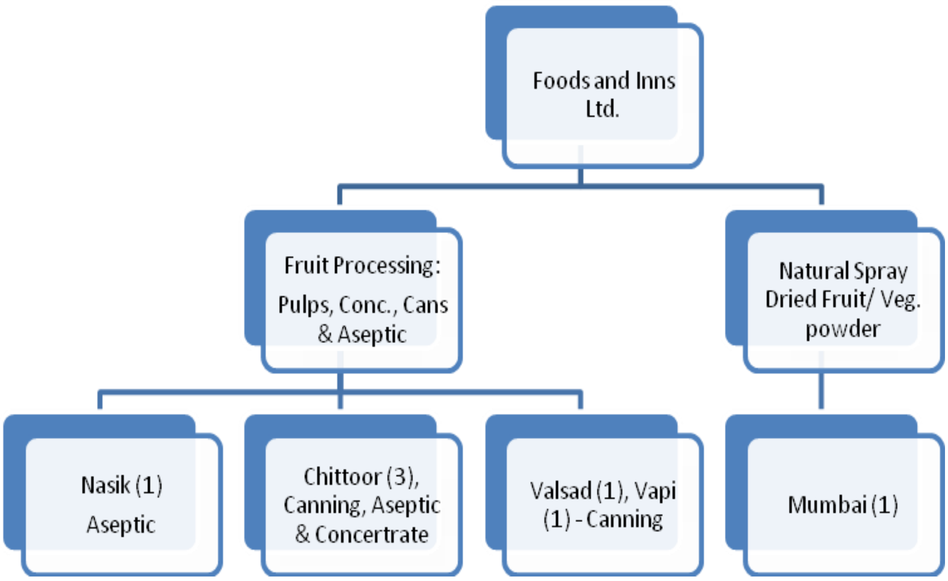
Overview

The Company is a multi-locational Trading House, primarily into the business of processing and marketing fruit pulps, concentrates and spray dried fruit and vegetable powders both into domestic and international markets. The Company exports its products to various geographies such as Europe, Middle East, USA and Japan catering to companies in the foods, beverage and dairy industry. The Company through its various divisions *viz*. (i) Aseptic, (ii) Canning and (iii) Spray Dried products make a diverse portfolio of processed food products.

The Company presently operates from seven (7) processing units strategically located near the fruit and vegetable growing areas at Chittoor (Andhra Pradesh), Valsad (Gujarat), Nasik (Maharashtra) and Mumbai. The Company's eighth (8^{th}) processing unit at Nasik for spray drying is currently under development and is expected to be operational by March 2013. The Company's units at Chittoor and Nasik are FSSC 22000-2010 accredited by DNV Business Assurance for food safety management of the Company. The Valsad unit of the Company is ISO 22000 certified. In addition to the above, the Company's units are SGF accredited in recognition of the quality practices adopted by the Company over the years. These certifications enable the Company to sell its products in the regulated markets like Europe, USA and Japan.

The Company derives significant portion of its income from sale of range of mango products to various domestic and international companies in the food and beverage industry such as Sumitomo Corporation (*Japan*), Agrana Fruit, Dohler Group, A.G. Barr, Lacnor (*UAE*), Haldirams, Heinz India Private Limited, etc. The domestic business of the Company is driven by its own sales and marketing network. For the international business, the Company participates in leading international trade fairs and exhibitions such as Anuga (*Germany*), Sial (*France*), Gulf Food (*Dubai*) to procure customer orders.

The present business of the Company can be described as set out below:



The Company on standalone basis have achieved sales of ₹38,357.68 lakhs and net loss of ₹514.76 lakhs for eighteen (18) months period ended on March 31, 2012. For the year ended September 30, 2010, the Company on standalone basis had a total sales of ₹2,08,61.82 lakhs and net profit after tax of ₹188.50 lakhs as compared to total income of ₹18,930.55 lakhs and net profit after tax of ₹666.37 lakhs for the year ended September 30, 2009.

(₹ in Lakhs)

Particulars	**For Eighteen months period ended on March 31, 2012**		**For Twelve months period ended Sept. 30, 2010**		**For Twelve months period ended September 30, 2009**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Sales						
Domestic	13,478.98	35.14%	5,950.81	28.52%	5,212.39	27.53%
Exports	24,878.70	64.86%	14,911.01	71.48%	13,718.16	72.47%
Total	**38,357.68**		**20,861.82**		**18,930.55**	
Profit / (Loss) After Tax	-514.76		188.50		666.37	

(Source: Restated Stand-alone Financial Statements certified by Statutory Auditors of the Company)

Significant Developments subsequent to the last financial year

There has been no material development in relation to the Company, its Promoters or the Group Companies since March 31, 2012.

Factors that may affect results of the Operations

The business is subject to various risks and uncertainties, including those discussed in the section titled "Risk Factors" beginning on page 13 of this Draft Letter of Offer.

Among various other factors that affect the financial results and operations of the Company for a given financial year, some key factors are as follows:

- General economic and business conditions;
- The Company's inability to meet the consistent quality requirements of its customers or a change in customer preferences;
- Increase in the price or the availability of raw material, labour cost, and insurance premiums;
- Increasing competition in the Agro food processing industry;
- Changes in laws and regulations that apply to Agro food processing industry;
- Consumer spending;

- Changes in market conditions affecting the agro food processing industry;
- Interest rates and availability of financing;
- Seasonality.

Results of Operations:

The following is the discussion on the standalone financial operations and performance of the Company for the financial year of Eighteen (18) Months period ended March 31, 2012, and each of the financial year of Twelve (12) Months period ended September 2010, 2009 and 2008 the components:

(₹ in Lakhs)

Particulars	**Eighteen Months Period Ended**	**For the year ended**		
	March 31, 2012	**September 30, 2010**	**September 30, 2009**	**September 30, 2008**
INCOME				
Sale of Product Manufactured	38,026.86	20,650.58	17,723.80	15,475.28
Sale of Traded Goods	330.82	211.24	1,206.75	1,006.12
Total Sales	**38,357.68**	**20,861.82**	**18,930.55**	**16,481.40**
Less: Excise Duty	242.74	4.40	2.90	2.89
Net Sales	**38,114.94**	**20,857.42**	**18,927.65**	**16,478.51**
Other Operating Income, (includes Gain or loss on Premium on Forward Contracts) as Restated	1,575.11	892.90	790.02	710.70
Other Income	197.85	31.86	16.92	47.80
	1,772.96	924.76	806.94	758.50
Total	**39,887.90**	**21,782.18**	**19,734.59**	**17,237.01**
EXPENDITURE				
Cost of Materials	24,438.94	11,538.35	7,669.86	8,487.10
Manufacturing and Other Expenses	11,486.64	7,127.48	7,865.81	5,947.24
Purchase of Traded Goods	302.97	190.02	1,004.50	822.62
Employee Cost	1,335.88	719.35	704.35	593.14
Financial Charges	2,319.53	1,540.20	1,435.62	908.44
Depreciation	587.27	415.69	322.16	224.48
Total	**40,471.23**	**21,531.09**	**19,002.30**	**16,983.02**
PROFIT/(LOSS) BEFORE TAX	**(583.33)**	**251.09**	**732.29**	**253.99**
Provision for Taxation				
Current Tax, as Restated	-	18.04	61.00	(37.98)
Fringe Benefit Tax	-	-	6.42	7.34
Deferred Tax	(39.20)	106.60	(1.50)	214.05
MAT Credit	(29.37)	(62.05)	-	-
NET PROFIT/(LOSS) AFTER TAX, AS RESTATED	**(514.76)**	**188.50**	**666.37**	**70.58**
Profit and Loss amount at the beginning of the year, as Restated	461.97	401.36	260.80	711.73
Balance available for appropriations, as Restated	**(52.79)**	**589.86**	**927.17**	**782.31**
APPROPRIATIONS				
General Reserve	-	100.00	500.00	500.00
Dividend Proposed	-	23.92	22.06	18.39
Tax on Dividend Proposed	-	3.97	3.75	3.12
Total	-	**127.89**	**525.81**	**521.51**
BALANCE CARRIED FORWARD RESTATED	**(52.79)**	**461.97**	**401.36**	**260.80**

Financial Year for Eighteen (18) Months period ended March 31, 2012 Compared to Financial Year for Twelve (12) Months period Ended September 30, 2010

Sales and other Income

During the period of eighteen (18) months ended on March 31, 2012, the Company registered sales of ₹38,357.68 Lakhs for the Eighteen (18) months period ended as compared to ₹20,861.82 Lakhs for the twelve (12) months period ended September 30, 2010. The income from sales consist of ₹24,878.70 lakhs from export sales and ₹13,478.98 lakhs from domestic sales as compared to ₹14,911.01 Lakhs from export sales and ₹5,950.81 Lakhs from domestic sales for the year ended September 30, 2010. This translates into a ratio of 64.86% to 35.14% (71.48% to 28.52%) between exports and domestic sales. The increase in sales & other income is due to implementation of new spray drying powder plant to meet the growing demand in the domestic and international market for fruit and vegetable powders.

Expenditure

The total expenditure increased by ₹18,940.14 Lakhs from ₹21,531.09 Lakhs in fiscal 2010 to ₹40,471.23 Lakhs in fiscal 2012. This increase was mainly on account of increase of cost of materials, manufacturing and other expenses incurred on business operations. Further, costs have relatively increased in view of operations for eighteen (18) months during the period ended on March 31, 2012 as compared to twelve (12) months operations during the period ended on September 30, 2010.

- ***Cost of Materials***

  The Company's cost of materials was increased by ₹12,900.59 Lakhs, from ₹11,538.35 Lakhs in fiscal 2010 to ₹24,438.94 Lakhs in fiscal 2012 due to fire accident in the Company's Fruit Processing Plant I and II (FPP I and FPP II) located at Chittoor stock of raw materials (raw mangoes), packing materials and finished goods were destroyed.

- ***Manufacturing and Other Expenses***

  The Manufacturing and Other Expenses of the Company was increased by ₹4,359.16 Lakhs, from ₹7,127.48 Lakhs in fiscal 2010 to ₹11,486.64 Lakhs in fiscal 2012 due to increase in packaging material consumed, fuel, repairs, and insurance expenses during Fiscal 2012.

- ***Purchase of Traded Goods***

  The purchase of Traded Goods of the Company increased by ₹112.95 Lakhs, from ₹190.02 Lakhs in fiscal 2010 to ₹302.97 Lakhs in fiscal 2012 due to increase in demand of the Company's product.

- ***Employee Cost***

  The employee cost of the Company was increased by ₹616.53 Lakhs, from ₹719.35 Lakhs in fiscal 2010 to ₹1,335.88 Lakhs in fiscal 2012 due to increase in provision for employee benefits and other general expenses.

- ***Financial Charges***

  The Company's financial cost was increased by ₹779.33 Lakhs, from ₹1,540.20 Lakhs in fiscal 2010 to ₹2,319.53 Lakhs in fiscal 2012 due to interest charged on the Company's various term loans, Bank overdraft facility and working capital loans as well as other short-term loans availed by the Company, to fulfill its working capital needs.

- ***Depreciation***

  The Company's depreciation expense was ₹587.27 Lakhs in fiscal 2012 as compared to ₹415.69 Lakhs in fiscal 2010. The depreciation is mainly attributed to acquisition of land, fixed assets during the year as well as addition of fixed assets etc.

Profit/ Loss before Tax

The profit before tax of the Company was ₹(583.33) Lakhs in fiscal 2012 as compared to ₹ 251.09 Lakhs in fiscal 2010. The loss is due to volatility in foreign exchange and due to reinstatement of assets and liabilities in foreign currency, the Company has suffered loss which is notional in nature. This notional debit will be neutralized through subsequent period export sales.

Net Profit/ (Loss) After Tax, As Restated

Principally due to the reasons, mentioned above and due to restatement of account, the Profit/Loss after tax (PAT) of the Company was ₹ (514.76) Lakhs in fiscal 2012 as compared to ₹188.50 Lakhs in fiscal 2010.

Financial Year Ended September 30, 2010 Compared to Financial Year Ended September 30, 2009

Income

During the year ended September 30, 2010, the Company registered total sales of ₹20,861.82 Lakhs as compared to ₹18,930.55 Lakhs for the year ended September 30, 2009. The income from Domestic sales consist of ₹5,950.81 Lakhs from domestic sales and ₹14,911.01 Lakhs from export sales for the year ended September 30, 2010 as compared to ₹5,212.39 Lakhs from Domestic sales and ₹13,718.16 Lakhs from Export sales for the year ended September 30, 2009. This translates into a ratio of (71.48% to 28.52%) (72.47% to 27.53%) between exports and domestic sales.

Expenditure

The total expenditure of the Company increased by ₹2,528.79 Lakhs, from ₹19,002.30 Lakhs in fiscal 2009 to ₹21,531.09 lakhs in fiscal 2010. This increase was mainly on account of increase cost of material and other expenses.

- ***Cost of Materials***

  The Company's cost of materials was increased by ₹3,868.49 Lakhs, from ₹7,669.86 Lakhs in fiscal 2009 to ₹11,538.35 Lakhs in fiscal 2010. This increase is due to poor crop resulting in higher fruit price.

- ***Manufacturing and Other Expenses***

  The Manufacturing and Other Expenses of the Company was decreased by ₹738.33 Lakhs, from ₹7,865.81 Lakhs in fiscal 2009 to ₹7,127.48 Lakhs in fiscal 2010 due to decrease due to foreign exchange loss and other expense.

- ***Purchase of Traded Goods***

  The Company's purchase of Traded Goods was decreased by ₹814.47 Lakhs from ₹1,004.50 Lakhs in fiscal 2009 to ₹190.02 Lakhs in fiscal 2010 due to higher demand.

- ***Employee Cost***

  The employee cost of the Company increased by ₹15.00 Lakhs from ₹704.35 Lakhs in fiscal 2009 to ₹719.35 Lakhs in fiscal 2010 This increase is mainly due increase in provision for employee benefits and other general expenses.

- ***Financial Charges***

  The Company's financial cost was increased by ₹104.58 Lakhs, from ₹1,435.62 Lakhs in fiscal 2009 to ₹1,540.20 Lakhs in fiscal 2010 due to interest charged on the Company's various term loans, working capital loans, interest on interoperate deposit etc.

- ***Depreciation***

  The Company's depreciation expense was ₹415.69 Lakhs in fiscal 2010 as compared to ₹322.16 Lakhs in fiscal 2009. The depreciation is mainly attributed to acquisition of land, fixed assets during the year as well as addition of fixed assets etc.

Profit before tax

The profit before tax of the Company has been decreased to ₹251.09 Lakhs in fiscal 2010 as compared to ₹732.29 Lakhs in fiscal 2009. The decline in profitability was due to Totapuri Mango crop failure which resulted in the Company buying raw materials at over 100% higher than previous year. Further, the Rupee appreciation against foreign currency lowered the realization which resulted in lower margins.

Profit after taxes, as restated

Principally due to the reasons, mentioned above and due to restatement of account, the Profit/Loss after tax (PAT) of the Company was ₹188.50 in fiscal 2010 as compared to ₹ 666.37 Lakhs in fiscal 2009.

Financial Year Ended September 30, 2009 Compared to Financial Year Ended September 30, 2008

Income

During the year ended September 30, 2009, the Company registered total income of ₹19,734.59 Lakhs as compared to ₹17,237.01 Lakhs for the year ended September 30, 2008.

Expenditure

The Company's total expenditure was increased by ₹2019.27 Lakhs from ₹16,983.02 Lakhs in fiscal 2008 to ₹19,002.30 Lakhs in fiscal 2009. This increase was mainly on account of increase manufacturing and other expenses.

- ***Cost of Materials***

  The Company's cost of materials was decreased by ₹817.24 Lakhs, from ₹8,487.10 Lakhs in fiscal 2008 to ₹7,669.86 Lakhs in fiscal 2009. This decrease is due to lower fruit price.

- ***Manufacturing and Other Expenses***

  The Manufacturing and Other Expenses of the Company was increased by ₹1,918.57 Lakhs from ₹5,947.24 Lakhs in fiscal 2008 to ₹7,865.81 Lakhs in fiscal 2009 due to increase in repairs, raw material consumed & other manufacturing expenses, etc.

- ***Purchase of Traded Goods***

  The Company's purchase of Traded Goods was increased by ₹181.87 Lakhs, from ₹822.62 Lakhs in fiscal 2008 to ₹1,004.50 Lakhs in fiscal 2009

Employee Cost

The Company's employee cost increased by ₹111.22 Lakhs from ₹593.14 Lakhs in fiscal 2008 to ₹704.35 Lakhs in fiscal 2009. This increase is mainly due increase in salaries, wages and allowances including bonus, gratuity and other general expenses.

- ***Financial Charges***

  The Company's financial cost was increased by ₹527.18 Lakhs, from ₹908.44 Lakhs in fiscal 2008 to ₹1,435.62 Lakhs in fiscal 2009 due to interest charged on the Company‘s various term loans, corporate loan packing credit, working capital loans, guarantee commission etc.

- ***Depreciation***

  The Company's depreciation expense was ₹.322.16 Lakhs in fiscal 2009 as compared to ₹224.48 Lakhs in fiscal 2008 as a result of additions to the fixed assets during the period.

Profit before tax

The profit before tax of the Company has been increased to ₹732.29 Lakhs in fiscal 2009 as compared to ₹253.99 Lakhs in fiscal 2008.

Profit after taxes, as restated

Principally due to the reasons, mentioned above and due to restatement of account, the Profit/Loss after tax (PAT) of the Company was ₹666.37 Lakhs in fiscal 2009 as compared to ₹70.58 Lakhs in fiscal 2008.

Quantitative and Qualitative Disclosure about Market Risks

Unusual or infrequent events or transactions

There was a fire at the ripening shed in one of the southern units of the Company due to electrical short circuit. The insurance company has settled the full claim for the loss incurred due to this accident.

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

Other than as mentioned under "Factors Affecting the Results of Operations of the Company" of this section, to the Company's knowledge, there are no significant economic changes that materially affect or are likely to affect income from continuing operations.

Known trends or uncertainties that have material adverse impact on sales

The business of the Company has been impacted and the Company expects that it will continue to be impacted by the trends identified above in "Factors Affecting the Results of Operations of the Company" and the uncertainties described under the section titled "Risk Factors" beginning on page 13 of this Draft Letter of Offer. To the best of the Company's management's knowledge, except for matters described in this Draft Letter of Offer, there are no known factors, which the Company expects to have a material adverse impact on its revenues or income from continuing operations.

Future changes in relationship between costs and revenues

Except as described under this section and the section titled "Risk Factors", "Business of the Company" beginning on pages 13 and 102 respectively of this Draft Letter of Offer, to the best of the Company's management's knowledge, there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of the Company.

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

Changes in revenues during the last three (3) years are as explained under this section.

Status of any publicly announced new products or business segments

Except as disclosed under the section titled "Business of the Company" beginning on page 102 of this Draft Letter of Offer, the Company has no publicly announced new products or business segments.

Seasonality of business

The Company is engaged in processing of fruits and vegetables. The business of the Company requires a significant infusion of working capital to finance the purchase of raw materials i.e. fruits and vegetables during the peak season before the final products are sold and payments are received from customers over the year.

The Company's working capital requirements increase significantly during the mango season i.e. April to July when the supply of mangoes for processing increase manifold and substantial payments are required to be made to the farmers on one end and the labour working at the Company's processing units on the other.

The Company expects that it will continue to have business, which is seasonal in nature and its results would vary based on peak and non-peak season.

Significant dependence on few suppliers or customers

The operations of the Company are not significantly dependent on a single or a few suppliers or customers.

Competitive conditions

For details of the competitive conditions, please refer to the discussions under the section titled "Risk Factors", "Business of the Company" beginning on pages 13 and 102 respectively of this Draft Letter of Offer.

Significant regulatory changes

Except as described under the section titled "Key Regulations and Policies" beginning on page 117 of this Draft Letter of Offer, there have been no significant regulatory changes that could affect the income from continuing operations.

Foreign exchange risk

The Company exports its products to multinational companies situated in various geographies over the world. The payments for such exports are denominated in foreign currency and any adverse fluctuation in the exchange rate has an effect on financial condition and operations. The Company has incurred Foreign exchange losses to the tune of ₹1,322.79 lakhs and ₹2,020.77 lakhs for the period ending on March 31, 2012 and September 30, 2009 respectively whereas has made a gain of ₹222.61 lakhs for the year ending September 30, 2010 due to a favorable foreign exchange scenario.

The Company partially hedges its foreign exchange risks by way of entering into forward contracts as most of the contracts entered into by the Company involve the supply of products at a future date on the price agreed at the time of entering into the contract.

Interest rate risk

The Company is exposed to market rate risk due to changes in interest rates on the credit facilities that the Company has entered into. As at March 31, 2012, the Company had ₹14,885.38 Lakhs of outstanding indebtedness, which exposed the Company to market risk as a result of changes in interest rates. The Company undertakes debt obligations to support its working capital needs and capital expenditure. Upward fluctuations in interest rates increase the cost of debt and interest cost of outstanding variable rate borrowings. The Company currently does not use any derivative instruments to modify the nature of its debt so as to manage its interest rate risk.

Inflation risk

The Company is exposed like any other industries in inflation risk.

FINANCIAL INDEBTEDNESS

The Company has availed certain term loans and working capital facilities from several banks as on March 31, 2012, details of which are set out below:

Name of the Lender	Sanctioned Amount (₹ in Lakhs)	Amount outstanding as on March 31, 2012 (₹ in Lakhs)	Rate of Interest (%)	Repayment Schedule	Securities Offered
Term Loans					
Andhra Bank	900.00	732.94	Base Rate + 5.75 +TP	Repayable in sixty (60) monthly installments of ₹15 lakhs commencing from July 2012.	**Primary Security**: i) Exclusive First Charge on moveable and immoveable fixed assets acquired /to be acquired out of this term loan. **Collateral Security:** i) Pari Passu second charge on Current Asssets charged to working capital lenders. ii) Pari Passu second charge on assets charged to term lenders. **Personal Guarantee**: Personal Guarantee of i) Mr. Utsav Dhupelia and ii) Ms. Pallavi Dhupelia
Andhra Bank – Corporate Term Loan	200.00	22.53	16.50%	Repayable in thirty six (36) month installment commenced from July 2009	**Collateral Security:** i) Pari Passu second charge on fixed Assets under first charge to working capital lenders ii) Pari Passu second charge on assets charged to term lenders.

Name of the Lender	Sanctioned Amount (₹ in Lakhs)	Amount outstanding as on March 31, 2012 (₹ in Lakhs)	Rate of Interest (%)	Repayment Schedule	Securities Offered
					Personal Guarantee: Personal Guarantee of i) Mr. Utsav Dhupelia and ii) Ms. Pallavi Dhupelia
State Bank of India	1,390.00	736.44	SBAR + 1.50%	Repayable in four half yearly installments of ₹189 lakhs each	**Primary Security**: i) First Charge by way of Equitable mortgage/hypothecation of the entire fixed assets of Gonde unit consisting of land, building, plant and machinery created/ acquired out of the term loan situated at village Gonde, Taluka Sinner, Nasik. **Collateral Security:** i) First charge on pari passu basis with other banks of the consortium on all current assets of the Company consisting of raw materials, stocks in progress, finished goods, stores and spares, other consumable, book debts. **Personal Guarantee**: Personal Guarantee of i) .Mr. Utsav Dhupelia and ii) Ms. Pallavi Dhupelia
Corporation Bank	370.00	169.23	COBAR + 1.50%	Repayable in Sixty (60) monthly installments of ₹7.70	**Primary Security:** i) Exclusive first charge on plant and

Name of the Lender	Sanctioned Amount (₹ in Lakhs)	Amount outstanding as on March 31, 2012 (₹ in Lakhs)	Rate of Interest (%)	Repayment Schedule	Securities Offered
				lakhs commenced from December 31, 2009.	machinery and other movable assets acquired out of the term loan. **Personal Guarantee**: Personal Guarantee of i) .Mr. Utsav Dhupelia and ii) Ms. Pallavi Dhupelia
Export Import Bank of India	600.00	480.00	10.50%	Repayable in twenty (20) Quarterly installment commencing from June 2011.	**Primary Security**: i) Exclusive First Charge on immoveable and moveable fixed Assets acquired/to be acquired out of this term loan ii) Exclusive first charge on land admeasuring 4.04 Acres pertaining to Company's Food Processing plant II situate at Chittoor. iii) Second Pari Pasu Charge on the entire fixed assets of the Company excluding specific fixed assets charged exclusively to term lender. **Personal Guarantee**: Personal Guarantee of i) .Mr. Utsav Dhupelia and ii) Ms. Pallavi Dhupelia
Fund Based Limit I					
Andhra Bank	4,574.00	4,622.53	For OCC: Base Rate + 6% For Export Credit	Repayable on demand	**Primary Security:** i) Hypothecation of raw materials, stock in progress and finished goods , packaging

Name of the Lender	Sanctioned Amount (₹ in Lakhs)	Amount outstanding as on March 31, 2012 (₹ in Lakhs)	Rate of Interest (%)	Repayment Schedule	Securities Offered
			(EC): As per Bank Guidelines		materials and debtors not over 90 days excluding export receivables ii) Pre-shipment Hypothecation of raw materials, stock in progress and finished goods pertaining to exports backed by confirmed contracts and/or irrevocable LCs of prime banks and including stocks held in warehouse at Rotterdam within tenor of 270 days for bill limits - Export bills under LC of prime banks or confirmed orders covering shipment of finished goods with tenor not exceeding 180 days. **Collateral Security:** i) First Charge on on pari passu basis on the entire Fixed Block of the Company with WDV of ₹69.66 crores as on September 30, 2010 excluding the assets financed out of the Term loans by term lenders. **Personal Guarantee**: Personal Guarantee of i) .Mr. Utsav Dhupelia and ii) Ms. Pallavi Dhupelia
State Bank of India	1,990.00	1,984.28	**For CC Limits**: **SBI**: SBBR + 6.75%	Repayable on demand	**Primary Security**: i) First hypothecation charge on pari passu basis with Andhra Bank, Corporation
Bank of Maharashtra	1,189.00	1,281.75			
EXIM Bank	2,085.00	1,783.69			

Name of the Lender	Sanctioned Amount (₹ in Lakhs)	Amount outstanding as on March 31, 2012 (₹ in Lakhs)	Rate of Interest (%)	Repayment Schedule	Securities Offered
Corporation Bank	400.00	281.87	**BoM**: Base Rate + 7.50% **For Export Credit (EC)**: As per Bank Guidelines		Bank, Bank of Maharashtra, Exim Bank and Bank of India on all current assets consisting of raw materials, stock in progress, stores and spare book debts and finished goods. **Collateral Security:** i) Extension of first charge on pari passu basis with other banks of working capital constraint (excluding specific assets created financed by Andhra Bank, State Bank of India, Corporation Bank and Exim Bank) on land, building, plant and machinery, furniture and fixtures and other fixed assets of the Company.
Bank of India	900.00	726.85			
Deutsche Bank	2,000.00	2,000.00	To be advised time to time subject to Minimum Base Rate	Repayable on demand	**Primary Security:** i) First Charge on Inventory of Specific stocks identified and approved by one of the MNC Customer.
Non Fund Based Limit II					
Andhra Bank	2,275.00	1,251.01	--	Repayable on demand	**Primary Security:** i) First charge on pari pasu basis by way of hypothecation of stock, & book debts, & Current Assets of the Company. **Collateral Security:**
State Bank of India	420.00	--			
Bank of Maharashtra	250.00	90.79			
Corporation Bank	200.00	123.05			
Bank of India	100.00	--			

Name of the Lender	Sanctioned Amount (₹ in Lakhs)	Amount outstanding as on March 31, 2012 (₹ in Lakhs)	Rate of Interest (%)	Repayment Schedule	Securities Offered
					i) First Charge on on pari passu basis on the entire Fixed Assets of the company With WDV of ₹69.66 crores as on September 30, 2010 excluding the assets financed out of the Term loans by term lenders **Personal Guarantee**: Personal Guarantee of i) .Mr. Utsav Dhupelia and ii) Ms. Pallavi Dhupelia

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated herein, there are no outstanding or pending suits, civil proceedings, criminal prosecution or tax liabilities against the Company, its Directors, its Promoters, its Subsidiaries and Group Entities and there are no defaults, non-payment of statutory dues, over dues to banks and financial institutions, defaults against bank and financial institutions and there are no outstanding debentures, bonds, fixed deposits or preference shares issued by the Company; no default in creation of full security, no proceedings initiated for economic or 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 I of Schedule XIII of the Companies Act, 1956), and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Promoters, its Directors, its Subsidiaries or Group Entities.

Further, as stated below, there are no show-cause notices / claims served on the Company, its Promoters, its Directors, its Subsidiaries or Group Entities from any statutory authority / revenue authority that would have a material adverse affect on the business of the Company.

I. Cases filed against the Company

Nil

II. Revenue proceedings against the Company

Income Tax proceedings against the Company

1. **Assessment Year 1996-1997**

The Income Tax Department has preferred an appeal before the Income Tax Appellate Tribunal "F" Bench, Mumbai ("***ITAT***") against the order dated August 16, 2000 passed by the Commissioner of Income Tax (Appeals)-21, Mumbai ("***CIT(A)***"). In connection to the above, the Company has filed cross objections since the CIT(A) has disallowed the interest to the extent of ₹8.41 lakhs (*₹8,41,422*) paid on the borrowings. The ITAT by its order dated July 4, 2007 has partly upheld the order passed by the CIT(A) and remanded the matter to the Assessing Officer for re-adjudication.

2. **Assessment Year 1997-1998**

The Income Tax Department has preferred an appeal No. ITA 1336/Mum/2001 before the Income Tax Appellate Tribunal "F" Bench, Mumbai ("***ITAT***") against the order dated December 15, 2000 passed by the Commissioner of Income Tax (Appeals)-XL, Mumbai ("***CIT(A)***"). In connection to the above, the Company has filed cross objections since the CIT(A) has disallowed the interest to the extent of ₹8.45 lakhs (*₹8,45,422*) paid on the borrowings. The ITAT by its order dated July 4, 2007 has partly upheld the order passed by the CIT(A) and remanded the matter to the Assessing Officer for re-adjudication.

3. **Assessment Year 1998-1999**

The Income Tax Department has preferred an appeal No. ITA 4591/of/2002 before the Income Tax Appellate Tribunal, Mumbai ("***ITAT***") against the order dated June 17, 2002 passed by the Commissioner of Income Tax (Appeals)-X, Mumbai ("***CIT(A)***") since the CIT(A) (i) has allowed an amount of ₹15.49 lakhs (*₹15,49,470*) being claim of compensation arisen out of spoilage of mango pulp though it is a contingent liability; (ii) has deleted the disallowance of ₹1.00 lakh (*₹1,00,000*) being the expenditure towards corporate club membership; (iii) has deleted the disallowance of provision for doubtful debts of ₹13.95 lakhs (*₹13,95,464*); and (iv) has deleted the disallowance of ₹5.26 lakhs (*₹5,25,549*) being value of destroyed products. The Company has filed cross objections before the ITAT in the aforementioned appeal since the CIT(A) has (i) disallowed the interest to the extent of ₹16.15 lakhs (*₹16,14,776*) out of payment of interest by holding that the Company has not accrued the interest on the loans given by the Company to its subsidiary company; and (ii) has confirmed on the reduction from business income an amount of ₹3.89 lakhs (*₹3,89,467*) towards "Balances/ Provisions written back". The ITAT by its order has partly upheld the order passed by the CIT(A) and remanded the matter to the Assessing Officer for re-adjudication.

4. **Assessment Year 1999-2000**

The Income Tax Department has preferred an appeal No. ITA 4793/Mum/2001 before the Income Tax Appellate Tribunal, Mumbai ("***ITAT***") against the order dated July 10, 2002 passed by the Commissioner of Income Tax (Appeals)-X, Mumbai ("***CIT(A)***") wherein the CIT(A) (i) has allowed a claim of deduction amounting to ₹1 lakh (*₹1,00,000*) as a revenue expenditure in respect of club membership and (ii) has deleted the disallowance of ₹2.96 lakhs (*₹2,95,708*) being the value of destroyed products. The Company has filed cross objections before the ITAT in the aforementioned appeal since the CIT(A) has disallowed the interest to the extent of ₹17.66 lakhs (*₹17,65,542*) out of payment of interest by holding that the Company has not accrued the interest on the loans given by the Company to its subsidiary company. The ITAT by its order has partly upheld the order passed by the CIT(A) and remanded the matter to the Assessing Officer for re-adjudication.

5. **Assessment Year 2000-2001**

The Income Tax Department has preferred an appeal No. ITA 2995/M/04 before the Income Tax Appellate Tribunal "F" Bench, Mumbai ("***ITAT***") against the order dated February 16, 2004 passed by the Commissioner of Income Tax (Appeals)-X, Mumbai ("***CIT(A)***") since the CIT(A) has (i) allowed ₹1 lakh (*₹1,00,000*) on account of amortization of expenditure incurred towards Corporate Club Membership and (ii) has allowed ₹26.98 lakhs (*₹26,98,398*) on account of exces claim of destroyed products. In connection to the above, the Company has also filed cross objections since the CIT(A) has disallowed (i) an amount of ₹16.17 lakhs (*₹16,16,736*) towards interest on loans given to its subsidiary company; (ii) has added ₹7.60 lakhs (*₹7,60,150*) towards fall in the value of closing stock and (iii) has confirmed reduction of ₹2.69 lakhs (*₹2,69,460*) and ₹5.23 lakhs (*₹5,22,995*) from business income. The ITAT by its order dated July 4, 2007 has partly upheld the order passed by the CIT(A) and remanded the matter to the Assessing Officer for re-adjudication.

6. **Assessment Year 2002-2003**

The Income Tax Department has preferred an appeal No. 6074/Mum/2008 before the Income Tax Appellate Tribunal "F" Bench, Mumbai ("***ITAT***") against the order dated July 29, 2008 passed by the Commissioner of Income Tax (Appeals), Mumbai ("***CIT(A)***"). In connection with the above, the Company had filed a cross objection bearing No. 154/Mum/2009 since the CIT(A) disallowed the interest to the extent of ₹23.84 lakhs (*₹23,84,392*) on loan given by the Company to its subsidiary. The ITAT by its consolidated order dated August 18, 2009 has partly upheld the order passed by the CIT(A) and remanded the matter to the Assessing Officer for re-adjudication.

7. **Assessment Year 2003-2004**

The Income Tax Department has preferred an appeal No. 2406/Mum/2009 before the Income Tax Appellate Tribunal "F" Bench, Mumbai ("***ITAT***") against the order dated February 13, 2009 passed by the Commissioner of Income Tax (Appeals) VI, Mumbai ("***CIT(A)***") wherein the CIT(A) has confirmed the deletion of the addition made in relation to the interest to the extent of ₹24.11 lakhs (*₹24,11,236*) on loan given by the Company to its subsidiary. The ITAT by its order dated October 13, 2010 has partly upheld the order passed by the CIT(A) and remanded the matter to the Assessing Officer for re-adjudication.

8. **Assessment Year 2004-2005**

The Income Tax Department has preferred an appeal bearing No. 123/Mum/2009 before the Income Tax Appellate Tribunal "F" Bench, Mumbai ("***ITAT***") against the order dated October 24, 2008 passed by the Commissioner of Income Tax (Appeals)-VI, Mumbai ("***CIT(A)***") for setting aside the order passed by the CIT(A) wherein the CIT(A) has allowed the interest expenditure to the extent of ₹8.77 lakhs (*₹8,77,132*) calculated @15% on ₹58.47 lakhs which was given as a loan by the Company to its subsidiary. The ITAT by its order dated September 23, 2009 has partly upheld the order passed by the CIT(A) and remanded the matter to the Assessing Officer for re-adjudication.

9. **Assessment Year 2006-2007**

The Income Tax Department has preferred an appeal (*ITA No. 3995/Mum/2010*) before the Income Tax Appellate Tribunal "F" Bench, Mumbai ("***ITAT***") against the order dated March 2, 2010 passed by the Commissioner of Income Tax (Appeals) – 21, Mumbai ("***CIT(A)***") wherein the CIT(A) has allowed the interest expenditure to the extent of ₹8.77 lakhs (*₹8,77,132*) calculated @15% on ₹58.47 lakhs which was given as a loan by the Company to its subsidiary. The ITAT after considering all the issues raised by the Income Tax Department and the Company has partly upheld the order passed by the CIT(A) and remanded the issue to the Assessing Officer for re-adjudication. The Assessing Officer is yet to pass an order in the matter.

10. **Assessment Year 2007-2008**

The Company has preferred an appeal before the Income Tax Appellate Tribunal "F" Bench, Mumbai ("***ITAT***") against the order dated October 1, 2010 passed by the Commissioner of Income Tax (Appeals)-21 ("***CIT(A)***") for addition of ₹10 lakhs (*₹10,00,000*) by way of disallowance under Section 14A of the IT Act. The matter is currently pending before the ITAT.

11. **Assessment Year 2008-2009**

The Company has preferred an appeal bearing No. 6556/Mum-2011 before the Income Tax Appellate Tribunal "F" Bench, Mumbai ("***ITAT***") against the order dated June 17, 2011 passed by the Commissioner of Income Tax (Appeals)-21, Mumbai ("***CIT(A)***") for addition ₹22.38 lakhs (*₹22,37,989*) by way of disallowance under Section 14A of the IT Act. The matter is currently pending before the ITAT.

12. **Assessment Year 2009-2010**

The Company has preferred an appeal dated January 13, 2012 before the Commissioner of Income Tax (Appeals), Mumbai ("***CIT(A)***") against the order dated December 21, 2011 passed by the Additional Commissioner of Income Tax -10(2), Mumbai ("***ACIT***"). The aforementioned appeal has been filed since the ACIT has (i) disallowed an amount of ₹157.84 lakhs (*₹1,57,84,500*) on account of guarantee commission paid to directors and their relatives; (ii) disallowed an amount of ₹18.86 lakhs (*₹18,86,195*) under Section 14A read with Rule 8D of the Income Tax Rules; (iii) disallowed an amount of ₹1,672.65 lakhs (*₹16,72,65,011*) on account of foreign exchange loss on forward contracts; (iv) disallowed an amount of ₹1.00 lakh (*₹1,00,000*) on account of corporate club membership; and (v) disallowed an amount of ₹10.04 lakhs (*₹10,04,650*) under Section 40(a)(ia) of the IT Act. The matter is currently pending before the CIT(A).

Indirect Tax proceedings against the Company

1. Period 2004-2005 to 2007-2008

The Company has preferred an appeal before the Commissioner of Central Excise (Appeals), Mumbai against the order dated March 31, 2010 ("***Order***") passed by the Assistant Commissioner, Service Tax for setting aside the Order passed by the Assistant Commissioner Service Tax and cancellation of the demand for service tax raised amounting to ₹3.97 (*₹3,96,978*). The matter is currently pending before the Commissioner of Central Excise (Appeals), Mumbai.

III. Cases filed by the Company

Nil

IV. Cases filed by and against the Directors

<u>Cases against Mr. Bhupen Dalal</u>

1. Mr. Bhupen Dalal, an alternate director of the Company and the father of one of the Promoters of the Company, Mr. Milan Dalal, is one of the co-accused in the stock market scam that had hit the Indian securities markets in 1992 wherein it was alleged that substantial amounts were diverted from the

accounts of various financial institutions for financing purposes. Pursuant to the various scams to have hit the Indian securities markets in 1992, the Special Court (Trial of Offences relating to Transaction in Securities) Act, 1992 was passed whereby the Central Government was empowered to set up a Special Court as per the provision of the Act and was also empowered to appoint a Custodian entrusted with the power to attach any property, movable or immovable, or both, belonging to any person notified under that Act upon notification of the same. The Act also stated that the property attached shall be dealt with by the Custodian in such manner as the Special Court may direct. Subsequently, Mr. Bhupen Dalal's name was notified as per the provisions of the Act and all his properties, movable as well as immovable were attached by the Custodian. The cases which were instituted against Mr. Bhupen Dalal pursuant to the enactment of the said Act were as follows:

a. Central Bureau of Investigation (CBI) v/s Bhupen Dalal (Special Case No. 4/1995)

Standard Chartered Bank (SCB) filed a written complaint on June 20, 1992 with the Central Bureau of Investigation (CBI) under Section 120 (B) of the Indian Penal Code read with Sections 409 and 420 alleging that the Bank had been defrauded to the extent of ₹1,23,982.00 lakhs which was paid to its broker Mr. Hiten P. Dalal as payments for purchase of securities, which were not received by the Bank. The CBI filed its charge sheet on June 16, 1995 wherein Mr. Bhupen Dalal has been mentioned as Accused No. 1. As per the charge sheet filed by the CBI, it was alleged that Mr. Bhupen Dalal had structured deals between Bank of America and Andhra Bank on the basis of the delivery order issued by him and monies released from the account of Mr. Hiten P. Dalal in Andhra Bank to Bank of America for meeting Mr. Bhupen Dalal's monetary obligation arising out of contractual obligations through RF deals with Bank of America. However, the discovery petition 27/1994 filed by SCB to trace missing funds has been dismissed and it is proved that no money has been received by Bhupen Dalal. An application was filed by Mr. Bhupen Dalal seeking reinvestigation under M.A. 432 of 1997. The same was disposed off but reinvestigation was ordered *suo motto* by the Special Court. By an Order dated December 24, 1998 in Suit No. 17 of 1994 being SCB V/s Hiten Dalal strictures have been passed against the complainant SCB and its officials. The matter was carried to the Supreme Court which upheld the orders of the Special Court. The Civil Suit is in respect of the same transactions for which the FIR was lodged and the Hon'ble Court was of the opinion that SCB had been defrauded of only ₹28,080.00 lakhs, as against the complaint of ₹1,23,982.00 lakhs and CBI Investigation Report of ₹89,000.00 lakhs. Mr. Bhupen Dalal has filed his first Discharge Application No. 359 of 2006 and has also filed additional Discharge Application being M.A. 28 of 2011 with the Special Court. The matter is currently pending before the Hon'ble Special Court, Mumbai and the next date of hearing is September 28, 2012. The matter is pending for hearing over sixteen (16) years.

b. Central Bureau of Investigation (CBI) vs. Bhupen Dalal & Others (SP Case of 2/1995)

The Bombay Mercantile Bank filed a FIR dated September 30, 1993 with the Central Bureau of Investigation whereby it alleged that subsequent to a criminal conspiracy that was hatched in connivance with the officials of the Bank, funds to the tune of ₹9,735.98 lakhs (*₹97,35,97,574.90*) were diverted ostensibly for the purpose of transactions in securities on behalf of the Bank. The funds were diverted to the account of Mr. Haresh K. Dalal at Bank of India, Stock Exchange Branch, Mumbai and Dhanraj Mills Private Limited at its account maintained with Andhra Bank, Fort Branch, Mumbai. It was further alleged that subsequent to the diversion of funds to the accounts of Mr. Haresh K. Dalal and Dhanraj Mills Private Limited, the monies were further diverted to accused entities. Mr. Bhupen Dalal has been named as one of the accused in the matter. It was alleged that Mr. Bhupen Dalal was a broker operating through his firm Bhupendra Champaklal Devidas and was instrumental in the issuance of contract notes with respect to several of the transactions, which were issued by his firm and signed by power of attorney holders. In all there were a series of seventeen (17) transactions that came under the scrutiny of the CBI. The CBI filed its charge sheet on March 29, 1999 and draft charges were filed on June 19, 1998, April 21, 2006 and March 2, 2007. Mr. Bhupen Dalal was charged with the violation of Section 120 (b), Section 465, Section 471 read with Section 120(b) and Section 420 read with Section 120(b) of the Indian Penal Code. The matter is currently pending before the Hon'ble Special Court, Mumbai and the next date of hearing is August 31, 2012.

c. Central Bureau of Investigation (CBI) v/s. A.D. Narottam & Others (Special Case of 23/1995)

The Life Insurance Corporation of India Mutual Fund (LICMF) had alleged that there was a criminal conspiracy to divert funds to the extent of ₹1,73,173.20 lakhs (*₹1,73,1,73,19,550.46*) on account of purchase of Government of India Securities by LIC Mutual Fund from Allahabad Bank, Pedder Road Branch, Mumbai by Mr. A.D. Narottam through ten transactions. It was further alleged that Mr. Narottam had prepared and issued false Contract Notes and Cost Memos in the matter. The ten transactions through which the monies were diverted took place between June 22, 1990 and August 11, 1990. The monies so diverted were reversed/repaid on October 4, 1990 with interest. However, an FIR was filed by CBI on March 30, 1993. The CBI filed charge sheet on April 27, 1995 and charges were framed on July 28, 2003. The general charges were framed under Section 120B, Section 34, Section 109 read with Sections 403, 405, 409, 467, 471 and 477A of the Indian Penal Code read with Section 13(1)(c) read with Section 13(2) of the Prevention of Corruption Act, 1988. The substantive charges were framed under Section 109 read with Section 403 and Section 120B of the Indian Penal Code. The matter is currently pending before the Hon'ble Special Sessions Court, Mumbai and the next date of hearing is on August 27, 2012.

d. Canfina filed three civil suits against the Official Liquidator, Bank of Karad and other being Suit No. 7 of 1994, Suit No. 8 of 1994 and Suit No. 10 of 1994 seeking recovery of monies to the tune of ₹9,300 lakhs, ₹2,500 lakhs and ₹25,500 lakhs approximately. It was alleged by Canfina that the monies were due and payable to it on account of fraudulent transactions being executed on its behalf by the Bank of Karad and its directors and associates. It was alleged that the Bank of Karad through its officers and agents and accomplices had acted fraudulently, conspired and in collusion with each other had defrauded Canfina of the monies aforementioned towards costs of certain securities agreed to be sold, delivered and transferred by the Bank of Karad to Canfina. Mr. Bhupen Dalal has been mentioned as one of the Defendants in the three suits that have been filed. Subsequently, Canfina had filed three applications for tracing of funds into the hands of various defendants and to ascertain the end use of the funds being tracing application no. 304 of 2004, 305 of 2004 and 306 of 2004. The matter is sub-judice before Justice V. M. Karade, Special Court, Mumbai. In a criminal case filed for the same transactions being Special Case 7 of 1993 filed by Canfina against the Bank of Karad and others including Canfina officials, Mr. Bhupen Dalal has been acquitted of all charges leveled against him by way of order dated March 11, 1999. The matter is currently pending before the Hon'ble Special Court, Mumbai.

e. Custodian v/s. IT and others (M.A. No. 190 of 2007)

The Custodian appointed by the Special Court, Mumbai had filed M.A. No. 190 of 2007 in M. A. No. 611 of 2004 against the Director General of Income Tax and others seeking custody of shares/debentures etc., belonging to various companies which were under prohibitory order under section 132 (3) of the IT Act 1961. The Custodian had filed M. A. No. 611 of 2004 *inter alia* seeking transfer of 17,63,632 shares/debentures of approximately 794 companies which were seized by the Income Tax Department when a raid was carried out in the premises of Bhupen Dalal in Regent Chambers, Nariman Point 2nd floor resulting in all the shares belonging to Bhupen Dalal being seized and placed under restraint orders in the same premises. Further, the shares belonging to others who were operating on the second floor of the premises were put under a prohibitory order under Section 132(3) of the IT Act. By way of an order dated July 18, 2005 the Hon'ble Special Court directed the Income Tax Department officials to hand over to the Custodians the shares and other properties belonging to the Defendants.

The Promoter Director of the Company, Mr. Milan Dalal is also one of the defendants in the matter. The matter is pending before the Special Court, Bombay High Court and the next hearing on August 24, 2012.

f. Custodian v/.s Neeldeep Investments Company Private Limited

The Custodian appointed by the Special Court, Bombay High Court had filed a MP No.43 of 1995 against Neeldeep Investments Company Private Limited and Light House Investments Private Limited (Garnishee) for recovery of monies due and payable from them. The Special Court, Mumbai had by a decree dated June 8, 1995 in favour of the Custodian (for and on behalf of Mr. Bhupen Dalal) ordered Neeldeep to pay the total outstanding amount of ₹142.65 lakhs

(*₹1,42,65,000*) together with interest @ 24% per annum from the date of receipt of the amount till the date of realization. The Special Court was further pleased to pass a decree in favour of the Custodian (on behalf of Mr. Bhupen Dalal) ordering Neeldeep to pay a sum of ₹32.15 lakhs (*₹32,14,500*) with interest @15% per annum. Thereafter the Custodian filed an Execution Application being M. A. No. 470 of 1999 inter alia praying that Neeldeep be ordered and directed by the Hon'ble Court to disclose on oath all its assets as may be sufficient to satisfy the decree dated June 8, 1995. The Hon'ble Court by an order dated November 24, 1999 was pleased to grant the application and directed Neeldeep to disclose assets. Neeldeep by way of an affidavit dated December 13, 1999 furnished its Balance Sheet as on March 31, 1999 disclosing the details of the sundry debtors and representing that it did not hold any immovable property in its name. It was brought to the notice of the Special Court that the entire amount of ₹142.65 lakhs (*₹1,42,65,000*) was forwarded by Neeldeep to six entities being Light House Investments Private Limited, Oceanic Investments Limited, Kalpavruksh Holdings & Investments Private Limited, S. Ramdas (Sole Prop), Anmol Chemicals Gujarat Private Limited and Harisharan Developers Private Limited. Against these six entities, Garnishee proceedings were initiated for recovery of the monies advanced by Neeldeep and Garnishee notices were issued to these entities. Neeldeep appealed to the Supreme Court by way of Appeal No 1528 of 2005 for setting aside the said decree dated June 8, 1995. However, the Supreme Court by way of its order dated January 20, 2006 directed Neeldeep to pay the entire amount of ₹142.00 lakhs (*₹1,42,00,000*). The said amount was subsequently modified by the Hon'ble Supreme Court by way of its order dated March 13, 2008 to ₹159.05 lakhs (*₹1,59,04,500*) on an application made by the Custodian. However the custodian is misinterpreting the Supreme Court order and claiming further amounts. The custodian has amended the application by way of an amendment petition dated October 20, 2011 and is seeking to lift the corporate veil and claim an outstanding amount of ₹711.05 lakhs (*₹7,11,05,445*) as the original decreed amount of ₹142.65 lakhs (*₹1,42,65,000*) was adjusted towards interest. One of the erstwhile directors of the Company, Mr. Milan Dalal is also one of the defendants in the matter. The amendment application amending the money claim to ₹711.05 lakhs (*₹7,11,05,445*) has been filed by the Custodian. The service to one garnishee company being Harisharan Developers Private Limited is currently pending. Affidavits by Neeldeep and the garnishee companies needs to be filed and the matter will be argued thereafter. The matter is currently pending and the next date of hearing on August 24, 2012.

g. <u>Custodian V/s. Bhupen Dalal (Audit Report - 1/2008)</u>

The Special Court had by order dated October 3, 2003 had appointed M/s. Haribakhti & Co., Chartered Accountants for preparing and auditing the accounts of Mr. Bhupen Dalal for the period of April 1, 1991 to June 6, 1992. The auditor filed certain Audit Reports on June 19, 2008 and February 2, 2011. These reports were challenged by the Custodian on the ground that the same was not complete and was not backed by relevant data. By way of an order dated August 26, 2011 and October 7, 2011 the Hon'ble Court directed the Income Tax Department and CBI, respectively to assist the auditors in the matter. The Custodian has made an application to the Special Court to allow them to appoint new auditors in the matter which has been granted. The matter shall come up for hearing on August 31, 2012.

h. <u>Bhupen Dalal v/s. Custodian & Others (C.A. 890/ 2011)</u>

Mr. Bhupen Dalal filed an appeal before the Hon'ble Supreme Court of India under Section 10 of the Special Courts (Torts) Act against judgment and order dated December 10, 2010 passed by the Special Judge in Misc. Petition No. 4 of 2010 whereby the Court rejected the release from attachment the residential property of Mr. Bhupen Dalal being Flat No. 42, Chitrakoot, Altamount Road, Mumbai 400026 which was attached in 1992 despite the flat having been purchased in 1968. The Supreme Court admitted the appeal by way of its order dated March 14, 2011. The matter is currently pending and shall come up for hearing in the normal course.

i. <u>Bhupen Dalal v/s. Custodian & Others (C.A. 6967/ 2011)</u>

Mr. Bhupen Dalal has filed an application before the Special Courts (TORTS) Act for release of jewellery belonging to Ms. Rekha Dalal and his daughter-in-laws attached by the Income Tax Department from his residence. The Special Court by an order dated June 30, 2011 has rejected the application for release of the aforementioned jewellery although allowed Mr. Bhupen Dalal to approach the Hon'ble Supreme Court of India. Supreme Court by way of an interim order dated August 26, 2011 has stayed the sale of the jewelry. The matter is currently pending before the Hon'ble Supreme Court and shall come up for hearing in the normal course.

j. Gurukripa Trust v/s. Custodian & Others and Sainath Public Trust v/s. Custodian & Others

Guru Kripa Trust, formed by way of a Trust Deed dated March 11, 1954 having Champaklal Devidas Dalal, Bai Nirmalabai, Sureshchandra Pannalal Gandhi, Pravinchandra Hiralal Shah and Arunaben as trustees with Bhupen Dalal being the beneficiary. The Gurukripa trust was holding a property at Pune known as Gurukripa, 20 Aund Road, Khirkee Pune 3. Sainath Public Trust was formed by way of a Trust Deed dated March 11, 1954 with Bhupen Dalal being the beneficiary. The Sainath Public trust was holding a property at Mumabi known as Flat No. 1, 1st floor, Mehta Mahal, Dada Saheb Phalke Road, Dadar(E). The Custodian appointed by the Special Court had filed an application being Misc. Application No. 370/03 under Section 11(1) of the Special Courts (TORTS) Act seeking direction to dispose off the immovable assets belonging to Bhupen Dalal and the said application also sought directions to meet with the incidental expenditure. The Custodian made an application to bring on record as respondents Gurukripa Trust and Sainath Public Trust (holding property at Flat No. 1, 1st floor, Mehta Mahal, Dada Saheb Phalke Road, Dadar(E) and sought a direction to sell the said properties showing connection with Bhupen Dalal with the said properties and to recover the purchase price to be paid to recover the Income Tax liability. By an order dated July 14, 2005 the learned Special Judge allowed the amendment and subsequently passed the order under appeal dated September 22, 2005 directing the custodian to dispose of the property of Bhupen Dalal and also directed Bhupen Dalal to submit an undertaking to the court to hand over possession of the property to the successful purchaser of his beneficial interest properties. The Guru Kripa Trust, Sainath Public Trust and Mr. Bhupen Dalal approached the Hon'ble Supreme Court of India by way of separate appeals being C.A. 6416 of 2005, C.A. 7185 of 2005 and C.A. 7234 of 2005. The Appeals have been admitted by the Hon'ble Supreme Court and by way of an order dated April 17, 2006 was please to grant a stay regarding the sale of the trust properties. The matter is pending and shall come up for hearing in the normal course.

2. Miscellaneous Petition No. 85 of 2012

Mr. Bhupendra Champaklal Dalal has filed a Miscellaneous Petition No. 85 of 2012 before the Special Court under the Trial of Offences Relating to Transactions in Securities Act, 1992. Mr. Bhupen Dalal is a notified person under the Special Court (TORTS) Act, 1992. Mr. Bhupen Dalal is holding certain government securities which are lying with the liquidator of Bank of Karad. The application has been made by him to the Special Court to direct the liquidator to provide full disclosure of securities and hand over the redemption amount and recover the full amount and after settlement to deposit the balance amount in Mr. Bhupen Dalal's bank account. The matter is currently pending and will come up for first hearing on September 7, 2012.

3. Miscellaneous Petition No. 2 of 2012

Ms. Rekha Bhupendra Dalal has filed a Miscellaneous Petition No. 2 of 2012 before the Special Court under the Trial of Offences Relating to Transactions in Securities Act, 1992. Mr. Bhupen Dalal has been made a party (*formal party*) to these proceedings as he is the joint or second holder of the shares and a notified person under the Special Court (TORTS) Act. The application has been made in relation to the release of 10,000 shares of one Sam Leasco Limited which are lying with the custodian as she is claiming to be the owner of the shares and that the same were purchased by her out of her own wealth outside the statutory period and also reflected in her Income Tax and Wealth Tax returns filed with the relevant government authorities. The Petition is pending and shall come up for hearing on August 31, 2012.

4. Miscellaneous Petition No. 3 of 2012

Ms. Rekha Bhupendra Dalal has filed a Miscellaneous Petition No. 3 of 2012 before the Special Court under the Trial of Offences Relating to Transactions in Securities Act, 1992. Mr. Bhupen Dalal has been made a party (*formal party*) to these proceedings as he is the joint or second holder of the shares and a notified person under the Special Court (TORTS) Act. The application has been made in relation to the release of 1,900 shares of one Birla Global Finance Limited (presently known as Aditya Birla Finance) which are lying with the custodian as she is claiming to be the owner of the shares and that the same were purchased by her out of her own wealth outside the statutory period and also reflected in her Income Tax and Wealth Tax returns filed with the relevant government authorities. The Petition is pending and shall come up for hearing on August 31, 2012.

5. <u>Miscellaneous Petition No. 4 of 2012</u>

Ms. Rekha Bhupendra Dalal has filed a Miscellaneous Petition No. 4 of 2012 before the Special Court under the Trial of Offences Relating to Transactions in Securities Act, 1992. Mr. Bhupen Dalal has been made a party (*formal party*) to these proceedings as he is the joint or second holder of the shares and a notified person under the Special Court (TORTS) Act. The application has been made in relation to the release of 5,200 shares of one Oceanic Investments Limited which are lying with the custodian as she is claiming to be the owner of the shares and that the same were purchased by her out of her own wealth outside the statutory period and also reflected in her Income Tax and Wealth Tax returns filed with the relevant government authorities. The Petition is pending and shall come up for hearing on August 31, 2012.

6. <u>Miscellaneous Petition No. 5 of 2012</u>

Ms. Rekha Bhupendra Dalal has filed a Miscellaneous Petition No. 5 of 2012 before the Special Court under the Trial of Offences Relating to Transactions in Securities Act, 1992. Mr. Bhupen Dalal has been made a party (*formal party*) to these proceedings as he is the joint or second holder of the shares and a notified person under the Special Court (TORTS) Act. The application has been made in relation to the release of 6,000 shares of one Muller & Phipps (India) Limited which are lying with the custodian as she is claiming to be the owner of the shares and that the same were purchased by her out of her own wealth outside the statutory period and also reflected in her Income Tax and Wealth Tax returns filed with the relevant government authorities. The Petition is pending and shall come up for hearing on August 31, 2012.

<u>Cases against Mr. Milan Dalal</u>

1. A criminal complaint has been filed against CIFCO Limited, where Mr. Milan Dalal is a director, before the Court of the Additional Chief Metropolitan Magistrate, Patiala House, New Delhi under Section 200 of the CrPC by the landlord of the premises in Delhi where CIFCO Limited, has its offices. The complaint alleging violation of Section 5(3) of the Delhi Rent Control Act, 1958. Mr. Dalal has filed his reply in the matter. The matter is currently pending and will come up for hearing in the normal course.

2. A criminal complaint has been filed against CIFCO Finance Limited and its directors including Mr. Milan Dalal before the court of the Chief Metropolitan Magistrate (38th Court), Ballard Pier, Mumbai by the Reserve Bank of India (RBI) alleging non-compliance on the part of CIFCO Finance Limited in complying with the order passed by the Hon'ble CLB dated April 4, 2000 directing it to make payments to depositors. The complaint also alleged that CIFCO Finance Limited failed to comply with the RBI directive to file the affidavit in compliance with the order of the CLB. Mr. Milan Dalal has ceased to be a Director of CIFCO Finance Limited from July 31, 2002. The matter is yet to come up for hearing as the co-accused have not been served till date.

3. A criminal complaint was filed by Arvind Shah of Genelec Limited against Mr. Milan Dalal before the Metropolitan Magistrate, 48th Court, Andheri alleging conspiracy and forgery in the transfer of certain shares. Pursuant to the investigation a C Summary was filed terming the matter as a civil dispute. However, on an application by the complainant an order was passed by the Metropolitan Magistrate under section 156(3) of the CRPC directing the police to reinvestigate the allegations. Pursuant to a reinvestigation, Mr. Milan Dalal was arrested on June 8, 2010 at New Delhi. Subsequently, bail was granted by the Additional Sessions Judge to Mr. Milan Dalal and he was released from custody. Mr. Milan Dalal filed a Criminal Writ Petition (2065 of 2010) before the Bombay High Court for quashing the FIR in the case. The Writ has been admitted on July 20, 2010 and the matter is pending before the Bombay High Court.

V. **Revenue Proceedings against the Promoters and Directors**

Direct Tax proceedings against Mr. Bhupen Dalal

1. **Assessment Year 1987-1988**

Mr. Bhupen Dalal ("***Mr. Dalal***") has preferred an appeal before the Income Tax Appellate Tribunal (insert) Bench, Mumbai ("***ITAT***") against the order dated December 24, 2010 passed by the Commissioner of Income Tax (Appeals) - 40 ("***CIT(A)***") wherein the CIT(A) has partly allowed the appeal and the income assessed stands at ₹381.96 lakhs (*₹3,81,95,875*). The CIT(A) has further imposed a penalty of ₹948.65 lakhs (*₹9,48,64,632*). The aforesaid appeal has been filed for on several grounds some of which *inter alia* are addition on account of disallowance of interest paid on securities, alleged negative balance, unexplained cash credit and levy of interest. Further, DCIT by its order dated March 30, 2012 has imposed penalty of ₹186.00 lakhs (*₹1,86,00,000*) under Section 271(1)(c) of the IT Act as payable by Mr. Dalal. The matter is currently pending before the ITAT.

2. **Assessment Year 1988-1989**

Mr. Bhupen Dalal ("***Mr. Dalal***") has preferred an appeal before the Income Tax Appellate Tribunal (insert) Bench, Mumbai ("***ITAT***") against the order dated December 24, 2010 passed by the Commissioner of Income Tax (Appeals) -40 ("***CIT(A)***") wherein the CIT(A) has partly allowed the appeal and the income assessed stands at ₹257.82 lakhs (*₹2,57,81,647*). The CIT(A) has further imposed a penalty of ₹744.07 lakhs (*₹7,44,07,038*). The aforesaid appeal has been filed for on several grounds some of which *inter alia* are addition on account of negative brokerage in respect of share transaction, undisclosed stock of shares of Reliance Industries Limited and Indian Rayon Limited, credit balance of Champaklal Devidas, unexplained cash credit, disallowance of interest paid to banks & others, disallowance of interest paid on securities, disallowance of loss on sale of securities and levy of interest etc. Further, DCIT by its order dated March 30, 2012 has imposed penalty of ₹99.88 lakhs (*₹99,88,000*) under Section 271(1)(c) of the IT Act as payable by Mr. Dalal. The matter is currently pending before the ITAT.

3. **Assessment Year 1989-1990**

Mr. Bhupen Dalal ("***Mr. Dalal***") has preferred an appeal before the Income Tax Appellate Tribunal (insert) Bench, Mumbai ("***ITAT***") against the order dated December 24, 2010 passed by the Commissioner of Income Tax (Appeals) -40 ("***CIT(A)***") wherein the CIT(A) has partly allowed the appeal and the income assessed stands at ₹1,134.99 lakhs (*₹11,34,98,997*). The CIT(A) has further imposed a penalty of ₹2,861.32 lakhs (*₹28,61,31,776*). The aforesaid appeal has been filed for on several grounds some of which inter alia are addition on account of disallowance of interest paid to banks & others, addition on account of unexplained cash credit and levy of interest etc. Further, DCIT by its order dated March 30, 2012 has imposed penalty of ₹17.33 lakhs (*₹17,33,000*) under Section 271(1)(c) of the IT Act as payable by Mr. Dalal. The matter is currently pending before the ITAT.

4. **Assessment Year 1990-1991**

Mr. Bhupen Dalal ("***Mr. Dalal***") has preferred an appeal before the Income Tax Appellate Tribunal (insert) Bench, Mumbai ("***ITAT***") against the order dated December 24, 2010 passed by the Commissioner of Income Tax(Appeals) -40 ("***CIT(A)***") wherein the CIT(A) has partly allowed the appeal and the income assessed stands at ₹257.82 lakhs (*₹2,57,81,647*). The CIT(A) has further imposed a penalty of ₹744.07 lakhs (*₹7,44,07,038*). The aforesaid appeal has been filed for on several grounds some of which *inter alia* are addition on account of exceptional rate of income, transaction in nature of ready forward transactions, disallowance of interest, alleged negative balance, difference in closing stock, disallowances of loss on sale of securities, purchase sale of security from the same party, loss in security transactions with Maruti Udyog Limited and Oswal Agro, loss in security transactions with M/s. Ganesh Book Binding Works, loss on sale of shares, loss on sale of shares, loss on sale of shares, loss in share transactions with Milan Mahendra, loss on sale of shares and levy of interest etc. Further, DCIT by its order dated March 30, 2012 has imposed penalty of ₹4,499.00 lakhs (*₹44,99,00,000*) under Section 271(1)(c) of the IT Act as payable by Mr. Dalal. The matter is currently pending before the ITAT.

5. **Assessment Year 1991-1992**

Mr. Bhupen Dalal ("***Mr. Dalal***") has preferred an appeal before the Income Tax Appellate Tribunal (insert) Bench, Mumbai ("***ITAT***") against the order dated November 12, 2010 passed by the Commissioner of Income Tax (Appeals) -40 ("***CIT(A)***") wherein the CIT(A) has partly allowed the appeal and the income assessed stands at ₹10,527.86 lakhs (*₹1,05,27,85,536*). The CIT(A) has further imposed a penalty of ₹24,795.89 lakhs (*₹2,47,95,88,448*). The aforesaid appeal has been filed for on several grounds some of which *inter alia* are additions on account of disallowance of interest, difference in closing stock, alleged negative balance, transactions with bank of America, cash credit and cash deposits, disallowance of loss in security transactions with M/s. Champaklal Devidas, loss on sale of securities, loss in transactions with M/s. K. Motiram Vakil, loss in share transactions with M/s. Champaklal Devidas, loss on sale of shares, treating business loss as capital loss for sale of share of Rajasthan Glycol Limited, rejection of set off of speculation loss against speculation income and levy of interest etc. Further, DCIT by its order dated March 30, 2012 has imposed penalty of ₹2,916.00 lakhs (*₹29,16,00,000*) under Section 271(1)(c) of the IT Act as payable by Mr. Dalal. The matter is currently pending before the ITAT.

6. **Assessment Year 1992-1993**

Mr. Bhupen Dalal ("***Mr. Dalal***") has preferred an appeal before the Income Tax Appellate Tribunal K Bench, Mumbai ("***ITAT***") against the order dated December 16, 2010 passed by the Commissioner of Income Tax (Appeals) 40 ("***CIT(A)***") wherein the CIT(A) has partly allowed the appeal and the income assessed stands at ₹36,206.86 lakhs (*₹3,62,06,86,191*). The CIT(A) has further imposed a penalty of ₹91,986.08 lakhs (*₹9,19,86,08,325*). Addition on account of alleged transfer of profit to Excel & Co., profit and loss account, alleged negative balance, difference of rate, estimation of brokerage in respect of share transactions, dividend stripping, cash deposits, receipt from A. D. Narottam, disallowance of alleged bonus claimed on security transactions, exceptional loss in security transaction with Bank of America, Anmol Chemicals Private Limited and levy of interest etc. Further, DCIT by its order dated March 30, 2012 has imposed penalty of ₹19,880.97 lakhs (*₹1,98,80,97,000*) under Section 271(1)(c) of the IT Act as payable by Mr. Dalal. The matter is currently pending before the ITAT.

7. **Assessment Year 1993-1994**

Mr. Bhupen Dalal ("***Mr. Dalal***") has preferred an appeal before the Income Tax Appellate Tribunal, Mumbai ("***ITAT***") against the order dated December 28, 2010 passed by the Commissioner of Income Tax (Appeals) 40 ("***CIT(A)***") wherein the CIT(A) has partly allowed the appeal and the income assessed stands at ₹10,527.86 lakhs (*₹1,05,27,85,536*). The CIT(A) has further imposed a penalty of ₹91,986.08 Lakhs (*₹9,19,86,08,325*). The aforesaid appeal has been filed for on several grounds some of which *inter alia* are addition on account of receipt from A.D. Narottam, Haresh K. Dalal, J. P. Gandhi, unexplained investments in shares and securities, jewellery and other assets, estimation of brokerage in respect of share transactions, unexplained entry under the head Bank of Karad party account etc. Further, DCIT by its order dated March 30, 2012 has imposed penalty of ₹1,331.00 lakhs (*₹13,31,00,000*) under Section 271(1)(c) of the IT Act as payable by Mr. Dalal. The matter is currently pending before the ITAT.

8. **Assessment Year 1996-1997**

Mr. Bhupen Dalal had preferred an appeal before the Income Tax Appellate Tribunal, Mumbai Bench C, Mumbai ("***ITAT***") against the order dated October 7, 2002 passed by the Commissioner of Income Tax (Appeals) Centre-V, Mumbai ("***CIT(A)***") wherein CIT(A) has not admitted the appeal submitted by Mr. Bhupen Dalal since the payment of the admitted tax had not been made at the time of filing appeal as required under Section 249(4)(a) of the IT Act. Mr. Bhupen Dalal has filed the present appeal requesting for admission of appeal by CIT(A) taking into consideration that he is a notified person under the Special Court (TORTS) Act and that all his moveable and immoveable assets are attached by the custodian, who is required to release funds to pay taxes. ITAT by its order dated February 8, 2006 has allowed the appeal and has restored the matter to CIT(A) to decide the matter on merits and giving Mr. Bhupen Dalal a reasonable opportunity of being heard. The matter is currently pending before the CIT(A).

9. **Assessment Year 1997-1998**

Mr. Bhupen Dalal had preferred an appeal before the Income Tax Appellate Tribunal, Mumbai Bench C, Mumbai ("***ITAT***") against the order dated December 3, 2002 passed by the Commissioner of Income Tax (Appeals) Centre-V, Mumbai ("***CIT(A)***") wherein CIT(A) has not admitted the appeal submitted by Mr. Bhupen Dalal since the payment of the admitted tax of ₹14.15 lakhs (*₹14,14,811*) had not been made at the time of filing appeal as required under Section 249(4)(a) of the IT Act. Mr. Bhupen Dalal has filed the present appeal requesting for admission of appeal by CIT(A) taking into consideration that he is a notified person under the Special Court (TORTS) Act and that all his moveable and immoveable assets are attached by the custodian, who is required to release funds to pay taxes. ITAT by its order dated January 13, 2006 has allowed the appeal and has restored the matter to CIT(A) to decide the matter on merits and giving Mr. Bhupen Dalal a reasonable opportunity of being heard. The matter is currently pending before the CIT(A).

10. **Assessment Year 1998-1999, 1999-2000 and 2001-2002**

Mr. Bhupen Dalal had preferred an appeal before the Income Tax Appellate Tribunal, Mumbai Bench C, Mumbai ("***ITAT***") against the order dated October 21, 2004 passed by the Commissioner of Income Tax (Appeals) Centre-V, Mumbai ("***CIT(A)***") wherein CIT(A) has not admitted the appeal submitted by Mr. Bhupen Dalal since the payment of the admitted tax had not been made at the time of filing appeal as required under Section 249(4)(a) of the IT Act. Mr. Bhupen Dalal has filed the present appeal requesting for admission of appeal by CIT(A) taking into consideration that he is a notified person under the Special Court (TORTS) Act and that all his moveable and immoveable assets are attached by the custodian, who is required to release funds to pay taxes. ITAT by its order dated December 13, 2007 has allowed the appeal and has restored the matter to CIT(A) to decide the matter on merits and giving Mr. Bhupen Dalal a reasonable opportunity of being heard. The matter is currently pending before the CIT(A).

11. **Assessment Year 2007-2008**

Mr. Bhupen Dalal had preferred an appeal before the Commissioner of Income Tax (Appeals) 40, Mumbai ("***CIT(A)***") against the order dated December 14, 2009 passed by the Deputy Commissioner of Income Tax (OSD II) Central Range 7, Mumbai ("***DCIT***"). Mr. Bhupen Dalal has filed this appeal for (i) making addition of ₹0.91 lakhs (*₹90,870*) in respect of interest accrued on advance to a group company, Asim Holding Private Limited; and (ii) for levying interest under Section 234 of the IT Act. The matter is currently pending before the CIT(A).

Prosecution proceedings against Mr. Bhupen Dalal

1. **Assessment Years 1988-1989, 1989-1990, 1990-1991,1991-1992, 1992-1993 and 1993-1994**

The Assistant Commissioner of Income Tax ("***ACIT***") has filed eleven (11) prosecution proceedings before the Court of the additional Chief Metropolitan Magistrate, 47th Court at Bandra (*73/S/1994, 18/S/1995, 21/S/1996, 23/S/1995, 19/S/1995, 13/S/1996, 5/S/1996, 6/S/1996, 14/S/1996 and 17/S/1995*) against Mr. Bhupen Champaklal Dalal ("***Mr. Dalal***") for offences punishable under Section 276C(1) and Section 277 of the Income Tax Act, 1961 for Assessment Years 1988-1989, 1989-1990, 1990-1991,1991-1992, 1992-1993 and 1993-1994 respectively. The complaints filed by the Assistant Commissioner of Income Tax are *pari materia* and *inter alia* relate to the Assessment Orders passed by the Assessing Officer for the Assessment Years 1988-1989, 1989-1990, 1990-1991,1991-1992, 1992-1993 and 1993-1994. The ACIT in his complaints stated that Mr. Dalal claimed false, fabricated or inflated claims with mala fide intention and further suppressed or concealed the real income and thereby deliberately and willfully attempted in any manner whatsoever to evade any tax, penalty or interest chargeable or imposable under the Income Tax Act along with making statements in the Income Tax returns which were false and which Mr. Dalal believed to be false. Against these prosecution proceedings, Mr. Dalal approached the Hon'ble Bombay High Court by way of eleven (11) Writ Petitions (*W.P. No. 579 of 1999, W.P. No. 580 of 1999, W.P. No. 581 of 1999, W.P. No. 582 of 1999, W.P. No. 583 of 1999, W.P. No. 584 of 1999, W.P. No. 585 of 1999, W.P. No. 586 of 1999, W.P. No. 579 of 1999, W.P. No. 588 of 1999, W.P. No. 587 of 1999 and W.P. No. 583 of 1999*) seeking *inter alia* quashing of the prosecution proceedings as the matters were being adjudicated before the relevant income tax authorities. The Hon'ble High Court by way of a common order dated October 17, 2011 was pleased to stay the prosecution proceedings till decision of the respective Competent Authorities. The matters are currently in abeyance and may be proceeded upon disposal of the respective proceedings by the Competent Authorities.

2. ACIT V/s. Killick Nixon Limited & Others. (Case No. 72/S/1994)

Mr. Bhupen Dalal was a Non-Executive Director of Killick Nixon Limited (KNL). KNL filed an appeal before the CIT(A) against Assessment order dated December 30, 1993 passed by the Assessing Officer (AO). In the meantime, the Income Tax Department filed prosecution proceedings before the Additional Chief Metropolitan Magistrate, 47th Court, Bandra, Mumbai alleging willful attempt by KNL and its directors to evade tax with respect to an amount of ₹904.93 lakhs (*₹9,04,92,520*). These proceedings have been filed for charges under Section 276C(1)(i) and Section 277(i) r/w Section 278B of the Income Tax Act, 1961. Subsequently CIT(A) allowed the appeal by way of an Order dated February 7, 1997. The matter is currently pending and shall come up for hearing on September 14, 2012.

Wealth Tax proceedings against Mr. Bhupen Dalal

1. **Assessment Year 1989-1990**

Mr. Bhupen Dalal has preferred an appeal before the Income Tax Appellate Tribunal, Mumbai ("***ITAT***") under Section 24(1) or 24(2) or Section 26(1) of the Wealth Tax Act, 1957 against the order dated May 14, 2012 passed by the Commissioner of Wealth Tax (Appeals) 40, Mumbai ("***CWT (A)***"). Mr. Bhupen Dalal has preferred the present appeal for (i) addition made of ₹20.20 lakhs (*₹20,20,367*) as unexplained cash credit with respect to the income tax assessment of the year; and (ii) addition made of ₹650.17 lakhs (*₹6,05,17,164*) based on additions made under the income tax assessment for the A.Y. 1988-1989 and 1987-1988. The matter is currently pending before the ITAT.

2. **Assessment Year 1991-1992**

Mr. Bhupen Dalal has preferred an appeal before the Income Tax Appellate Tribunal, Mumbai ("***ITAT***") under Section 24(1) or 24(2) or Section 26(1) of the Wealth Tax Act, 1957 against the order dated May 14, 2012 passed by the Commissioner of Wealth Tax (Appeals) 40, Mumbai ("***CWT (A)***"). Mr. Bhupen Dalal has preferred the present appeal for (i) addition made to the tune of ₹8,331.29 lakhs (*₹83,31,28,833*) based on the additions made while completing the income tax assessment for the A.Y.1990-1991; (ii) addition made to the tune of ₹5,183.87 lakhs (*₹51,83,86,912*) based on the additions made while completing the income tax assessment for the A.Y.1991-1992; (iii) addition made of ₹20.20 lakhs (*₹20,20,367*) as unexplained cash credit while completing the income tax assessment for the A.Y.1989-1990; (iv) addition made to the tune of ₹235.00 lakhs (*₹2,35,00,056*) based on the additions made while completing the income tax assessment for the A.Y.1988-1989; (v) addition made to the tune of ₹370.17 lakhs (*₹3,70,17,108*) based on the additions made while completing the income tax assessment for the A.Y.1987-1988; and (vi) to set aside the order of CIT(A) and to allow deduction of income tax payable for the A.Y.1991-1992 and that of earlier years while arriving at the taxable net wealth. The matter is currently pending before the ITAT.

3. **Assessment Year 1992-1993**

Mr. Bhupen Dalal had preferred an appeal before the Commissioner of Wealth Tax (Appeals), Central V ("***CWT(A)***") under Section 23 of the Wealth Tax Act, 1957 against the order dated December 31, 2007 passed by the Assistant Commissioner of Wealth Tax (OSD II), Central Range 7, Mumbai ("***ACWT***"). Mr. Bhupen Dalal had preferred the present appeal for (i) addition made of ₹40.50 lakhs on account of valuing membership right of Bombay Stock Exchange; (ii) addition made of ₹36,304.13 lakhs (*₹3,63,04,13,066*) by considering the entire addition made under the Income Tax assessment as taxable net wealth of Mr. Bhupen Dalal; (iii) addition made of ₹20,610.28 lakhs (*₹2,06,10,28,332*) by considering the entire addition made under the Income Tax for the earlier assessment years as taxable net wealth of Mr. Bhupen Dalal; and (iv) allowance of deduction of income tax and wealth tax payable for the present A.Y. and that of the earlier year while arriving at the taxable net wealth for the year. CIT(A) by its order dated June 18, 2012 has partly allowed the appeal. Mr. Bhupen Dalal is in the process of filing an appeal before the Income Tax Appellate Tribunal, Mumbai under Section 24(1) or 24(2) or Section 26(1) of the Wealth Tax Act, 1957.

4. **Assessment Year 1993-1994**

Mr. Bhupen Dalal had preferred an appeal before the Commissioner of Wealth Tax (Appeals), Central V ("***CWT(A)***") under Section 23 of the Wealth Tax Act, 1957 against the order dated December 31, 2007 passed by the Assistant Commissioner of Wealth Tax (OSD II), Central Range 7, Mumbai ("***ACWT***"). Mr. Bhupen Dalal had preferred the present appeal for (i) addition made of ₹78.42 lakhs (*₹78,42,281*) in respect of certain immovable properties which were not belonging to Mr. Bhupen Dalal; (ii) addition made of ₹56,914.41 lakhs (*₹5,69,14,41,398*) by considering the entire addition made under the Income Tax assessment as taxable net wealth of Mr. Bhupen Dalal; (iii) addition made of ₹3,008.33 lakhs (*₹30,08,32,532*) by considering the entire addition made under the Income Tax for the earlier assessment years as taxable net wealth of Mr. Bhupen Dalal; and (iv) allowance of deduction of income tax and wealth tax payable for the present A.Y. and that of the earlier year while arriving at the taxable net wealth for the year. CIT(A) by its order dated June 18, 2012 has partly allowed the appeal. Mr. Bhupen Dalal is in the process of filing an appeal before the Income Tax Appellate Tribunal, Mumbai under Section 24(1) or 24(2) or Section 26(1) of the Wealth Tax Act, 1957.

Direct Tax proceedings against Mr. Milan Dalal

1. **Assessment Year 1993-1994**

Mr. Milan Dalal has preferred an appeal before the Commissioner of Income Tax (Appeals), Central V, Mumbai ("***CIT(A)***") against the order dated March 9, 2006 passed by the Assistant Commissioner of Income Tax (OSD II), Central Range 7, Mumbai ("***ACIT***"). Mr. Milan Dalal has preferred the present appeal for addition of ₹1.73 lakhs (*₹1,73,290*) by ACIT in relation to certain disputed securities. The matter is currently pending before the CIT(A), Mumbai.

2. **Assessment Year 1997-1998**

Mr. Milan Dalal had preferred an appeal before the Income Tax Appellate Tribunal, Mumbai ("***ITAT***") against the order dated November 28, 2001 passed by the Commissioner of Income Tax (Appeals), Central V, Mumbai ("***CIT(A)***"). Mr. Milan Dalal has filed the present appeal to admit the appeal filed and to consider deletion of various additions and disallowances made by the Deputy Commissioner of Income Tax (OSD-II), Central Range 7, Mumbai ("***DCIT***"). ITAT by its order dated March 22, 2002 has restored the appeal to CIT(A) wherein a demand of ₹117.41 lakhs (*₹1,17,40,738*) has been raised under Section 156 of the IT Act which is payable by Mr. Dalal.

3. **Assessment Year 2000-2001**

The Deputy Commissioner of Income Tax (OSD)-II, Mumbai ("***DCIT***") by its order dated December 4, 2009 has raised a demand of ₹41.02 lakhs (*₹41,02,174*) payable by Mr. Milan Dalal and has issued a demand notice under Section 156 of the IT Act. Mr. Milan Dalal has already deposited tax amount of of ₹28.75 lakhs (*₹28,75,000*), however, the DCIT has not given the credit for tax already deposited for which a letter dated December 17, 2009 has been written to the department. The DCIT is yet to pass the rectification order. Mr. Milan Dalal has further requested the DCIT to adjust the balance tax payable from the refund due for the A.Y.1998-1999 and A.Y.1999-2000.

4. **Assessment Year 2002-2003**

Mr. Milan Dalal had preferred an appeal before the Income Tax Appellate Tribunal, Mumbai ("***ITAT***") against the order dated October 17, 2011 passed by the Commissioner of Income Tax (Appeals), 40, Mumbai ("***CIT(A)***"). Mr. Milan Dalal has filed the present appeal for addition made by CIT(A) of ₹444.64 lakhs (*₹4,44,64,252*) on the basis of certain loose papers found from the office premises of Mr. Dalal during a search & seizure operation carried out under Section 132 of the IT Act. The matter is currently pending before the ITAT.

5. **Assessment Year 2006-2007**

Mr. Milan Dalal had preferred an appeal before the Commissioner of Income Tax (Appeals), 40, Mumbai ("***CIT(A)***") against the order dated December 31, 2010 passed by the Deputy Commissioner of Income Tax (OSD II), Central Range-7, Mumbai ("***DCIT***"). Mr. Milan Dalal has filed the present appeal for (i) addition of unexplained household & personal expenses of ₹6.60 lakhs (*₹6,60,000*); (ii) addition of ₹3.43 lakhs (*₹3,42,650*) in respect of purchase of flat by Biman Investments Private Limited; and (iii) levy of interest under Section 234 of the IT Act. The matter is currently pending before the CIT(A), Mumbai.

6. **Assessment Year 2007-2008**

Mr. Milan Dalal has preferred an appeal before the Commissioner of Income Tax (Appeals) 40, Mumbai ("***CIT(A)***") against the order dated December 31, 2010 passed by the Deputy Commissioner of Income Tax (OSD-II), Central Range 7, Mumbai ("***DCIT***"). Mr. Milan Dalal has filed an appeal for (i) deletion of addition made in respect of the cash against the development rights to the tune of ₹225.00 lakhs (*₹2,25,00,000*); (ii) allowing claim of exemption to the tune of ₹43.51 lakhs (*₹43,51,000*) under Section 54 of the IT Act; (iii) addition being made to the tune of ₹45.00 lakhs (*₹45,00,000*) as deemed dividend under Section 2(22) of the IT Act and to be allowed to made claim of exemption under Section 54 of the IT Act; (iv) deletion of addition made to the tune of ₹65.00 lakhs (*₹65,00,000*) towards cash receipt from Mr. Vinod Faria; and (v) levy of interest under Section 234B of the IT Act. Mr. Milan Dalal has further prayed for grant of stay of demand during the pendency of the aforementioned Appeal. The matter is currently pending before the CIT(A), Mumbai.

7. **Assessment Year 2008-2009**

Mr. Milan Dalal has preferred an appeal before the Commissioner of Income Tax (Appeals) 40, Mumbai ("***CIT(A)***") against the order dated December 31, 2010 passed by the Deputy Commissioner of Income Tax (OSD-II), Central Range 7, Mumbai ("***DCIT***"). Mr. Milan Dalal has filed an appeal for (i) deletion of addition to the tune of ₹700.00 lakhs (*₹7,00,00,000*) made in respect of alleged payment made for acquisition of Ajit Glass Works Private Limited; (ii) deletion of addition made to the tune of ₹88.50 lakhs (*₹88,50,000*) towards the alleged cash payment to tenants; (iii) disallowance made to the tune of ₹1.62 lakhs (*₹1,62,493*) as cash expenses; (iv) deletion of addition made to the tune of ₹30.00 lakhs (*₹30,00,000*) towards unexplained household and personal expenses; (v) deletion of addition made to the tune of ₹108.04 lakhs (*₹1,08,04,000*) in relation to the explained payment made towards liabilities; and (vi) levy of interest under Section 234B of the IT Act. Mr. Milan Dalal has further prayed for grant of stay of demand during the pendency of the aforementioned Appeal. The matter is currently pending before the CIT(A), Mumbai.

8. **Assessment Year 2009-2010**

Mr. Milan Dalal has preferred an appeal before the Income Tax Appellate Tribunal, Mumbai ("***ITAT***") against the order dated October 17, 2011 passed by the Commissioner of Income Tax (Appeals), 40, Mumbai ("***CIT(A)***"). Mr. Milan Dalal has filed an appeal for addition to the tune of ₹3.46 lakhs (*₹3,46,319*) in relation to certain credit notes. The matter is currently pending before the ITAT, Mumbai.

Cases filed against Mr. Dinkarray Trivedi, Non-Executive & Independent Director

1. Pradeshiya Industrial &Investment Corporation of Uttar Pradesh has filed a Complaint bearing Complaint No. 5264/1/04 under section 138 of the Negotiable Instruments Act, 1881 before the Metropolitan Magistrate, Patiala House, New Delhi against against Premium International Finance Limited and its directors, which includes Mr. Dinkarray Trivedi for dishonor of five (5) cheques of an amount of ₹17.50 Lakhs (*₹17,50,000*). The matter shall come up for hearing in the normal course.

VI. SEBI Orders and Directions against Group Entities

SEBI Orders & Directions against Tropical Securities & Investments Private Limited for violation and non-compliance of Securities Law

1. SEBI passed an Order dated June 9, 2011 against Tropical Securities & Investments Private Limited ("***TSIPL***") for indulging in the creation of artificial market and price manipulation through structured, synchronized transactions and financing deals in the scrip of Jagsonpal Pharmaceuticals Limited. SEBI further observed that TSIPL did not maintain integrity, promptitude & fairness and did not exercise due skill, care & diligence and indulged in manipulative activities violating Regulation 7 read with Clauses a(1) to a(4) of the code of conduct under Schedule II of SEBI (Stock Brokers and Sub Brokers)

Regulations, 1992 in matter of Jagsonpal Pharmaceuticals Limited. SEBI suspended the registration of TSIPL as a stock broker from the period June 30, 2011 to August 29, 2011.

2. SEBI passed an Order dated March 8, 2011 against Tropical Securities & Investments Private Limited ("***TSIPL***") for indulging in the creation of artificial market and price manipulation through cross deals and matched transactions in the scrip of VXL Instruments Limited. SEBI further observed that TSIPL had indulged in manipulative activities and did not comply with statutory requirements violating Regulation 7 read with Clauses a(3) to a(5) of the code of conduct under Schedule II of SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 in matter of VXL Instruments Limited. SEBI suspended the registration of TSIPL as a stock broker from March 8, 2011 to March 21, 2011

3. SEBI passed an Order dated February 24, 2011 against Tropical Securities & Investments Private Limited ("***TSIPL***") for indulging in the creation of artificial market and price manipulation through cross deals and matched transactions in the scrips of Ravalgaon Sugar Limited and Shrenuj & Co. Limited. SEBI further observed that TSIPL did not maintain integrity, promptitude & fairness and did not exercise due skill, care & diligence and indulged in manipulative activities violating Regulation 7 read with Clauses a(1) to a(4) of the code of conduct under Schedule II of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 in matter of Ravalgaon Sugar Limited and Shrenuj & Co. Limited. SEBI suspended the registration of TSIPL as a stock broker from March 17, 2011 to May 16, 2011

4. SEBI passed an Order dated January 17, 2011 against Tropical Securities & Investments Private Limited ("***TSIPL***") for indulging in the creation of artificial market and price manipulation through structured deals in the scrip of Ceat Limited. SEBI further observed that TSIPL had indulged in manipulative activities and did not comply with statutory requirements violating Regulation 7 read with clauses a(3) to a(5) of the code of conduct under Schedule II of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 in matter of Ceat Limited. SEBI suspended the registration of TSIPL as a stock broker from January 17, 2011 to February 16, 2011.

5. SEBI passed an Order dated January 14, 2009 against Tropical Securities & Investments Private Limited ("***TSIPL***") for indulging in the creation of artificial market and price manipulation in the scrip of DCM Shriram Consolidated Limited. SEBI further observed that TSIPL did not exercise due skill, care and diligence while executing transactions on behalf of clients in scrip of DCM Shriram Consolidated Limited. SEBI suspended the registration of TSIPL as a stock broker from February 4, 2009 to August 3, 2009.

6. SEBI passed an Order dated September 29, 2004 against Tropical Securities & Investments Private Limited ("***TSIPL***") for indulging in the market manipulation in the scrip of Surya Roshni Limited. SEBI suspended the registration of TSIPL as a stock broker from October 19, 2004 to December 18, 2004.

7. SEBI passed an Order dated April 10, 2007 against Tropical Securities & Investments Private Limited ("***TSIPL***") for aiding Mr. Pawankumar Parmeshwarlal Choudhary in the synchronized/structured deals in scrip of Prudential Pharmaceuticals Limited and violated code of conduct as prescribed under stock broker regulations. SEBI suspended the registration of TSIPL as a stock broker from the period May 1, 2007 to May 31, 2007.

VII. Cases filed by and against the Group Entities

Cases filed by and against Bombay Swadeshi Stores Limited

1. Aditya Hotels Private Limited (the "***Plaintiff***") had filed a suit (1241/1997) before the Court of the Civil Judge, Junior Division against Bombay Swadeshi Stores Limited (the "***Defendant***") for restraining the defendant and its servants and agents from carrying on any permanent additions and alterations and/or damage to the ground as well as the mezzanine floor of premises No. 322 Mahatma Gandhi Road, Pune Cantonment where the defendant is the tenant of the Plaintiff. The Defendants have filed its reply in the matter. The matter is currently pending and will come up for hearing in due course of time.

2. Aditya Hotels Private Limited (the "***Plaintiff***") had filed a suit (*30059/2005*) before the Court of the Civil Judge, Junior Division against Bombay Swadeshi Stores Limited (the "***Defendant***") for eviction from the premises no. 322 Mahatma Gandhi Road, Pune Cantonment where the defendant is the tenant of the Plaintiff on the grounds of bonafide requirement, permanent alteration, default and subletting. The

Hon'ble Court passed an order dated July 13, 2009 whereby it partly allowed the petition of the Plaintiff for the grounds of defaulting and subletting of the suit premises and dismissed the grounds of bona fide requirement and permanent alteration on the grounds of res judicata. The plaintiff preferred an appeal before the Court of the District Judge, Pune (*442/2009*) for inter alia setting aside the order dated July 13, 2009. The Company has filed its reply in the matter. The matter is currently pending as order and decree are awaited.

3. Bombay Swadeshi Stores Limited (the "***Plaintiff***") has filed a suit (*94/2004*) before the Court of the Civil Judge Senior Division against Shri Shantilal Oswal (the "***Defendant***"), proprietor of Oswal Business Center, 858 Bhawanipet, Pune 411 042 where the Plaintiff had taken on rent premises to be used for warehousing facilities in the basement (the "***suit premises***") for *inter alia* refund of security deposit of ₹3.56 lakhs (*₹3,55,763*) for the suit premises. The Defendants have filed their reply in the matter. The matter is currently pending and will come up for hearing in due course of time.

4. Bombay Swadeshi Stores Limited (the "***Petitioner***") has filed a winding up petition (*85/2011*) before the Karnataka High Court, Bangalore against Tai Tai Restaurants Private Limited (the "***Respondent***"), praying for the winding up of the Defendant for inability to pay the amount of ₹50.90 lakhs (*₹50,90,197*) being the rent due and payable to the Petitioner till September 2010 along with interest. The Petitioner has not yet been able to serve the copies of the winding up petition on the Respondent. The matter is currently pending.

5. The Registrar of Companies ("***RoC***"), Mumbai issued a Show Cause Notice ("***SCN***") dated October 5, 2004 against Bombay Swadeshi Stores Limited (the "***BSSL***") for violation of Section 211 of the Companies Act, 1956. The RoC also filed a Criminal Complaint (*38/SS/2005*) before the court of the Additional Chief Metropolitan Magistrate, 19th Court, Esplanade, Mumbai for the failure of BSSL to comply with the provisions of Section 211. BSSL has preferred a compounding application dated November 21, 2007 before the Regional Director, Western Region, RoC, Mumbai for compounding the offences, if any as per the provisions of Section 621A of the Companies Act, 1956. The Ministry of Corporate Affairs, Government of India by way of a notification dated February 8, 2011 has *inter alia* exempted Trading Companies from not adhering to the disclosure requirements contained in paragraphs 3(i)(a) and 3(ii)(b) of Section 211. The matter is currently pending.

Revenue Proceedings against Muller & Phipps (India) Limited

1. **Assessment Year 2001-2002**

Muller & Phipps (India) Limited ("***Muller & Phipps***") has preferred an appeal dated November 6, 2009 before the Income Tax Appellate Tribunal, Mumbai ("***ITAT***") against the order dated August 24, 2009 passed by the Commissioner of Income Tax (Appeals)-II, Mumbai ("***CIT(A)***"). Muller & Phipps has preferred the aforementioned appeal since the CIT(A) has confirmed that the Assessing Officer is justified in charging capital gains tax on ₹600.00 lakhs (*₹6,00,00,000*) in relation to sale of trademark along with know-how under the amended provisions of Section 55(2) of the IT Act by treating the cost of acquisition as Nil. The matter is currently pending before the ITAT.

2. **Assessment Year 2001-2002**

Muller & Phipps (India) Limited ("***Muller & Phipps***") has preferred an appeal dated February 24, 2012 before the Commissioner of Income Tax (Appeals) – V, Mumbai ("***CIT(A)***") against the order dated March 29, 2011 passed by the Deputy Commissioner of Income Tax 2(2), Mumbai ("***DCIT***") wherein DCIT has imposed a penalty of ₹210.00 lakhs (₹*22,10,00,000*) under Section 271(1)(c) of the IT Act upon Muller & Phipps. Further, a notice of demand dated March 29, 2011 under Section 156 of the IT Act has been issued wherein the aforementioned amount has been determined to be payable by Muller & Phipps. The matter is currently pending before the CIT(A), Mumbai.

3. **Assessment Year 2005-2006**

Muller & Phipps (India) Limited ("***Muller & Phipps***") has preferred an appeal dated February 24, 2012 before the Commissioner of Income Tax (Appeals) – V, Mumbai ("***CIT(A)***") against the order dated March 29, 2011 passed by the Deputy Commissioner of Income Tax 2(2), Mumbai ("***DCIT***") wherein DCIT has imposed a penalty of ₹15.66 lakhs (₹*15,66,296*) under Section 271(1)(c) of the IT Act upon

Muller & Phipps. Further, a notice of demand dated March 29, 2011 under Section 156 of the IT Act has been issued wherein the aforementioned amount has been determined to be payable by Muller & Phipps. The matter is currently pending before the CIT(A), Mumbai.

Cases filed against Amalgamated Electricity Company Limited

1. Dena Bank (the "***Applicant***") has filed an application before the Hon'ble Estate Officer, Dena Bank (E.O./P.P.E&R/1 of 2007) under the provisions of the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 praying for *inter alia* direction and order directing Amalgamated Electric Company Limited (the "***Opponent***"), who is in occupation and possession of the premises of the Applicant at Dena Bank Building, Horniman Circle (the "***premises***"), to quit, vacate and handover quite, vacant and peaceful possession along with rent arrears from June 2007 along with interest and with mesne profits. The Hon'ble Estate Officer had by way of an order dated September 24, 2011 ordering the Opponent to vacate the premises along with directions to pay arrears in rent and damages along with interest being an amount of ₹649.04 lakhs (*₹6,49,04,175*) along with simple interest of 12% per annum with effect from October 1, 2011 till its final payment and further damages of ₹10.60 lakhs (*₹10,59,660*) per month from October 1, 2011 till restoration of possession with simple interest of 12% per annum. The Company preferred an appeal against the said order of the Hon'ble Estate Officer before the Bombay City Civil Court (*Misc Appeal No. 130/2011*) wherein an Order was passed by the Court reducing the interest portion from 12% to 9% and the appeal was dismissed. The Opponents have now filed a Civil Writ Petition (Lodg. No. 13193/2012) on May 8, 2012 in the matter. The matter is currently pending and Civil Writ Petition shall come up for hearing in due course.

VIII. Cases filed by and against the Subsidiary Companies of the Company

Nil

IX. Past cases where penalties imposed upon the Subsidiary Companies

Nil

Pending dues of Small Scale Undertakings:

The Company does not have any dues exceeding ₹1 Lakh outstanding for more than thirty (30) days to any small-scale industrial undertaking(s).

Material Developments

There have been no other material developments since the last balance sheet date.

GOVERNMENT AND OTHER APPROVALS

On the basis of the indicative list of approvals provided below, the Company can undertake this Issue and its current business activities and no further major approvals from any Government or regulatory authority are required to undertake the Issue or continue these business activities. Unless otherwise stated, these approvals are valid as on the date of this Draft Letter of Offer.

I. Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

a. The Board of Directors of the Company had initially approved the Issue under Section 81(1) of the Companies Act, at their meeting held on August 12, 2011. Further, the Board of Directors has, pursuant to another resolution adopted at its meeting held August 13, 2012 authorized the Issue under Section 81(1) of the Companies Act.

b. The Company has obtained in-principle listing approval dated [●] from the BSE and will be required to obtain final listing and trading approval prior to the commencement of trading of the Equity Shares on the Stock Exchange.

c. NSDL/CDSL: ISIN No.: INE976E01015.

II. Approvals obtained by the Company

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
General Approvals obtained by the Company					
1.	The Registrar of Companies, Mumbai, Maharashtra	Certificate of Incorporation in the name of Foods and Inns Limited	(CIN) L55200MH1967PLC013837	October 11, 1967	--
2.	Inspector, Bombay Shops & establishment Act	Registration of Certificate of Establishment	D-II/016290	August 5, 2006	December 31, 2012
3.	Secretary, Agricultural & Processed Foods Products Export Development Authority	Registration under the Agricultural and Processed Food Products Export Development Act	APEDA/EICH/IMP (720)/87/88	July 14, 1987	--
4.	Zonal Director General of Foreign Trade, Ministry of Commerce	Certificate of Importer - Exporter Code (IEC)	0388097710	April 1, 1988	--
5.	Deputy Director, Federation of Indian Export Organization	Registration cum Membership Certificate Processed Foods	RCMC No: 69/ 2011-2012	July 10, 2006	March 31, 2013
6.	Assistant Commissioner of Service Tax, Division II, Mumbai	Registration Certificate for Transport of Goods by Road	AAACF0521CST003	June 25, 2009	One Time Registration

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
7.	Registration Officer, Central Sales Tax, Maharashtra	Registration Certificate for inter-state trade of Fruits and vegetables, eggs, food stuff, hair dyes, plant and machinery	MHO1C131520	April 1, 2006	One Time Registration
8.	Registration Officer, Central Sales Tax, Maharashtra	Registration Certificate for Value Added Tax, Maharashtra ACCEPT	MHO1V460588	April 1, 2006	One Time Registration
9.	Zonal Joint Director General of Foreign Trade, Ministry of Commerce & Industry	Certificate of Recognition according the status of Trading House	C-0118	November 13, 2009	March 31, 2014
10.	Executive Director, Registrar Corp, U.S. Food and Drug Administration	Registration with the U S Foods & drug Administration	12725075496	March 3, 2012	December 31, 2012
11.	Central Excise Registration Certificate	Manufacturing of Excisable Goods	AAACF0521CXM007	February 4, 2008	One Time Registration
12.	G. Secretary, Halal Committee Jamiat Ualma-E-Maharashtra	Registration for Halal Certification for Production of Aseptic Fruit Products, Blended Fruit products and fruit Concentrates	0495	June 19, 2012	May 15, 2013
13.	Central Excise Registration Certificate	Manufacturing of Excisable Goods	AAACF0521CXM001	August 14, 2006	One Time Registration
14.	Organic Certification Manager, Control Union Certifications (India)	Certificate certifying that the product(s) and area(s) of the Company are in accordance with the requirements of India’s National Programme for Organic Production Standards	ORG/SC/1007/000549 A	April 7, 2012	April 6, 2013

III. Approvals obtained by the Company for its processing units

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
Unit I (Chembur)					
1.	Designated Officer, Central Licensing Authority under FSSAI, 2006	License under Food Safety and Standards Act, 2006	10012022000065	March 19, 2012	December 31, 2012
2.	Senior Inspector of Explosives, Department of Explosives	Approval for installation of storage of 10,000 litres of fuel unit at Chembur	P1 (26) 27 App.	September 19, 1972	--
3.	Assistant Commissioner, Municipal Corporation Greater Mumbai	Permit to establish a Factory at Chembur	786119868	April 1, 2010	March 31, 2020
4.	Regional Officer, Maharashtra Pollution Control Board	Consent to operate under Section 26 of the Water (Prevention & Control of Pollution) Act, 1974 and under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981 and Authorization under Rule 5 of the Hazardous Wastes (Management, Handling & Transboundry Movement) Rules, 2008	MPCB/ROM/MU-3328-12/CC/CO/1339	March 17, 2012	March 31, 2014
5.	Directorate of Steam Boiler Department	Certificate for use of a Boiler at Chembur	MR/11416	November 16, 2011	October 28, 2012
6.	Inspector of Factories, Department of Industrial Safety and Health	License to work a Factory at Chembur	A/15135/F-164	December 4, 2007	December 31, 2012
7.	Assistant Development Officer, Directorate General of Technical Development	License to manufacturing egg powder (spray drying)	DGTD/R-1768/C-26(1)/S-19/73	October 31, 1973	One Time Registration
Unit IIA (Valsad)					
1.	Assistant Director of	Certificate for the use of boiler	GT/4875	January 1, 2012	April 29, 2012*

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
	Boilers, Gujarat Boiler Inspection Department				
**The Company has submitted an application for renewal of the aforementioned license.*					
2.	Assistant Director of Boilers, Gujarat Boiler Department	Certificate for the use of boiler	ADB/EST/VPI/3619 (Registry of the Boiler: GT4101)	August 8, 2012	April 30, 2013
3.	Assistant Directors of Boilers, Gujarat Boiler Inspection Department	Certificate for the use of boiler	GT-2342	May 17, 2011	April 18, 2012*
**The Company has submitted an application for renewal of the aforementioned license.*					
4.	Environmental Engineer, Gujarat Pollution Control Board	Consent to operate plant under the Air and Water Act	AWH-32442	April 24, 2009	February 15, 2014
5.	Designated Officer, Central Licensing Authority under FSSAI, 2006	License under Food Safety and Standards Act, 2006	10012021000032	February 29, 2012	February 28, 2015
6.	Inspector of Factories	License to establish a Factory	018392	March 14, 2005	December 31, 2012
7.	Assistant Commissioner, Central Excise, Valsad Division	Registration Certificate for Manufacturing of Excisable Goods at Valsad, Gujarat	AAACF0521CXM001	August 14, 2006	One Time Registration
Unit IIB (Valsad - Pardi)*					
1.	Designated Officer, Food Safety and Standards Authority of India	License under FSS Act, 2006	10012021000014	February 15, 2012	February 14, 2015
**The Company has taken this unit on lease basis for its canning and aseptic fruit processing.*					
Unit III (Nasik)					
1.	Joint Director of Steam Boilers, Directorate of Steam	Certificate for use of a Boiler	MR/14246	February 24, 2012	February 21, 2013

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
	Boiler Department				
2.	Chartered Engineer, Associated Engineering Consultants	Certificate of Stability of the Factory	AEC/924/0108/08-09	June 5, 2008	--
3.	Deputy Assistant Commissioner, Central Excise, Nasik IV Division	Registration Certificate for Manufacturing of Excisable Goods at Nasik, Maharashtra	AAACFO0521CXM007	February 4, 2008	One Time Registration
4.	Inspector of Factories	License to establish a Factory at Nashik	Nashik/2(M)(F)/15134/A	May 22, 2009	Valid until 2014
5.	Regional Officer, Maharashtra Pollution Control Board	Consent to operate the plant under Air and Water Act	MPCB/RONK/CON/358/4492/2010	October 29, 2010	September 30, 2014
Unit IV (Chittoor)					
1.	Deputy Commissioner, Customs & Central Excise, Service Tax Cell, Tirupati	Registration Certificate for Transport of Goods by Road	AAACF0521CST004	April 6, 2005	One Time Registration
2.	Inspector of Boilers, Andhra Pradesh Boiler Inspection Department	Certificate for use of Boiler at Chittoor District	10005/5/2012-13 [Registry No. of Boiler: AP-3708]	April 2, 2012	April 1, 2013
3.	Inspector of Boilers, Andhra Pradesh Boiler Inspection Department	Certificate for use of Boiler at Chittoor District	10006/6/2012-13 [Registry No. of Boiler: AP-4024]	April 2, 2012	April 1, 2013
4.	Inspector of Boilers, Tirupati Circle, Tirupati	Provisional order under Section 9 of the Indian Boilers Act, 1923	1004/4/2012-2013 [Registry No. of Boiler: AP-4121]	April 19, 2012	October 19, 2012
5.	Joint Chief Environmental Engineer, Andhra Pradesh Pollution	Consent to operate industrial plant to discharge effluents from outlets	CTR-102/ AppCB/ ZO-KNL/ CFO/2009-728	December 31, 2009	June 30, 2013

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
	Control Board				
6.	Deputy Inspector of Boilers, Andhra Pradesh Boiler Inspection Department	Certificate for use of Boiler at Chittoor District	10001/01/2012-2013 [Registry No. of Boiler: AP-4216]	April 2, 2012	April 1, 2013
7.	Inspector of Factories	License to work a Factory at Chittoor	24798	September 4, 2006	--
8.	Inspector of Factories	License to work a Factory at Chittoor	25479	June 23, 2008	--
9.	Inspector of Factories	License to work a Factory at Chittoor	24992	July 6, 2004	--
10.	Deputy Commissioner, Central Excise, Tirupati Division	Registration Certificate for Manufacturing of Excisable Goods at Chittor, Andhra Pradesh	AAACF0521CXM003	March 1, 2005	One Time Registration
11.	Assistant Commissioner, Central Excise, Tirupati Division	Registration Certificate for Manufacturing of Excisable Goods at Chittor, Andhra Pradesh	AAACF0521CXM008	October 20, 2008	One Time Registration
12.	Deputy Commissioner, Central Excise, Tirupati Division	Registration Certificate for Manufacturing of Excisable Goods at Chittor, Andhra Pradesh	AAACF0521CXM003	March 1, 2005	One Time Registration
13.	Assistant Commissioner, Central Excise, Tirupati Division	Registration Certificate for Manufacturing of Excisable Goods at Chittor, Andhra Pradesh	AAACF0521CXM004	March 10, 2005	One Time Registration

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

This Issue of Rights Shares to the Eligible Equity Shareholders of the Company as on the Record Date is being made in accordance the resolution passed by the Board of Directors under Section 81(1) of the Companies Act, at its meeting held on August 13, 2012.

Prohibition by SEBI

The Company, its Promoters, Promoter Group, Directors or the companies with which the Directors are associated as directors or promoters, have not been prohibited or debarred from accessing or operating in the capital market under any order or direction passed by SEBI.

Further, neither the Company nor the Associates, the Promoters or the members of the Promoter Group have been declared willful defaulters by the RBI or any Government authority and no violations of securities laws have been committed by them in the past and no proceedings in relation to such violations are currently pending against them.

Promoter Group and Group Entities engaged in securities related business

Except for the Promoter Group and Group Entities as set out below, none of the other entities are engaged in securities related business:

1. **First Overseas Capital Limited**

No.	Particulars	Particulars
1.	Name of the Entity:	First Overseas Capital Limited registered as a Category I Merchant Banker
2.	SEBI Regisration No.:	INM000003671
3.	If registration has elapsed, reasons for non renewal:	Renewal is under process
4.	Details of any inquiry/investigation conducted by SEBI at any time:	None
5.	Penalty imposed by SEBI (Penalty includes deficiency/warning letter, adjudication proceedings, suspension/cancellation/prohibitory orders):	None
6.	Outstanding fees payable to SEBI by the entity, if any:	None

2. **Standford Securities Private Limited**

No.	Particulars	Particulars
1.	Name of the Entity:	Standford Securities Private Limited registered as a Member of Bombay Stock Exchange Limited
2.	SEBI Regisration No.:	INB011441533
3.	If registration has elapsed, reasons for non renewal:	Valid till it is suspended or cancelled
4.	Details of any inquiry/investigation conducted by SEBI at any time:	None
5.	Penalty imposed by SEBI (Penalty includes deficiency/warning letter, adjudication proceedings, suspension/cancellation/prohibitory orders):	None
6.	Outstanding fees payable to SEBI by the entity, if any:	None

3. **Tropical Securities & Investments Private Limited**

No.	Particulars	Particulars
1.	Name of the Entity:	Tropical Securities & Investments Private Limited registered as a Member of Bombay Stock Exchange Limited
2.	SEBI Regisration No.:	INB010993738
3.	If registration has elapsed, reasons for non renewal:	Valid till it is suspended or cancelled
4.	Details of any inquiry/investigation conducted by SEBI at any time:	Please refer to section titled "Outstanding Litigation and Material Developments SEBI Orders and Directions against Group Entities" beginning on page 257 of this Draft Letter of Offer.
5.	Penalty imposed by SEBI (Penalty includes deficiency/warning letter, adjudication proceedings, suspension/cancellation/prohibitory orders):	Please refer to section titled "Outstanding Litigation and Material Developments SEBI Orders and Directions against Group Entities" beginning on page 257 of this Draft Letter of Offer.
6.	Outstanding fees payable to SEBI by the entity, if any:	Please refer to section titled "Outstanding Litigation and Material Developments SEBI Orders and Directions against Group Entities" beginning on page 257 of this Draft Letter of Offer.

Suspension from Trading on BSE & NSE in the last five (5) years

Except for details set out below, none of the Directors currently hold or have held directorship(s) in a listed company in the last five (5) years whose shares have been or were suspended from trading on BSE or the NSE

Mr. Milan Dalal is a director of The Amalgamated Electicity Company Limited, which was suspended from trading, details of which are set out below:

1. Name of the company: The Amalgamated Electricity Company Limited
   Name of the Stock Exchange where listed: BSE
   Date of Suspension on stock exchanges: January 7, 2002
   Suspended more than three months: Yes
   If yes, reasons for suspension and period of suspension: Non-compliance Listing Agreement
   Whether suspension revoked: Yes
   If yes, date of revocation of suspension: May 4, 2010
   Date and Term of Director in the above company(ies): September 28, 1999 till date

Details of companies delisted from Stock Exchanges

Except for details set out below, none of the directors of the Company is a director on the board of a company whose shares have been and were delisted from Stock Exchanges:

1. Mr. Dinkarray Trivedi, one of the Directors of the Company, is a director on the board of Cyclic Chemicals Limited, whose shares have been delisted from the BSE. The details of which are set out below:

   Name of the Company: Cyclic Chemicals Limited
   Listed on: BSE
   Date of delisting: February 17, 1997
   Compulsory or voluntary delisting: Compulsory
   Reason for delisting: Non-payment of Annual listing fees
   Whether relisted: No
   Term of Directorship: September 18, 1989

2. Mr. Bhupen Dalal, one of the Directors of the Company, is a director on the board of Oceanic Investments Limited, whose shares have been delisted from the BSE. The details of which are set out below:

   Name of the Company: Oceanic Investments Limited
   Listed on: BSE
   Date of delisting: January 14, 2004
   Compulsory or voluntary delisting: Compulsory
   Reason for delisting: Non-compliance of listing agreement
   Whether relisted: No
   Term of Directorship: September 19, 2005 till date

3. Mr. Dadi Engineer, one of the Independent Director of the Company, is a director on the board of Atlas Copco (India) Limited, whose shares have been delisted from the BSE. The details of which are set out below:

   Name of the Company: Atlas Copco (India) Limited
   Listed on: BSE
   Date of delisting: May 20, 2011
   Compulsory or voluntary delisting: Voluntary
   Reason for delisting: SEBI (Delisting) Regulations, 2009
   Whether relisted: No
   Term of Directorship: December 1, 1988 till date

Compliance with Part A of Schedule VIII of SEBI (ICDR) Regulations

Pursuant to clause (2) of Part E of Schedule VIII of the SEBI (ICDR) Regulations, the Company has made disclosures in this Draft Letter of Offer in terms of Part A of Schedule VIII of the SEBI (ICDR) Regulations.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED / 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 THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED AUGUST 13, 2012 WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATIONS LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

   (a) **THE DRAFT LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

   (b) **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   (c) **THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE.**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER. – NOT APPLICABLE.**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUES OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE.**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "MAIN OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER**

CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FORM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURHTER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.**

11. **WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN THE ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**

    a) **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE ISSUER AND**

    b) **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO THE ADVERTISMENT IN TERMS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ETC.**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

THE FILING OF THIS LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS LETTER OF OFFER.

Disclaimer Clauses from the Company and the Lead Manager

The Company and the Lead Manager accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by the Company or by any other persons at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his own risk.

The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

Investors who invest in the Issue will be deemed to have represented to the Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Rights Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

Caution

Investors that bid in this Issue will be required to confirm and will be deemed to have represented to the Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Rights Shares and will not offer, sell, pledge or transfer the Rights Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Rights Shares. The Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Rights Shares in the Issue.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be the Bombay Stock Exchange Limited.

Disclaimer Clause of the BSE

As required, a copy of this Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Disclaimer Clause of the PSE

As required, a copy of this Draft Letter of Offer has been submitted to the PSE. The Disclaimer Clause as intimated by the PSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Filing

This Draft Letter of Offer has been filed with the Corporation Finance Department of the SEBI, located at SEBI Bhavan, C-4-A, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, India for its observations. After SEBI gives its observations, the Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Selling Restrictions

The distribution of this Draft Letter of Offer and the issue of Rights Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Rights Shares on a rights basis to its Eligible Equity Shareholders and will dispatch the Letter of Offer / Abridged Letter of Offer and CAFs to the Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the rights or Rights Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the rights or Rights Shares or rights, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Shares or the rights referred to in this Draft Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTIONS

As described more fully below, there are certain restrictions regarding the rights and Rights Shares that affect potential investors. These restrictions are restrictions on the ownership of Rights Shares by such persons following the offer.

This Issue and the Rights Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, 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 under the Securities Act) ("U.S. Persons") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. This Issue and the Rights Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of forty (40) days after the commencement of the Issue, an offer or sale of rights or Rights Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Eligible Investors

The rights or Rights Shares are being offered and sold only to persons who are outside the United States and are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the rights or Rights Shares are deemed to have made the representations set forth immediately below.

Rights Shares and Rights Offered and Sold in this Issue

Each purchaser acquiring the rights or Rights Shares, by its acceptance of this Draft Letter of Offer and of the rights or Rights Shares, will be deemed to have acknowledged, represented to and agreed with us and the Lead

Managers that it has received a copy of this Draft Letter of Offer and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the rights or Rights Shares in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the rights and Rights Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and, accordingly, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

3. the purchaser is purchasing the rights or Rights Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;

4. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the rights or Rights Shares, is a non-U.S. Person and was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such rights or Rights Shares was originated, and continues to be a non-U.S. Person and located outside the United States and has not purchased such rights or Rights Shares for the account or benefit of any U.S. Person or any person in the United Sates or entered into any arrangement for the transfer of such rights or Rights Shares or any economic interest therein to any U.S. Person or any person in the United States;

5. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

6. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such rights or Rights Shares, or any economic interest therein, such rights or Rights Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them, and confirms that the proposed transfer of the rights or Rights Shares is not part of a plan or scheme to evade the registration requirements of the Securities Act;

7. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the Securities Act in the United States with respect to the rights or the Rights Shares;

8. the purchaser understands that such rights or Rights Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

   THE RIGHTS SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

9. the purchaser agrees, upon a proposed transfer of the rights or the Rights Shares, to notify any purchaser of such rights or Rights Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the rights or Rights Shares being sold;

10. the Company will not recognize any offer, sale, pledge or other transfer of such rights or Rights Shares made other than in compliance with the above-stated restrictions; and

11. the purchaser acknowledges that the Company, the Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements

and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such rights or Rights Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such rights or Rights Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Listing

Except for 2,25,220 Equity Shares of the Company held by the Promoters and Promoter Group which are yet to receive listing and trading permission from PSE, all the existing Equity Shares are listed on the BSE and the PSE. The Company has made application to the BSE for obtaining in-principle approval in respect of the Rights Shares being offered in terms of the Issue. The Company will apply to the BSE and the PSE for listing and trading of the Rights Shares to be issued pursuant to this Issue.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of this Draft Letter of Offer.

The Company will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the Allotted Rights Shares to the respective beneficiary accounts, if any, within a period of fifteen (15) days from the Issue/Closing Date.

If in either of the above cases money is not repaid within eight (8) Working Days from the day we become liable to repay it, (i.e. 15 days after the Issue/Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier), the Company and every Director who is an officer in default shall, on and from expiry of eight (8) Working Days, be jointly and severally liable to pay the money with interest as prescribed under Section 73 of the Companies Act.

Consents

Consents in writing of the Directors, the Auditors, the Lead Manager, the Legal Counsel, the Registrar to the Issue and the Bankers to the Company and experts to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer. M/s. B.S.Mehta & Co., Chartered Accountants, the Auditors have given their written consent for the inclusion of their report in the form and content appearing in this Draft Letter of Offer and such consent and report have not been withdrawn up to the date of this Draft Letter of Offer.

Expert Opinion

Except for (i) the report on the Statement of Tax Benefits dated August 13, 2012 and (ii) Auditor's Report dated August 13, 2012 on the Restated Financial Statements received from M/s. B.S. Mehta & Co., Chartered Accountants, in the form and context in which it appears in this Draft Letter of Offer, the Company has not obtained any other expert opinion in relation to this Issue.

Issue Related Expenses

The Issue related expenses include, *inter alia*, lead managers, printing and distribution expenses, advertisement and marketing expenses and registrar, legal and depository fees and other expenses and are estimated at ₹[●] Lakhs (approximately [●] % of the total Issue size) and will be met out of the proceeds of the Issue.

No.	Particulars	Amount (₹ in Lakhs)	Percentage of Total Estimated Issue Expenditure *	Percentage of Issue Size *
1.	Fees of Lead Manager/ Registrar/Legal Advisor	[●]	[●]	[●]
2.	Advertising & marketing expenses, printing & stationery, distribution, postage etc.	[●]	[●]	[●]
3.	Filing fees of SEBI & Stock Exchanges fees including	[●]	[●]	[●]

No.	Particulars	Amount (₹ in Lakhs)	Percentage of Total Estimated Issue Expenditure *	Percentage of Issue Size *
	processing fees			
4.	Commission to SCSB's	[●]	[●]	[●]
5.	Other expenses (Auditors fees, etc.)	[●]	[●]	[●]
	Total Estimated Issue Expenditure	**[●]**	**[●]**	**[●]**

Previous Issues by the Company

The Company has not undertaken any public or rights issue during the last five (5) years.

Previous issues of Equity Shares otherwise than for cash

The Company has not issued any Equity Shares for consideration other than cash. The Company had issued 1,75,000 and 5,25,000 Equity Shares as bonus shares in the year 1988 and 1991 respectively to the existing shareholders of the Company out of the General Reserves of the Company which has been disclosed under the section titled "Capital Structure" beginning on page 61 of this Draft Letter of Offer Section.

Commission and Brokerage paid on previous issues of the Equity Shares

The Company has not undertaken any public or rights issue during the last five (5) years, hence no commission or brokerage has been paid.

Previous capital issue during the previous three (3) years by listed Subsidiaries, Group Companies and Associates of the Company

The Subsidiaries and Associate companies of the Company are not listed on any Stock Exchange. There are certain Group Entities which are listed however, none of them have undertaken public or rights issue in the previous three (3) years. For further details, please refer to section titled "Promoters, Promoter Group and Group Entities of the Company" beginning on page 142 of this Draft Letter of Offer.

Performance vis-à-vis objects - Public / Rights Issue of the Company and/or listed Subsidiaries, Group Entities and Associates of the Company

The Company has not undertaken any public or rights issue during the last ten (10) years immediately preceding the date of this Draft Letter of Offer.

Except as disclosed in this Draft Letter of Offer, none of the Group Entities, Subsidiaries and Associate entities are listed on any stock exchange and neither of them have undertaken any public or rights issue during the last ten (10) years immediately preceding the date of this Draft Letter of Offer.

Outstanding Debentures/Bonds and Preference Shares

There are no outstanding debentures, bonds and Preference Shares as on the date of this Draft Letter of Offer.

Investor Grievances and Redressal System

The Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreements. Additionally, the Company has been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular No. CIR/OIAE/2/2011 dated June 3, 2011. The share transfer and dematerialization for the Company is being handled by Link Intime India Private Limited, Registrar and Share Transfer Agent, which is also the Registrar to the Issue. Letters are filed category wise after being attended to. All investor grievances received by the Company has been handled by the Registrar and Share Transfer agent in consultation with the compliance officer.

The redressal norm for response time for all correspondence including shareholders complaints is within fifteen (15) days. However, the Company ensures to redress all the investor grievances well within fifteen (15) days from the date of receipt of the complaint. The Compliance Officer, Mr. Moloy Saha takes care for redressal of complaints on a regular basis.

Status of outstanding investor complaints

As on the date of this Draft Letter of Offer, there were no outstanding investor complaints.

Investor Grievances arising out of the Issue

The investor grievances arising out of the Issue will be handled by Link Intime India Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between us and the Registrar provides for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice / share certificate / demat credit / refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Applicants giving full details such as folio no., / demat account no. / name and address, contact telephone / cell numbers, email id of the first applicant, number of Rights Shares applied for, CAF serial number, amount paid on application and the name of the bank/ SCSB and the branch where the CAF was deposited, alongwith a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The Company is registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by us. The average time taken by the Registrar for attending to routine grievances will be fifteen (15) days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. The Company undertakes to resolve the Investor grievances in a time bound manner.

Registrar to the Issue

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400078, India.
Telephone: +91 22 2596 0320
Facsimile: +91 22 2596 0329
Email: evelin.subalatha @linkintime.co.in
Contact Person: Ms. Evelin Subalatha
Website: www.linkintime.co.in
SEBI registration number: INR000004058

Investors may contact the Compliance Officer in case of any pre-Issue/ post -Issue related problems such as non-receipt of Allotment advice/share certificates/ demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

Mr. Moloy Saha, Vice President (Finance & Operations)
Foods and Inns Limited
224, Dulwich Mansion, 3rd Floor
Tardeo Road, Tardeo, Mumbai 400 007
Email: rights@foodsandinns.com

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue, it shall refund the entire subscription amount received within fifteen (15) Working Days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight (8) Working Days after the Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), the Company and every Director who is an officer in default shall be jointly and severally liable to pay interest for the delayed period, as prescribed under Sub-Sections (2) and (2A) of Section 73 of the Companies Act.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of subsection (1) of section 68A of the Companies Act which is reproduced below:

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

Changes in Auditors during the last three (3) years

There has been no change in the Auditor of the Company during the last three (3) years.

Capitalisation of Reserves or Profits

The Company has not capitalized any of its reserves or profits for the last five (5) years.

Revaluation of Fixed Assets

The Company has not revalued its assets during the last five (5) financial years. However, Land and Building at Deonar, Mumbai of the Company was revalued on the basis of Valuation as on September 26, 2002 and Valuation Report dated September 27, 2002. Consequently, ₹10,66,79,383 has been credited to Revaluation Reserve Account in the year 2002.

SECTION VII: OFFERING INFORMATION

TERMS OF THE ISSUE

The Rights Shares proposed to be issued are subject to the terms and conditions contained in this Draft Letter of Offer, the Abridged Letter of Offer and the CAF, the Memorandum of Association and Articles of Association, the provisions of the Companies Act, the FEMA, as amended, applicable guidelines and regulations issued by SEBI, RBI or other statutory authorities and bodies from time to time, the Listing Agreements entered into by us, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time. All rights/obligations of Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Please note that QIB applicants and other applicants whose application amount exceeds ₹2 Lakhs can participate in the Issue only through the ASBA process. Investors who are not QIBs or whose application amount is not more than ₹2.00 Lakhs can participate in the Issue either through the ASBA process or the non ASBA process and not both. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For further details, please refer to "Procedure for Application through the Applications Supported by Blocked Amount Process" beginning on page 300 of this Draft Letter of Offer.

Authority for the Issue

This Issue to the Eligible Equity Shareholders as on the Record Date is being made in accordance with the resolution passed by the Board of Directors under Section 81(1) and other applicable provisions of the Companies Act, at its meeting held on August 13, 2012.

Basis for the Issue

The Rights Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of this Issue in respect of the Equity Shares held in the electronic form and on the Register of Members in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder as on the Record Date, i.e., [●], you are entitled to the number of Rights Shares as set out in Part A of the CAFs.

The distribution of this Draft Letter of Offer and the issue of the Rights Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of the Rights Shares on a rights basis to the Equity Shareholders and this Draft Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India or have provided an Indian address. Any person who acquires Rights Entitlements or the Rights Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Draft Letter of Offer, that it is not and that at the time of subscribing for the Rights Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

PRINCIPAL TERMS OF THE RIGHTS SHARES ISSUED UNDER THIS ISSUE

Face Value

The face value of Equity Share is ₹10.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹[●] for cash at a premium of ₹[●] per Equity Share. The Issue Price has been arrived at by us in consultation with the Lead Manager prior to determination of the Record Date which shall be determined in consultation with the Designated Stock Exchange.

Rights Entitlement Ratio

The Rights Shares are being offered on a rights basis to the Equity Shareholders in the ratio of [●] Rights Shares for every [●] Equity Shares held on the Record Date.

Terms of Payment

The full amount of ₹[●] per Equity Share is payable on application.

Fractional Entitlements

The Rights Shares are being offered on a rights basis to the existing Equity Shareholders in the ratio of [●] Rights Shares for every [●] Equity Shares held as on the Record Date. For Rights Shares being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is equal to or less than [●] Rights Shares or is not in multiple of [●], the fractional entitlement of such Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the allotment of one (1) additional Equity Share each, if such Equity Shareholders have applied for additional Rights Shares over and above the Rights Entitlement.

For example, if an Equity Shareholder holds between [●] and [●] Rights Shares, he will be entitled to [●] Rights Shares on a rights basis. He will also be given a preferential consideration for the Allotment of one (1) additional Equity Share if he has applied for the same. Those Equity Shareholders holding less than [●] Equity Shares and therefore entitled to zero Rights Shares under this Issue shall be dispatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Rights Shares. However, they cannot renounce the same in favour of any third parties. CAF with zero entitlement will be non-negotiable /non-renunciable.

For example, if an Equity Shareholder holds between one and [●] Equity Shares, he will be entitled to zero Rights Shares on a rights basis. He will be given a preference for Allotment of one additional Equity Share if he has applied for the same.

Ranking

The Rights Shares being issued shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company. The Rights Shares issued under this Issue shall rank *pari passu*, in all respects including dividend, with the existing Equity Shares.

Listing and trading of Rights Shares proposed to be issued

The existing Equity Shares are currently listed and traded on the BSE (Scrip Code: B-507552 under the ISIN INE976E01015) and the PSE (under the ISIN - INE976E01015). The listing and trading of the Rights Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule. Upon Allotment the Right Shares shall be traded on Stock Exchange in demat segment only.

The Company has made an application for "in-principle" approval for listing of the Rights Shares to the BSE. The Company has received such in-principle approval for listing of the Rights Shares from the BSE pursuant to the letter number [●] dated [●]. The Company will apply to the BSE and the PSE for final approval for the listing and trading of the Rights Shares. All steps for the completion of the necessary formalities for listing and commencement of trading of the Rights Shares to be allotted pursuant to the Issue shall be taken as soon as possible from the finalisation of the basis of allotment but not later than seven (7) Working Days of finalization of Basis of Allotment. The fully paid-up Rights Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE and the PSE under the existing ISIN for fully paid-up Rights Shares.

Rights of the Equity Shareholder

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

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

General Terms of the Issue

Market Lot

The market lot for the Rights Shares in dematerialised mode is one (1) Equity Share. In case an Equity Shareholder holds Rights Shares in physical form, the Company would issue to the allottees one (1) certificate for the Rights Shares allotted to each folio ("***Consolidated Certificate***"). In respect of Consolidated Certificates, the Company will upon receipt of a request from the respective Equity Shareholder, split such Consolidated Certificates into smaller denominations within one (1) week's time from the receipt of the request in respect thereof. The Company shall not charge a fee for splitting any of the Share Certificates.

Joint Holders

Where two (2) or more persons are registered as the holders of any Rights Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

In terms of Section 109A of the Companies Act, nomination facility is available in respect of the Rights Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Rights Shares. A person, being a nominee, becoming entitled to the Rights Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Rights Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Rights Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of the Company or such other person at such addresses as may be notified by us. The Investor can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with us, no further nomination needs to be made for Rights Shares that may be allotted in this Issue under the same folio.

In case the allotment of Rights Shares is in dematerialised form, there is no need to make a separate nomination for the Rights Shares to be allotted in this Issue. Nominations registered with respective Depositary Participant ("DP") of the investor would prevail. Any investor desirous of changing the existing nomination is requested to inform their respective DP.

Notices

All notices to the Equity Shareholder(s) required to be given by us shall be published in one (1) English national daily with wide circulation, one (1) Hindi national daily with wide circulation and one Regional Language daily newspaper with wide circulation at the place where registered office of the Company is situated or will be sent by ordinary post / registered post / speed post to the registered address of the Equity Shareholders in India or the Indian address provided by the Equity Shareholders from time to time.

Subscription by the Promoters and Promoter Group

The Promoters and Promoter Group, have confirmed by way of their letters dated August 13, 2012 that they intend to subscribe to the full extent of their Rights Entitlement in the Issue, in compliance with Regulation 10(4)(a) of SEBI Takeover Regulations. The Promoters and Promoter Group have further confirmed by way their letter dated August 13, 2012 that, they intend to (i) subscribe for additional Rights Shares and (ii) subscribe for unsubscribed portion in the Issue, if any. Such subscription to additional Rights Shares and the unsubscribed portion, if any, to be made by the Promoters and Promoter Group, shall be in accordance with Regulation 10(4)(b) of SEBI Takeover Regulations. Further, such subscription shall not result in breach of minimum public shareholding requirement stipulated in the Listing Agreements. For further details, please refer to section titled "Terms of the Issue - Basis of Allotment" beginning on page 292 of this Draft Letter of Offer.

Procedure for Application

The CAF for Rights Shares would be printed for all Equity Shareholders. In case the original CAFs are not received by the Equity Shareholder or is misplaced by the Equity Shareholder, the Equity Shareholder may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with us, the application is liable to be rejected. Please note that neither the Company nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit.

Please note that QIB applicants and other applicants whose application amount exceeds ₹2.00 lakhs can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than ₹2.00 lakhs can participate in the Issue either through the ASBA process or the non ASBA process.

Please also note that by virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("*OCBs*") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Equity Shareholder being an OCB is required to obtain prior approval from RBI for applying to this Issue. The CAF consists of four parts:

Part A: Form for accepting the Rights Shares, in full or in part, and for applying for additional Rights Shares;
Part B: Form for renunciation of Rights Shares;
Part C: Form for application for renunciation of Rights Shares by Renouncee(s);
Part D: Form for request for split Application forms.

Option available to the Equity Shareholders

The CAFs will clearly indicate the number of Rights Shares that the Shareholder is entitled to. If the Equity Shareholder applies for an investment in Rights Shares, then he can:

- Apply for his Rights Entitlement of Rights Shares in full;
- Apply for his Rights Entitlement of Rights Shares in part;
- Apply for his Rights Entitlement of Rights Shares in part and renounce the other part of the Rights Shares;
- Apply for his Rights Entitlement in full and apply for additional Rights Shares;
- Renounce his Rights Entitlement in full.

Acceptance of the Issue

The Equity Shareholders may accept the offer to participate and apply for the Rights Shares offered, either in full or in part, by filling Part A of the CAFs and submit the same along with the application money payable to the collection branches of the Bankers to the Issue as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors or any committee thereof in this regard. Investors at centres not covered by the branches of Bankers to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Mumbai/demand draft payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, please refer to "Mode of Payment for Resident Equity Shareholders/Investors" and "Mode of Payment for Non-Resident Equity Shareholders/Investors" beginning on page 314 respectively of this Draft Letter of Offer.

Additional Rights Shares

The Equity Shareholders are eligible to apply for additional Rights Shares over and above their Rights Entitlement, provided that they are eligible to apply under applicable law and have applied for all the Rights Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "Terms of the Issue - Basis of Allotment" beginning on page 292 of this Draft Letter of Offer. If they desire to apply for additional Rights Shares, please indicate the requirement in the place provided for additional Rights Shares in Part A of the CAF. The Renouncee applying for all the Rights Shares renounced in their favour may also apply for additional Rights Shares. Where the number of additional Rights Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by the Equity Shareholder to renounce the Rights Shares offered to the Equity Shareholder either in full or in part in favour of any other person or persons. Attention is drawn to the fact that the Company shall not Allot and/ or register Rights Shares in favour of more than three (3) persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States, or to, or for the account or benefit of a "U.S. Person" (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Rights Shares or Rights Entitlement under applicable securities laws.

Any renunciation of Rights Shares from a resident Equity Shareholder to a non-resident (other than OCB), from non-resident Equity Shareholder (other than OCB) to resident and from non-resident Equity Shareholder (other than OCB) to another non-resident is subject to the renouncer(s)/ renounce(s) obtaining necessary regulatory approvals.

Renunciations by OCBs

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies OCBs have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders who do not wish to subscribe to the Rights Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/ 2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to the Company at its Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF. Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Rights Shares in Part 'C' of the CAF to receive Allotment of such Rights Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Rights Shares in favour of any other person.

Procedure for renunciation

<u>To renounce all the Rights Shares offered to an Equity Shareholder in favour of one (1) Renouncee</u>:

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

<u>To renounce in part / or renounce the whole to more than one person(s)</u>:

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of SAFs. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed. In case the signature of the Equity Shareholder(s), who has renounced the Rights Shares, does not match with the specimen registered with us / Depositories, the application is liable to be rejected.

<u>Renouncee(s)</u>:

The person(s) in whose favour the Rights Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue on or to any of the collection branches of the Bankers to the Issue as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

<u>Change and/or introduction of additional holders</u>:

If you wish to apply for Rights Shares jointly with any other person(s), not more than three (including you), who is / are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed. However, this right of renunciation is subject to the express condition that the Board shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Equity Shareholder to whom this Draft Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for Split Application Forms / SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof and one SAF for the balance Rights Shares, if any.
- Request by the Equity Shareholder for the SAFs should reach the Registrar on or before [●].
- Only the Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Equity Shareholder(s) by post at the applicant's risk.

- Equity Shareholders may not renounce in favour of persons or entities in restricted jurisdictions including the United States or to or for the account or benefit of U.S. Person (as defined in Regulation S) who would otherwise be prohibited from being offered or subscribing for Rights Shares or Rights Entitlement under applicable securities laws.

- While applying for or renouncing their Rights Entitlement, jointly Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us / Depositories.

Non-resident Equity Shareholders

Application(s) received from Non-Resident/NRIs, or persons of Indian origin residing abroad for allotment of Rights Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Rights Shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Equity Shareholder who should furnish the registered folio number / DP and Client ID number and his / her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within eight (8) Working Days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Equity Shareholder violates such requirements, he / she shall face the risk of rejection of both the applications.

Neither the Registrar, the Company nor the Lead Manager shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with cheque / demand draft (after deducting banking and postal charges) payable at Mumbai which should be drawn in favour of

1. In case of resident shareholders and non-resident shareholders applying on non-repatriable basis - "Foods and Inns Limited – Rights Issue – R"
2. In case of non-resident shareholders applying on repatriable basis - "Foods and Inns Limited – Rights Issue – NR" (*send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date*).

The envelope should be superscribed "**Foods and Inns Limited - Rights Issue - R**" in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis, and "**Foods and Inns Limited - Rights Issue - NR**" in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with us or the Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Foods and Inns Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Shares entitled to;
- Number of Rights Shares applied for;
- Number of additional Rights Shares applied for, if any;
- Total number of Rights Shares applied for;
- Total amount paid at the rate of ₹[●] per Equity Share;

- Particulars of cheque/demand draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Rights Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Rights Shares applied for pursuant to the Issue;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- If the payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the the records of the Company; and
- Additionally, all such applicants are deemed to have accepted the following:

"*I/We understand that neither the Rights Entitlement nor the Rights Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States") or to, or for the account or benefit of a "U.S. Persons" (as defined in Regulation S of the US Securities Act ("Regulation S")). I/we understand the Rights Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that neither us, nor the Registrar, the Lead Managers or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is, a resident of the United States or "U.S. Persons" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

I/We will not offer, sell or otherwise transfer any of the Rights Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Rights Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Rights Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" (as defined in Regulation S), and (iii) is/are acquiring the Rights Entitlement and/or the Rights Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that we, the Lead Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. The Company shall refund such application amount to the Investor without any interest thereon.

Last date for Application

The last date for submission of the duly filled in CAF is [●]. The Board may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding thirty (30) days. If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Rights Issue Committee of Directors, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and the Board/ Rights Issue Committee of Directors shall be at liberty to dispose off the Rights Shares hereby offered, as provided under the section titled "Terms of the Issue - Basis of Allotment" beginning on page 292 of this Draft Letter of Offer.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Manager, the Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that QIB applicants and other applicants whose application amount exceeds ₹2 Lakhs can participate in the Issue only through the ASBA process. The Equity Shareholders who are not QIBs and whose application amount is not more than ₹2 Lakhs can participate in the Issue either through the ASBA process\ or the non ASBA process and not through both.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on www.sebi.gov.in/cms/sebi_data/attachdocs/1329905803160.html. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Rights Shares through the ASBA Process is available only to the Equity Shareholders on the Record Date.

To qualify as ASBA applicants, eligible Equity Shareholders:

- are required to hold Rights Shares in dematerialized form as on the Record Date and apply for (i) their Rights Entitlement or (ii) their Rights Entitlement and Rights Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF;
- should not be Renouncees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Shares in the Issue.

CAF

The Registrar will dispatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Equity Shareholders who must apply or who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details. Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that the Designated Branch of the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

Acceptance of the Issue

You may accept the Issue and apply for the Rights Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board in this regard.

Mode of payment

The Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI (ICDR) Regulations, into the separate bank account maintained by us as per the provisions of Section 73(3) of the Companies Act. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Managers to the respective SCSB.

The Equity Shareholders applying under the ASBA Process would be required to give instructions to block the entire amount payable on their application at the time of the submission of the CAF. The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, we would have a right to reject the application only on technical grounds.

Options available to the Equity Shareholders applying under the ASBA Process

The summary of options available to the Equity Shareholders are presented below. You may exercise any of the following options with regard to the Rights Shares, using the respective CAFs received from Registrar:

No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF *(All joint holders must sign)*
2.	Accept your Rights Entitlement in full and apply for additional Rights Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Shares *(All joint holders must sign)*

The Equity Shareholders applying under the ASBA Process will need to select the ASBA process option in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the Designated Branches of SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs or are applying in this Issue for Rights Shares for an amount exceeding ₹2 lakhsshall mandatorily make use of ASBA facility.

Additional Rights Shares

Equity Shareholders are eligible to apply for additional Rights Shares over and above the number of Rights Shares that the Equity Shareholders are entitled to, provided that the Equity Shareholders are eligible to apply for Rights Shares under applicable law and the Equity Shareholders have applied for all the Rights Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under the section titled "Terms of the Issue - Basis of Allotment" beginning on page 292 of this Draft Letter of Offer.

If the Equity Shareholders desire to apply for additional Rights Shares please indicate your requirement in the place provided for additional Rights Shares in Part A of the CAF.

Renunciation under the ASBA Process

Renouncees are not eligible to participate in this Issue through the ASBA Process.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper.

The envelope should be superscribed "Foods and Inns Limited - Rights Issue". The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with us / Depositories, must reach the Designated Branch of the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Foods and Inns Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Shares entitled to;
- Number of Rights Shares applied for;
- Number of additional Rights Shares applied for, if any;
- Total number of Rights Shares applied for;
- Total amount to be blocked at the rate of ₹[●] per Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Rights Shares applied for pursuant to the Issue; and
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company.
- Additionally, all such applicants are deemed to have accepted the following:

"*I/We understand that neither the Rights Entitlement nor the Rights Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States") or to, or for the account or benefit of a "U.S. Persons" (as defined in Regulation S of the US Securities Act ("Regulation S"). I/we understand the Rights Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that none of the Company, the Registrar, the Lead Manager or any other person acting on behalf of us will* *accept subscriptions from any person, or the agent of any person, who appears to be, or who, the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is, a resident of the United States or a "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

I/We will not offer, sell or otherwise transfer any of the Rights Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Rights Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Rights Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" (as defined in Regulation S), and (iii) is/are acquiring the Rights Entitlement and/or the Rights Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that we, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Option to receive Rights Shares in Dematerialized Form

EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Equity Shareholders applying under the ASBA Process

(a) Please read the instructions printed on the CAF carefully.

(b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.

(c) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and ASBA Account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to us or Registrar or Lead Managers to the Issue.

(d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.

(e) All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque / demand draft / pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with us and/or Depositories.

(g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the depository / us. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

(h) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.

(i) Only the person or persons to whom the Equity Shares have been offered shall be eligible to participate under the ASBA Process.

(j) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.

(k) Only the Equity Shareholders holding shares in demat are eligible to participate through ASBA process.

(l) Equity shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.

(m) Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs applicants and other applicants applying in this Issue for Equity Shares for an amount exceeding ₹2 lakhs shall mandatorily make use of ASBA facility.

(n) Investors other than Retail Individual Investors having bank account with SCSBs that are providing ASBA in cities/ centers where Investors other than Retail Individual Investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection.

Do's:

(a) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under "Application on Plain Paper" beginning on page 298 of this Draft Letter of Offer.

(b) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.

(c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.

(d) Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.

(e) Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account before submitting the CAF to the respective Designated Branch of the SCSB.

(f) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.

(g) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.

(h) Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I T Act.

(i) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

(j) Ensure that the Demographic Details are updated, true and correct, in all respects.

(k) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorizing such funds to be blocked.

(l) Apply under the ASBA process only if you comply with the definition of an ASBA investor.

Don’ts:

(a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

(c) Do not pay the amount payable on application in cash, by money order or by postal order.

(d) Do not send your physical CAFs to the Lead Managers to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.

(e) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(f) Do not apply if the ASBA account has been used for five applicants.

(g) Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under "Grounds for Technical Rejection for non-ASBA Investors" beginning on page 313 of this Draft Letter of Offer, applications under the ABSA Process are liable to be rejected on the following grounds:

(a) Application on a SAF.

(b) Application for allotment of Rights Entitlements or additional shares which are in physical form.

(c) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

(d) Sending CAF to a Lead Managers / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.

(e) Insufficient funds are available with the SCSB for blocking the amount.

(f) Funds in the ASBA Account having been frozen pursuant to regulatory orders.

(g) Account holder not signing the CAF or declaration mentioned therein.

(h) CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the United States or other restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.

(i) CAFs which have evidence of being executed in/dispatched from a restricted jurisdiction or executed by or for the benefit of a "U.S. Person" (as defined in Regulation S).

(j) Renouncees applying under the ASBA Process.

(k) Submission of more than five CAFs per ASBA Account.

(l) QIBs applicants and other applicants applying for more than ₹2 lakhs and is not a renouncer or renouncee not applying through the ASBA process.

(m) The application by an Equity Shareholder whose cumulative value of Rights Shares applied for is more than ₹2 lakhs but has applied separately through split CAFs of less than ₹2 lakhs and has not done so through the ASBA process.

(n) Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

(o) Submitting the GIR instead of the PAN.

(p) An Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.

Depository account and bank details for Equity Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE EQUITY SHAREHOLDER ON THE RECORD DATE. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblocking of ASBA Account. The Demographic Details given by the Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants. By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking the funds would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent equity shares are not allotted to such Equity Shareholders. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds 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 Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Account.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of the Company, the SCSBs or the Lead Manager shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

Issue Opening Date	[●]
Last date of receiving SAFs	[●]
Issue Closing Date	[●]

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding thirty (30) days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the Articles of Association and the approval of the Designated Stock Exchange, the Board will proceed to allot the Rights Shares in the following order of priority:

(a) Full Allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Rights Shares renounced in their favour, in full or in part.

(b) Allotment pertaining to fractional entitlements in case of any shareholding other than in multiples of [●]. Investors whose fractional entitlements are being ignored would be given preference in allotment of one additional Equity Share.

(c) Allotment to the Equity Shareholders who having applied for all the Rights Shares offered to them as part of the Issue and have also applied for additional Rights Shares. The Allotment of such additional Rights Shares will be made as far as possible on an equitable basis having due regard to the number of Rights Shares held by them on the Record Date, provided there is an under-subscribed portion after making full Allotment in (a) and (b) above. The Allotment of such Rights Shares will be at the sole discretion of the Board / Rights Issue Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential Allotment.

(d) Allotment to Renouncees who having applied for all the Rights Shares renounced in their favour, have applied for additional Rights Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment. The Promoters and Promoter Group, have confirmed by way of their letters dated August 13, 2012 that they intend to subscribe to the full extent of their Rights Entitlement in the Issue, in compliance with Regulation 10(4)(a) of the SEBI Takeover Regulations. Subscribing entities have further confirmed by way of their letter dated August 13, 2012 that, they intend to (i) subscribe for additional Rights Shares and (ii) subscribe for unsubscribed portion in the Issue, if any. Such subscription to additional Rights Shares and the unsubscribed portion, if any, to be made by the Subscribing Companies, shall be in accordance with Regulation 10(4)(b) of the SEBI

Takeover Regulations. Further, such subscription shall not result in breach of minimum public shareholding requirement stipulated in the Listing Agreements.

Underwriting

The Issue shall not be underwritten.

Allotment Advices / Refund Orders

The Company will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the allotted Rights Shares to the respective beneficiary accounts, if any, within a period of fifteen (15) days from the Issue Closing Date. If such money is not repaid within eight (8) Working Days from the day the Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) the Company and every Director who is an officer in default shall, on and from expiry of eight (8) Working Days, be jointly and severally liable to pay the money with interest as prescribed under Section 73 of the Companies Act.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service ("***NECS***") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Rights Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within fifteen (15) days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and we issue letter of allotment, the corresponding share certificates will be kept ready within three months from the date of Allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates. For more information, please refer to section titled "Terms of the Issue" beginning on page 292 of this Draft Letter of Offer.

The letter of allotment/refund order would be sent by registered post/speed post to the sole/first Investor's registered address in India or the Indian address provided by the Equity Shareholders from time to time. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for Investors having an account at any of the 68 centres where such facility has been made available. 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 records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).

2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted 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 Investors have registered their nine digit MICR number and their bank account number with the Registrar or with the depository participant 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 Investors through this method.

3. RTGS – If the refund amount exceeds ₹2 Lakhs, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

4. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.

5. For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

6. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and are permitted by the SEBI from time to time.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address in India or the Indian address provided by the Equity Shareholders from time to time of the first named Investor or respective beneficiary accounts will be credited within fifteen (15) Working Days, from the Issue Closing Date. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Rights Shares in Dematerialized Form

Investors shall be allotted the Rights Shares in dematerialized (electronic) form at the option of the Investor. The Company has signed a tripartite agreement with NSDL and Link Intime India Private Limited on January 25, 2002 which enables the Investors to hold and trade in Rights Shares in a dematerialized form, instead of holding the Rights Shares in the form of physical certificates. The Company has also signed a tripartite agreement with CDSL and Link Intime India Private Limited on December 28, 2000 which enables the Investors to hold and trade in Rights Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for Rights Shares in dematerialized form will receive their Rights Shares, in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Rights Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Rights Shares in physical form. No separate CAFs for Rights Shares in physical and/or dematerialized form should be made.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of the Company). In case of Investors having various folios with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*

- For Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Rights Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of the Company.

The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Rights Shares in physical form.

The Rights Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to the applicant the confirmation of the credit of such Rights Shares to the applicant's depository account.

Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

General instructions for Non-ASBA Investors

(a) Please read the instructions printed on the CAF carefully.

(b) Application should be made on the printed CAF, provided by us except as mentioned under the head "Application on Plain Paper" beginning on page 298 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Draft Letter of Offer or Abrigded Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

The CAF together with the cheque/demand draft should be sent to the Bankers to the Issue/Collecting Bank or to the Registrar to the Issue and not to the Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for Rights Shares are liable to be rejected.

(c) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the IT Act, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**

(d) Investors, holding Rights Shares in physical format, are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

(e) All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with us.

(g) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and certified true a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with us, the same need not be a furnished again.

In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

(h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with us/Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three (3). In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

(i) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Rights Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, including the regulations relating to QFIs, in the matter of refund of application money, Allotment of Rights Shares, subsequent issue and Allotment of Rights Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Rights Shares may be restricted by applicable securities laws.

(j) All communication in connection with application for the Rights Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to the Company's Registrar and Transfer Agent, in the case of Rights Shares held in physical form and to the respective depository participant, in case of Rights Shares held in dematerialized form.

(k) SAFs cannot be re-split.

(l) Only the Equity Shareholders and not Renouncee(s) shall be entitled to obtain SAFs.

(m) Investors must write their CAF number at the back of the cheque/demand draft.

(n) Only one mode of payment per application should be used. The payment must be by cheque/demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

(o) A separate cheque/draft must accompany each CAF. Outstation cheques/demand drafts or post-dated cheques and postal/money orders will not be accepted and applications accompanied by such outstation cheques/outstation demand drafts / money orders or postal orders will be rejected.

(p) No receipt will be issued for application money received. The Bankers to the Issue/Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

(q) The distribution of this Draft Letter of Offer and issue of Rights Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard this Draft Letter of Offer and not to attempt to subscribe for Rights Shares.

Do's for non-ASBA Investors:

(a) Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;

(b) Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;

(c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;

(d) Ensure that your Indian address is available to us and the Registrar, in case you hold Rights Shares in physical form or the depository participant, in case you hold Rights Shares in dematerialised form

(e) Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Rights Shares applied for) X (Issue Price of Rights Shares, as the case may be) before submission of the CAF;

(f) Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form;

(g) Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;

(i) Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

(a) Do not apply if you are not eligible to participate in the Issue the securities laws applicable to your jurisdiction;

(b) Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Bank to the Issue;

(c) Do not pay the amount payable on application in cash, by money order or by postal order;

(d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;

(e) Do not submit Application accompanied with Stock invest.

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Age of Investor(s) not given (in case of Renouncees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for renouncee(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and this Draft Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs or SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue;
- CAFs accompanied by Stockinvest / outstation cheques / post-dated cheques / money order / postal order / outstation demand draft;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that the subscriber is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the United States or other restricted jurisdictions and is authorized to acquire the Rights Entitlements and Rights Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where the registered addressed in India or the Indian address provided by the Equity Shareholders from time to time has not been provided;
- CAFs where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Applications from QIBs or Investors applying in this Issue for Rights Shares for an amount exceeding ₹2 lakhs, which are not through ASBA process.

Please read this Draft Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this Draft Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in this Draft Letter of Offer or the CAF.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

No single FII can hold more that 10% of the post-Issue paid-up share capital of the Company. In respect of an FII investing in the Rights Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 5% of the Company's total paid-up share capital, in case such sub-account is a foreign corporate or an individual. Applications will not be accepted from FIIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs or are applying in this Issue for Rights Shares for an amount exceeding ₹2 lakhs shall mandatorily make use of ASBA facility.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from NRIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs are applying in this Issue for Rights Shares for an amount exceeding ₹2 lakhs shall mandatorily make use of ASBA facility.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs are applying in this Issue for Rights Shares for an amount exceeding ₹2 lakhs shall mandatorily make use of ASBA facility.

Investment by QFIs

In terms of circulars dated January 13, 2012, SEBI and RBI have permitted investment by QFIs in Indian equity issues, including in rights issues. A QFI can invest in the Issue through its depository participant with whom it has opened a demat account. No single QFI can hold more than five percent of paid up equity capital of the company at any point of time. Further, aggregate shareholding of all QFIs shall not exceed ten percent of the paid up equity capital of the Company at any point of time. Applications will not be accepted from QFIs in restricted jurisdictions.

QFI applicants which are QIBs or whose application amount exceeds ₹2 lakhs can participate in the Issue only through the ASBA process.

Mode of payment for Resident Equity Shareholders/ Investors

- All cheques / drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed 'A/c Payee only' and marked "Foods and Inns Limited - Rights Issue";

- Investors residing at places other than places where the bank collection centres have been opened by us for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Bankers to the Issue, crossed 'A/c Payee only' and marked "Foods and Inns Limited - Rights Issue" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. We or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Equity Shareholders/ Investors

As regards the application by non-resident Equity Shareholders / Investors, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Rights Shares by applicable local securities laws can obtain application forms from the following address:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400078, India.
Telephone: +91 22 2596 0320
Facsimile: +91 22 2596 0329
Email: evelin.subalatha @linkintime.co.in
Contact Person: Ms. Evelin Subalatha
Website: www.linkintime.co.in
SEBI registration number: INR000004058

- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Rights Shares may be restricted by applicable securities laws.

- All non-resident investors should draw the cheques/demand drafts in favour of "[●]", crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue/collection centres or to the Registrar to the Issue.

- Non-resident investors applying from places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges drawn in favour of "[●]", crossed "A/c Payee only" and marked "[●]" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

- Payment by non-residents must be made by demand draft payable at Mumbai /cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

i. By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

ii. By cheque/draft on a Non-Resident External Account (NRE) or FCNR Account maintained in India; or

iii. By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai;

iv. FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.

v. Non-resident investors applying with repatriation benefits should draw cheques/drafts in favour of "Foods and Inns Limited - Rights Issue – NR" and must be crossed 'account payee only' for the full application amount.

vi. Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

i. As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Rights Shares will be on non-repatriation basis.

ii. All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of "Foods and Inns Limited - Rights Issue – R" and must be crossed 'account payee only' for the full application amount. The CAFs duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

iii. Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

iv. New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.

- In case Rights Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Shares cannot be remitted outside India.

- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by us. However, the Bankers to the Issue/Registrar to the Issue/Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Rights Shares allotted, will be refunded to the Investor within a period of fifteen (15) Working Days from the Issue Closing Date. If such money is not repaid within eight (8) Working Days from the day the Company becomes liable to repay it, the Company and every Director who is an officer in default shall, on and from expiry of eight (8) Working Days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act. For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

(i) All monies received out of this Issue shall be transferred to a separate bank account referred to sub-section (3) of Section 73 of the Companies Act;

(ii) Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet indicating the purpose for which such monies have been utilised till the time any of the Issue Proceeds remained unutilised;

(iii) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilized monies have been invested; and

(iv) The Company may utilize the funds collected in the Issue only after finalisation of the Basis of Allotment.

Company's Undertakings

We undertake the following:

1. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.

2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Rights Shares are to be listed will be taken within seven (7) Working Days of finalisation of Basis of Allotment.

3. The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by us.

4. The Company undertakes that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within fifteen (15) days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.

6. The certificates of the securities/refund orders to the non-resident Indians shall be dispatched within the specified time.

7. No further issue of securities affecting equity capital of the Company shall be made till the securities issued/offered through this Draft Letter of Offer are listed or till the application money are refunded on account of non-listing, under-subscription etc.

8. At any given time there shall be only one (1) denomination of Rights Shares.

9. We accept full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

10. All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

11. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If the Company does not receive minimum subscription of 90% of the Issue including participation by the Promoters and Promoter Group of the undersubscribed portion of the Issue, the entire subscription shall be refunded to the Applicants within fifteen (15) Working Days from the Issue Closing Date. If there is delay in the refund of subscription by more than eight (8) Working Days after the Company becomes liable to pay the subscription amount (i.e., 15 days after the Issue Closing Date), or the date of refusal by the Stock Exchanges to grant listing permission to us for the listing of the Rights Shares Allotted in this Issue, whichever is earlier, the Company and every Director of the Company who is an officer in default will be liable to pay interest for the delayed period, at prescribed rates in sub-sections (2) and (2A) of Section 73 of the Companies Act.

Important

- Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions and must be carefully followed; otherwise the application is liable to be rejected.

- All enquiries in connection with this Draft Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and super scribed 'Foods and Inns Limited-Rights Issue' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

  Link Intime India Private Limited
  C-13, Pannalal Silk Mills Compound
  L.B.S. Marg, Bhandup (West)
  Mumbai 400078, India.
  Telephone: +91 22 2596 0320
  Facsimile: +91 22 2596 0329
  Email: evelin.subalatha @linkintime.co.in
  Contact Person: Ms. Evelin Subalatha
  Website: www.linkintime.co.in
  SEBI registration number: INR000004058

- It is to be specifically noted that this Issue of Rights Shares is subject to the risk factors mentioned under the section titled "Risk Factors" beginning on page 13 of this Draft Letter of Offer.

The Issue will remain open for a minimum fifteen (15) Working Days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding thirty (30) Working Days from the Issue Opening Date.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning given to such terms in the Articles of the Company. Pursuant to Schedule II of the Companies Act, 1956 and the SEBI (ICDR) Regulations, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and or their consolidation/splitting are required to be stated. The regulations contained in Table A of Schedule I of the Companies Act, 1956, shall apply to the Company in so far as they are not inconsistent with or repugnant to any of the regulations contained in the Articles of Association of the Company.

SHARES AND CERTIFICATES		
Deposits, Calls etc.	11.	The money (if any) which the Board shall, on the allotment of any shares being made by it require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by it, shall immediately on the inscription of the name of the allottee in the register of members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
Share Certificate	12.	(1) Every person whose name is entered as a member in the register of member shall be entitled without payment to receive within three months after allotment or within two months after the application for the registration of transfer (or within such other period as the condition of issue shall provide) one certificate for all his shares of each class and when part only of the shares comprised in a certificate is sold or transferred to a new certificate for the remainder of the shares so comprised provided that the Company shall not be bound to register more than four persons as the joint holders of any share except in the case of executors or trustees of a deceased member and in respect of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate for a share to anyone of the several joint holders shall be sufficient delivery to all such holders. (2) Every share certificate shall be issued under the seal of the Company, which shall be affixed in the presence of: (i) two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and (ii) the Secretary or some other person appointed by the Board for the purposes and the two Directors or their attorneys and the Secretary or other person shall sign the certificate provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or Whole-time Director. (3) A Director may sign a share certificate, by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography. (4) For any further certificate the Board shall be entitled but shall not be bound to prescribe a change not exceeding one rupee.
Stamp Duty	13.	(1) If a share certificate is defaced, lost or destroyed, it may be renewed on payment of such fee, if any, not exceeding two rupees, and on such terms, if any, as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Directors think fit. (2) Notwithstanding anything contained in the above, the Board of Directors, may at their discretion, charge and recover the stamp duty payable on share certificates issued in replacement of those that are torn, disfigured, lost or destroyed or issued on splitting or consolidation of share certificate into denominations other than market lots and such payment should be made by the shareholders receiving the certificate prior to the issue of such certificate.
LIEN		

Company's lien on Shares	14.	The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and conditions that Clause 10 hereof is to have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Directors may at anytime declare any shares to be wholly or in part to be exempt from the provisions of this Clause.
Enforcing lien on Sale	15.	The Company may sell in such manner as the Board may think fit any shares on which the company has a lien but no sale shall be made unless a sum in respect of such lien exists is presently payable and until the expiration of fourteen days after notice in writing, stating the demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
Effect of Sale	16.	To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereon. The purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchases money, nor shall his title to the shares be affected by any irregularity of invalidity in the proceedings in reference to the sale.
Application of Proceeds	17.	The net proceeds of the sale shall be received by the Company and shall be 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 like lien for sum not presently payable as existed upon the shares before the sale, be paid to the person entitled to the share on the date of the sale.
TRANSFER OF SHARES		
Form of Transfer	25.	The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and the registration thereof.
Dematerialization of Securities	25A	(a) Either the Company or the investor exercising an option to hold his/her security with a depository in a dematerialized form, the Company shall enter into an agreement with the depository to enable the investor to dematerialize the security, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act, 1996. (b) Option to Receive Share Certificates or Hold Equity Shares with Depository Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository the details of allotment of security, and on receipt of such information, the depository shall enter in its Record the name of the allottee as the Beneficial Owner of such security. (c) Securities in depository to be in Fungible Form All securities held by a depository shall be dematerialized and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187C and 372A of the Act

shall apply to a depository in respect of the securities held by it on behalf of the Beneficial Owner.

(d) Rights of Depository and Beneficial Owner

(1) Notwithstanding anything to the contrary contained in the Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of the Beneficial Owner.

(2) Save as otherwise provided in (1) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.

(3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the records of the depository shall be deemed to be a member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the securities held by a depository.

(e) Depository to furnish information

Every depository shall furnish to the Company information regarding the transfer of securities in the name of the Beneficial Owners at such intervals and in such manner as may be specified by the Bye-laws and the Company in that behalf.

(f) Option to opt out in respect of any security

If a Beneficial Owner seeks to opt out of a depository in respect of any security, the Beneficial Owner shall intimate the depository accordingly. The depository shall, on receipt of such an intimation, make appropriate entries in its records and shall inform the Company. The Company shall, within 30 (thirty) days of the receipt of the intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the Beneficial Owner or the transferee, as the case may be.

(g) Sections 83 and 108 of the Act not to apply

Notwithstanding anything to the contrary contained in the Articles;
(1) Section 83 of the Act shall not apply to the shares held with a depository.

(2) Section 108 of the Act shall not apply to a transfer of security effected by the transferor and the transferee, both of whom are entered as Beneficial Owners in the records of the depository.

(h) Service of documents

Notwithstanding anything contained in the Act or these Articles, where securities are held in a depository, the records of the Beneficial Owner may be served by such depository of the Company by mean of electronic mode or by delivery of floppies of discs.

(i) Allotment of securities dealt within a depository

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(j) Distinctive Numbers of Securities Held in a Depository

		Nothing contained in the Act or these Articles regarding the necessity or having distinctive numbers for securities issued by the Company shall apply to securities held with a depository. (k) Register and Index of beneficial owners Index of the Beneficial Owners maintained by a depository under the Depositories Act, 1956 shall be deemed to be the Register and Index of Members and Security Holders for the purpose of the Act and of these Articles.
Directors may decline to register transfer	26.	The Board may, without assigning any reason for such refusal, decline to register any transfer of shares. This Article shall apply notwithstanding that the proposed transferee may already be a member. The Board may also decline to register the transfer of a share on which the Company has a lien, Registration of a transfer shall not be refused on the ground of the transferor being, either alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except a lien. (A) (1) Without prejudice to the generality of the foregoing Article 26, the Board of Directors shall be entitled to refuse an application for transfer of less than 50 Equity Shares of the Company, subject, however, to the following exceptions: (a) Transfer of Equity Shares made in pursuance of a Statutory Order or Order of a Competent Court of Law. (b) Transfer of the entire holding of Equity Shares of a member which is less than 50, comprised in Share Certificate(s) issued on or before the date from which this Article comes into force. (c) Transfer of Equity Shares held by a Member, which are less than 50, but which have been allotted by the Company as a result of an issue of Bonus Shares, Rights Shares or conversion of convertible Debentures or otherwise. (d) Transfer of entire holding of Equity Shares of a Member, which is less than 50, by a single transfer to a single or joint names of person or persons who is/are already member(s) of the Company (e) Transfer of the entire holding of Equity Shares of a Member, which is less than 50, to one or more transferees provided that the total holding of the transferee or each of the transferees, as the case may, be, will not be less than 50 Equity Shares after the said transfer. (f) Transfer of more than 50 Equity Shares (not being in multiples of 50 Equity Shares) in favour of one transferee only. (g) Transfer of Equity Shares held by a Member which are les than 50, at the discretion of the Directors in such circumstances as the Directors may think fit. (2) The Board of Directors may refuse an application for sub-division for less than 50, except when such sub-division or consolidation is required to be made to comply with a Statutory Order or Order of a Competent Court of Law or at the discretion of the Directors in such circumstances as the Directors may think fit.
Claim of Transfer on Dividend Rights and Bonus Shares pending		(B) Where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such has not been registered by the Company it shall: (1) Transfer the dividend in relation to such shares to a Special Account unless the Company is authorized in writing by the registered holder of such shares to pay such dividend to the transferee mentioned in the instrument of transfer: and

		(2) Keep in Obeyance in relation to such shares any offer of rights, shares and issue of fully paid up bonus shares till the transfer is registered.
Board may decline to recognize instrument of Transfer	27.	The Board may also decline to recognize any instrument of transfer unless: (a) the instrument of transfer is accompanied by the certificate of the shares to which it relates, or if no such certificate is in existence, by the letter of allotment of the shares, and such other evidence as the Board may reasonably require to show the right of the transfer or to make the transfer: (b) the instrument of transfer is in respect of only one class of shares.
	28.	Subject to the provisions of Section 154, the registration of transfers may be suspended at such time and for such periods as the Board may from time to time determine provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.
When Transfer to be retained	29.	All instruments of transfer which shall be registered shall be retained by the Company, but may be destroyed upon the expiration of one year, or such other period as the Board may from time to time determine. Any instrument of transfer which the Board may decline to register shall be returned to the person depositing the same.
TRANSMISSION OF SHARES		
Transmission of Shares	30.	On the death of a member, the survivor or survivors where the member was a jointholder, and his legal representatives where he was a sole holder, shall be the only person or persons recognized by the Company as having any title to his interest in the shares; but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person before recognizing any executor or administrator the Board may require him to obtain a grant of probate or letters of administration or other representation as the case may be, from a competent court in India having effect in Bombay provided nevertheless that in any case where the Board in their absolute discretion think fit it shall be lawful for the Board to dispense with the production of probate or letters of administration or other representation upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may consider necessary.
Option to title holder	31.	(1) Any committee or guardian of a lunatic or any person becoming entitled to a share in consequence of the death, or insolvency of a member may upon such evidence being produced as may from time to time be required by the Board and subject as hereinafter provided, elect either: (a) to be registered himself as the holder of the share; or (b) to make such transfer of the share as the insane, deceased, liquidated or insolvent member could have made. (2) The Board shall, in each case, have the same right to decline or suspend registration as it would have had if the insane, deceased, or insolvent member had transferred the share before his lunacy, death or insolvency.
Election how exercised	32.	(1) If the committee, guardian or person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. (2) If the committee, guardian or person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

		(3) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice of transfer aforesaid as if the lunacy, death or insolvency of the member had not occurred and the notice and transfer wee a transfer by that member.
Rights of Person entitled by Transmission	33.	A person becoming entitled to a share by reason of the lunacy, death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the that he shall not, before being registered as a member in respect of the share, be entitled in respect if it is to exercise any right conferred by membership in relation to meetings of the Company other than the right to vote in accordance with these Articles provided always that the Board may, at anytime 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 or mother moneys payable in respect of the share, until the requirements of the notice have been complied with.
Compliance with the Estate Duty Act, 1953	34.	Where the Company has knowledge through any of its principal officers within the meaning of Section 2 of the Estate Duty Act, 1953, of the death of any member of or debenture holder in the Company. It shall furnish to the Controller of Estate Duty within the meaning of the said Section the prescribed particulars in accordance with that Act, and the rules made thereunder: and it shall not be lawful for the Company to register the transfer of any shares or debentures standing in the name of the deceased unless the transferee has acquired such shares for valuable consideration or a certificate from the controller is produced before the Company to the effect that the estate duty in respect of such shares or debentures has been paid or will be paid or that none is due, as the case may be.
Company to discharge Prohibitory Notices	35.	The Company shall incur no liability whatever in consequence of its registering or giving effect, to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any document or record of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some document or record of the Company, but the Company shall nevertheless be at liberty to regard and attend to any notice and give effect thereto if the Board shall so think fit.
Notice of change of Name	36.	No member who shall change his name shall be entitled to recover any dividend or to vote or exercise any other right until notice of the change of name be given to the Company in order that the same be registered.
FORFEITURE		
If Call not Paid Notice may be given	37.	If any member fail to pay any call or instalment on or before the day appointed for the payment of the same, the Board may at anytime thereafter, during such time as any part of 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.
Form of Notice	38.	The notice shall name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment

		required by the notice is to be made and shall state that in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.
If Notice not complied with Shares may be forfeited	39.	If the requirements of any such notice as aforesaid are not complied with, any shares in respect of which the notice has been given may, at anytime thereafter before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture may include all dividends declared in respect of the forfeited shares and not actually paid before the date of forfeiture which shall be the date on which the resolution of the Directors is passed forfeiting the shares.
Notice of Forfeiture	40.	When any share has been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture, nd an entry of the forfeiture, with the date thereof, shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make such entry as aforesaid.
Sale of Forfeited shares	41.	A forfeited share may be sold, re-allotted or otherwise disposal of either to the original holder thereof or to any other person or such terms and in such manner as the Board thinks fit and at anytime before a sale or disposal as aforesaid the Board may cancel the forfeiture on such terms as it thinks fit.
Position after forfeiture	42.	A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall notwithstanding the forfeiture remain liable to pay to the Company all calls, instalments, interest and expenses which at the date of forfeiture were presently, payable by him to the Company in respect of the shares together with interest thereon from the time of forfeiture until payment at ten percent per annum, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.
Effect of forfeiture	43.	The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
Evidence of Forfeiture	44.	A duty verified declaration in writing that the declarant is a Director of the Secretary of the Company and that a share in the Company has been duty 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 share. The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
Validity of Sale Under these Articles	45.	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinabove given, the Board may appoint some person to execute an instrument of transfer of the shares 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 to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the register in respect of such shares, 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.
Cancellation of Share Certificates	46.	Upon any sale, re-allotment or other disposal under the provisions of these Articles relating to lien or to forfeiture the certificate or certificates originally

on Sale etc.		issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled andbecome null and void and of no effect. When any shares under the powers in that behalf herein contained are sold by the Board and the certificate in respect thereof has not been delivered to the Company by the former holder of such shares, the Board may issue a new certificate for such shares distinguishing it in such manner as it may think fit from the certificate not so delivered.
VOTES OF MEMBERS		
Votes of Members	64.	Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands, every member entitled to vote and present in person or being a company present by a representative duly authorized, or by proxy who is not himself a member shall have one vote and on a poll, the voting right of every member entitled to vote and present in person (including a company present, by a representative duly authorized) or by proxy shall be:
		(a) In the case of such member being the holder of equity shares, in proportion to his share of the paid-up equity capital of the Company; and
		(b) In the case of such member being the holder of preference shares, in the same proportion as the capital paid-up in respect of the preference shares bears to the total paid-up equity capital of the Company.
Postal Ballot		(c) (i) Notwithstanding anything contained in the foregoing, in the case of resolutions relating to such business as the Central Government may, by notification declare to be conducted only by postal ballot, such resolution(s) shall be passed by means of a postal ballot, instead of transacting the business in General meeting of the Company, for the purposes of this section, “postal ballot” includes voting by electronic mode. (ii) Where a company decides to pass any resolution by resorting to postal ballot, it shall send a notice to all the shareholders, along with a draft resolution explaining the reasons therefore, and requesting them to send their assent or dissent in writing on a postal ballot within a period of thirty days from the date of posting of the letter or such periods as may be prescribed by law from time to time. (iii) The notice shall be sent by registered post acknowledgement due, or by any other method as may be prescribed by the Central Government in this behalf and shall include with the notice, a postage prepaid envelope for facilitating the communication of the assent or dissent of the shareholder to the resolution within the said period. (iv) If a resolution is assented to by a requisite majority of the shareholders by means of postal ballot, it shall be deemed to have been duly passed at a General Meeting convened.
In that behalf		(v) If a shareholder sends his assent or dissent in writing on a postal ballot as mentioned above, and thereafter any person fraudulently defaces or destroys the ballot paper or declaration of identity of the shareholder, such person shall be punishable with imprisonment for an expression which my extend to six months or with fine or with both.
Voting by Bodies Corporate	65.	A body corporate, which is member of the Company my be a resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class or members of the Company and the person so authorized shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member of the Company and the production of a copy of the minute of such resolution certified by one Director or the Secretary of such body corporate as being a true copy of the minute of such resolution shall be accepted as sufficient evidence of the validity of the said representative’s

		appointment and of his right to vote.
Jointholders	66.	Where there are joint registered holders of any share, anyone of such persons may vote at any meeting, either personally or by proxy, in respect of such shares, as if he were solely entitled thereto; and if more than one of such joint holders be present at any meeting, personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.
Nomination	66A.	The Company shall register the right exercised by every shareholder, debenture holder or depositor of the Company, who may nominate in the prescribed manner by the appropriate authorities. A person including a minor, to whom his shares, debentures of the Company or the deposit amount shall vest in the event of his death.
Votes in respect of Shares of Decreased and insolvent	67.	Any person entitled under the Articles relating to transmission of shares to transfer any shares may vote any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours atleast 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 Directors of his right to transfer such shares and given such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
Restrictions on Voting	68.	No member shall be entitled in respect of any shares registered in his name to be present or to exercise any voting right on any question at any General Meeting or be reckoned in a quorum whilst any call or other than sum present payable to the Company in respect of such shares, shall remain unpaid or in regard to which the Company has, and has exercised, any right of lien.
Objections to Vote	69.	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. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.
Instrument of Proxy to be in Writing	70.	The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized by it.
Instrument of Proxy to be deposited at the Office	71.	The instrument appointing a proxy and the power of attorney or other authority, if any, under which is signed or a notarially certified copy of that power or authority, shall be deposited at the office not less than forty-eight hours before the time for holding the meeting or adjourned meeting, as the case may be, at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a general proxy shall be valid after the expiration of twelve months from the date of its execution.
Proxy's Vote on show of Hands	72.	No member present only by proxy shall be entitled to vote on a show of hands unless such member is a body Corporate present by a proxy who is not himself a member in which case such proxy shall have a vote on the show of hands as if he were a member.
Proxy valid though Authority revoked	73.	A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting at which the proxy is used.
Minutes conclusive	74.	The Company's minutes of General Meetings, if duly signed, shall be conclusive evidence of the proceedings recorded therein.

BORROWING POWERS		
Power to Borrow	101.	Subject to the provisions in these Articles, the Board may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property (both present and future) and uncalled capital, or any part thereof and to issue debentures, debenture-stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
Terms of issue of debentures	102.	Any debentures, debenture-stock, or other securities may be issued at a discount, premium or otherwise, may be made assignable free from any equities between the Company and the power to whom the same may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges, and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at General Meetings, appointment of Directors and otherwise provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two (2) years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office of the Company from 10:00 A.M. to 5:00 P.M. from the date of this Draft Letter of Offer until the Issue Closing Date, on Working Days.

A Material Contracts

1. Engagement letter dated March 28, 2012 appointing Vivro Financial Services Private Limited to act as Lead Manager to the Issue.

2. Issue Agreement dated August 13, 2012 between the Company and the Lead Manager to the Issue.

3. Agreement dated November 29, 2010 between the Company and the Registrar to the Issue.

4. Agreement entered into between the Company and Mr. Utsav Dhupelia, Managing Director dated February 24, 2012.

B Documents

1. Certificate of incorporation of the Company dated October 11, 1967.

2. Memorandum and Articles of Association of the Company.

3. Consents of the Directors, Auditors, Lead Manager to the Issue, Legal Advisor to the Issue and Registrar to the Issue to include their names in the Draft Letter of Offer to act in their respective capacities.

4. Copy of initial resolution of the Board of Directors dated August 12, 2011 approving this Issue.

5. Copy of the resolution of the Board of Directors dated August 13, 2012 approving this Issue.

6. Letter dated August 13, 2012 from the Auditor of the Company confirming the Statement of Tax Benefits as disclosed in this Draft Letter of Offer.

7. The Report of the Auditors dated August 13, 2012 as set out herein in relation to the restated consolidated and standalone financial statements of the Company for the Eighteen (18) months period ended on March 31, 2012 and F.Y. ended on September 30, 2010, 2009, 2008 and 2007.

8. Audited Reports of the Company for the eighteen (18) months period ended as on March 31, 2012 and F.Y. ended as on September 30, 2010, 2009, 2008 and 2007.

9. In-principle listing approvals dated [●] from BSE.

10. Due Diligence Certificate dated [●] from the Lead Manager.

11. Tripartite agreement dated December 28, 2000 with CDSL.

12. Tripartite agreement dated January 25, 2002 with NSDL.

13. Observation Letter No. [●] dated [●], issued by SEBI for the Issue.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We, the persons mentioned herein below, as Directors or otherwise, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations and guidelines issued by Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, 1956, as amended or the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or regulations issued, as the case may be. We further certify that all statements in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY:

Bhupendra Champaklal Dalal *Non-Executive Chairman & Alternate Director to George Gonzor*	Utsav Dhupelia *Managing Director*
Milan Bhupendra Dalal *Non-Executive Director*	Dadi Engineer *Independent & Non-Executive Director*
Chaitan Maniar *Independent & Non-Executive Director*	Raymond Simkins *Non-Independent & Non-Executive Director*
Dinkarray Trivedi *Independent & Non-Executive Director*	Sriram Subramaniam *Independent & Non-Executive Director*

SIGNED BY VICE PRESIDENT (FINANCE & OPERATIONS):

Moloy Saha

Date: August 13, 2012
Place: Mumbai