

Draft Letter of Offer
Dated[*]

For the Equity Share holders of the Company only

MARAL OVERSEAS LIMITED

(Incorporated on the twenty Seventh day of January 1989, under the Indian Companies Act, 1956 as Maral Overseas Limited and received the Certificate of Commencement of Business on Seventh day of February, 1989. The registered office of the Company was shifted from New Delhi to its present location on April 15, 1994. For further details see "History of the Company and Other Corporate Matters" on page [*] of this Draft Letter of Offer.)

Registered Office: Maral Sarovar, V. & P.O. Khalbujurg, Tehsil, Kasrawad, Distt. Khargone- 451660, Madhya Pradesh
Tel.: 07285 265401 Fax: 07285 265406

Corporate Office: Bhilwara Towers, A-12, Sector-1, Noida-201301 (Uttar Pradesh)
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Contact Person: Mr. Rajat Prothi, Company Secretary and Compliance Officer
Email: maralsec@gmail.com Website:www.maraloverseas.com

Registered with Registrar of Companies, Madhya Pradesh and Chattisgarh, Sanjay Complex, Third floor, A-Block, Jayendra Ganj, Gwalior, Madhya Pradesh

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

DRAFT LETTER OF OFFER

ISSUE OF 10879000 FULLY PAID UP EQUITY SHARES WITH A FACE VALUE OF RS. 10/- EACH AT A PREMIUM OF RS. [*] PER EQUITY SHARE FOR AN AMOUNT AGGREGATING TO RS.[*] ON RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 FULLY PAID UP EQUITY SHARE FOR EVERY 2 EQUITY SHARES HELD BY THE EXISTING SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [*], 2007

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- PER EQUITY SHARE AND THE ISSUE PRICE IS [*] TIMES THE FACE VALUE.

GENERAL RISKS

Investment in Equity and Equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risk involved. The Securities offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. **Specific attention of the investors is invited to the statement of Risk Factors on Page No [*] of the Draft Letter of Offer.**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING ARRANGEMENTS

The existing Equity Shares of our Company are listed on Bombay Stock Exchange Limited (BSE), The National Stock Exchange of India Ltd (NSE), and The Calcutta Stock Exchange Association Limited (CSE). The In-principle approvals have been received from two of these Stock Exchanges for listing of the Equity Shares vide BSE's letter dated [*] and NSE's letter dated [*] respectively .The Company has already applied for voluntary delisting of its securities from CSE on October 17, 2003. For the purpose of this issue the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE



Chartered Capital and Investment Limited

SEBI Regn No.- INM000004018
13, Community Centre,
East of Kailash
New Delhi - 110 065
Tel: 011 26218274, 26419079 Fax: 011 26219491
Website: www.charteredcapital.net
Email: charteredcapital@gmail.com
Contact Person: **Mr. HEEMADRI MUKERJEA**

REGISTRARS TO THE ISSUE



MAS Services Limited

SEBI Regn No.- INR 000000049
AB-4, Safdarjung Enclave
New Delhi-110029
Tel: 011 26104142, 26104326, 26104292
Fax: 011 26181081
Website:www.masserv.com
Email: info@ masserv.com
Contact Person: Mr. N.K.Rastogi

ISSUE PROGRAMME

ISSUE OPENS ON: [*]

**LAST DATE FOR REQUEST FOR SPLIT
APPLICATION FORMS [*]**

ISSUE CLOSURES ON: [*]

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SECTION I- GENERAL

DEFINITIONS / ABBREVIATIONS

ABBREVIATIONS & TECHNICAL TERMS

In this Letter of Offer, the terms "we", "us", "our", "the Company", "our Company" or "MOL", unless the context otherwise implies, refer to Maral Overseas Limited. All references to "Rs." or "Re." or "INR" refer to Rupees, the lawful currency of India, "USD" or "US\$" refer to the United States Dollar, the lawful currency of the United States of America, references to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "Lakh" or "Lac" means "100 thousand" and the word "million" or "mn" means "10 lakh" and the word "crore" means "10 million" or "100 lakhs" and the word "billion" means "1,000 million" or "100 crores". Any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

General Terms and Abbreviations

Act/ Companies Act	The Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
AS	Indian Accounting Standard
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
Capital or Share Capital	Share Capital of the Company
CDSL	Central Depository Services (India) Limited
CSE	Calcutta Stock Exchange Association Limited
CVD	Counter Vailing Duties
DP	Depository Participant
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
DIN	Director Identification Number
EGM	Extra Ordinary General Meeting
EPS	Earning Per Share
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FERA	Foreign Exchange Regulation Act, 1973
FI	Financial Institutions
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
FY/Fiscal/Financial Year	Twelve months ending March 31 of a particular year
GIR	General Index Register
GOI	Government of India
HUF	Hindu Undivided Family
IT Act	The Income Tax Act, 1961 and amendments thereto
ITAT	Income Tax Appellate Tribunal
Indian GAAP	Generally Accepted Accounting Principles in India
MoU	Memorandum of Understanding
NAV	Net Asset Value
NBFC	Non Banking Financial Companies
NR	Non Resident

Non Resident	A person who is not a NRI, FII or a person resident in India
NRI(s)	Non Resident Indian(s)
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body
Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
PAN	Permanent Account Number
PAT	Profit After Tax
P/E	Price Earning Ratio
PLR	Prime Lending Rate
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lacs, pension funds with minimum corpus of Rs. 2500 lacs, and multilateral and bilateral development financial institutions.
R&D	Research and Development
RBI	The Reserve Bank of India
RONW	Return on Net Worth
SEBI	Securities and Exchange Board of India
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI DIP Guidelines or DIP	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 19, 2000 read with amendments issued subsequent to that date
SPV	Special Purpose Vehicle
SSI	Small Scale Industries
Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended to date
WTO	World Trade Organisation

Issue Related Terms and Abbreviations

Allotment	Issue or transfer, as the context requires, of Equity Shares pursuant to the Offer to the successful applicants as the context requires
Allottee	The successful applicant to whom the Equity Shares are being/have been issued or transferred
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Letter of Offer
Articles/Articles of Association	Articles of Association of the Company as originally framed or as altered from time to time.
Auditor	Refers jointly to:

	<p>1)M/s. Doogar & Associates, Chartered Accountants 13, Community Centre East of Kailash, New Delhi-110065; and</p> <p>2) M/s. Ashim & Associates, Chartered Accountants E-36, Greater Kailash Part-1 New Delhi- 110048</p>
Bankers to the Issue	[*]
Board or Board of Directors	Board of Directors of Maral Overseas Limited or any Committee(s) thereof
CAF	Composite Application Form
"Chartered Capital" or "Chartered" or "CCIL"	Chartered Capital And Investment Limited
Consolidated Certificate	In case of physical certificates, the Company would issue one certificate for the Equity Shares allotted to one folio
Designated Stock Exchange	The designated Stock Exchange for the Issue shall be BSE
Directors	Directors of Maral Overseas Limited from time to time, unless otherwise specified.
Equity Share(s) or Share(s)	Equity Share of the Company having a face value of Rs. 10 unless otherwise specified in the context thereof
Equity Shareholder	Investors holding the Equity Shares of the Company
First Applicant	The Applicant whose name appears first in the Application Form
Letter of Offer	Letter of Offer dated [*], 2007 as filed with Stock Exchange after incorporating SEBI comments on the Draft Letter of Offer
Issue/Rights Issue/Present Issue	Issue of Equity Shares of Rs. 10 each for cash at a premium of Rs. [*] per share on rights basis to existing Equity Shareholders of the Company in the ratio of 1 Equity Shares for every 2 Equity Shares held on the Record Date i.e. [*], 2007 aggregating Rs. [*] lacs. Total Issue would aggregate Rs. [*] lacs.
"Issuer"/"Maral Overseas Limited"/"Company"/"we"/"us"/"our"/"MOL"	Unless the context otherwise requires, refers to Maral Overseas Limited, a Company incorporated under the Indian Companies Act, 1956 having its registered office at Maral Sarovar, V. & P.O. Khalbujurg, Tehsil, Kasrawad, Distt. Khargone- 451660, Madhya Pradesh, India.
Issue Closing Date	[*]
Issue Opening Date	[*]
Issue Price	Rs. [*] per fully paid up Equity Share
Investor(s)	Means the holder (s) of Equity Shares of the Company as on the Record Date i.e. [*] and Renouncees.
Lead Managers to the Issue	Chartered Capital And Investment Ltd.
Letter of Offer	Letter of Offer dated [*] as filed with the Stock Exchange after incorporating SEBI comments on the Draft Letter of Offer

Memorandum/ MoA/ Memorandum of Association	Memorandum of Association of the Company
Promoters	Shall mean jointly HEG Limited and RSWM Limited.
Registrar to the Company	MCS Limited
Registrar/Registrar to the Issue	MAS Services Limited
Renounees	Shall mean the persons who have acquired Rights Entitlements from Equity Shareholders
Rights Entitlement	The number of Equity Shares that a shareholder is entitled to in proportion to his/her shareholding in the Company as on the Record Date.
Rights Issue	The Issue of Equity Shares in terms of this Letter of Offer.
ROC	Registrar of Companies, Madhya Pradesh and Chattisgarh, Sanjay Complex, Third floor, A-Block, Jayendra Ganj, Gwalior, Madhya Pradesh
Stock Exchange(s)	Shall refer to the BSE, CSE and NSE where the Shares of the Company are presently listed

Technical and Industry Terms and Abbreviations

ATC	Agreement on Textiles and Clothing
AT & T	Additional Excise Duty on Textiles & Textile Articles
CENVAT	Central Value Added Tax
CLCS	Credit Linked Capital Subsidy
CMC	Carboxymethyl Cellulose
CPP	Captive Power Plant
CVD	Counter Vailing Duties
DEPB	Duty Exemption Pass Book Scheme
EPCG	Scheme Export Promotion Capital Goods Scheme
EU	European Union
GATT	General Agreement on Trade and Tariff
GNP	Gross Net Profit
Kgs.	Kilogram
KW	Kilo-watt
LPG	Liquefied Petroleum Gas
LTA	Long Term Agreement regarding International Trade in Cotton Textiles
MFA	Multi Fibre Agreement
NIFT	National Institute of Fashion Technology
OECD	Organization for Economic Co-operation and Development
PFY	Polyester Filament Yarn
PVA	Polyvinyl Alcohol
PTY	Polyester Texturised Yarn
Rs.	Rupees
TCIDS	Textile Centres Infrastructure Development Scheme
TUFS	Technology Upgradation Funds Scheme

PRESENTATION OF FINANCIAL AND MARKET DATA

Financial Data

Unless indicated otherwise, the financial data as presented in this Draft Letter of Offer are derived from our audited financial statements as of March 31 for the financial years ended 2007, 2006, 2005, 2004, 2003 and the three months ended June 30, 2007 prepared in accordance with Indian GAAP and the Companies Act, 1956 and restated as per existing SEBI Guidelines as stated in the report of our statutory auditor M/s Doogar & Associates dated November 15, 2007 included in this Draft Letter of Offer.

Unless indicated otherwise, throughout this draft letter of offer, all figures have been expressed in Rs. lacs.

Unless indicated otherwise, the operational data in this Draft Letter of Offer are presented on an unconsolidated basis and refer to the operations of our Company. Our fiscal year commences on April 1 and ends on March 31 of the succeeding calendar year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. In this Draft Letter of Offer, discrepancies, if any, may be due to rounding off.

Currency of Presentation

All references to "Rupees" or "Re' or "Rs." are to Indian Rupees, the official currency of the Republic of India.

Market Data

Unless indicated otherwise, market and industry data used throughout this Draft Letter of Offer have been obtained from industry publications and governmental sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but and that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market and industry data used in this Draft Letter of Offer are reliable but not verified by any independent sources.

FORWARD LOOKING STATEMENTS

We have included statements in this Draft Letter of Offer which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "may", "shall", "project", "should", "will pursue" and similar expressions or variations of such expressions, that are "forward- looking statements".

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the textile industry in India and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, our ability to manage operational risks, our inability to procure machinery or supplies at acceptable rates, technological changes, our ability to retain management team and skilled personnel, our exposure to market risks, general economic and business conditions in India and our overseas markets, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in political conditions in India, social or civil unrest or hostilities with neighboring countries or acts of international terrorism, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see "Risk Factors" beginning on page [*] of this Draft 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 our Company, its Directors and Officers, any Member of Issue Management Team nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II- RISK FACTORS

RISK FACTORS ENVISAGED BY MANAGEMENT

An investment in Equity shares involves a high degree of risk. You should carefully consider all of the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares of the Company. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and all or part of the investment may be lost.

Internal Risk Factors and Risk Relating to Our Business

1. Outstanding Litigations and Disputes pending against the Company

There are certain litigations and disputes outstanding against both the divisions of the Company and there are also cases filed by the Company. For a detailed information on these litigations and disputes, please refer to page no. [*] of this Letter of Offer.

2. The Company has accumulated losses

The Company has accumulated losses as at June 30, 2007. The respective status for the previous five years is given as under:

(Rs. in Lacs)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007
	2003	2004	2005	2006	2007	
Profit after Taxes	419.02	(2,138.87)	233.11	87.12	(2,305.08)	(809.47)

3. The Company has reported reduced Turnover during the FY 2006

The turnover of the Company had declined from Rs. 24,864.12 in the FY 2005 to Rs. 24,522.88 in the FY 2006. This may be indicative of a declining trend in the turnover of the business.

Management Perception: The reduction in gross turnover was not due to lower production but due to a fall in selling prices. The reduction in selling prices was commensurate with the fall in the raw material prices. The Textile Division had also opted for the zero duty excise rates which led to the reduction in gross turnover in the FY 2006.

4. Volatility In Raw Material Prices

The price of Cotton, a key raw material for the Company's production is susceptible to volatility and forms a major portion of the total cost of production. The Company has not entered into any firm arrangements with any party for supply of key raw materials like cotton and polyester staple fibre. Any upward fluctuations in their prices or unavailability may affect the Company's financial performance and operations.

Management Perception : The Company normally ties up the supplies of cotton for the whole year which hedges the risk of any shortfall in the supply of cotton. Moreover, with the introduction and success of BT cotton seed in India, the yield of cotton is better and hence the volatility in raw material price has been mitigated to a great extent. (Source : Foundation for Biotechnology Awareness and Education).

The Company can also import Cotton if the prices are competitive/cheaper than the domestic market.

5. The Contingent Liabilities of the Company as on June 30th 2007, as certified by the Auditors, for which the Company has made no provisions are as follows:

(Rs. In Lakhs)

Particulars	For the Qtr ended 30th June 2007
Contingent liabilities not provided	
for in respect of :	
1 - Counter guarantees given in respect of Guarantees given by the company's bankers	28.04
2- Duties & tax liabilities disputed by the company	
Income Tax Act	38.31
Central Sales Tax Act	8.22
Central Excise Act	237.91
Madhya Pradesh Upkar Adhinyam	366.76
3- Claims against the company not acknowledge as debts	
Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	1,578.56
Bills discounted with banks	2,292.49
Total	4,550.29

6. Non-Compliance with TUFs conditions shall make the Company ineligible for interest subsidy and render the loans uncompetitive

Most of the machinery installed or to be installed is financed under the TUF scheme of Ministry of Textiles wherein IDBI, EXIM Bank and Central Bank of India are the main nodal agencies for the textile industry, which specifies certain conditions. Inability to comply with these conditions shall make the Company ineligible for interest subsidy and render the loans uncompetitive thereby adversely impacting the financials of the Company.

Management Perception: The Company has availed loans under the TUF scheme for its earlier projects and is fully aware of the rules and regulations and is confident of ensuring compliance with them.

7. Foreign Exchange Risk on account of pending imports

The Company places orders for import of raw materials, stores & spares. As a result, the Company is exposed to foreign exchange risk to the extent of pending imports/orders, which may also result in a delay in supplies to the customers as per the contract stipulations with them.

Management Perception: The foreign exchange risk is mainly with respect to the export of finished goods and import of raw materials and stores & spares. The company follows a hedging policy to a large extent with respect to exposure to foreign currency risks, on a consistent basis.

8. The business of the Company is dependent on its manufacturing facilities to a large extent. The loss of or shutdown of operations at any of the manufacturing facilities may have a material adverse effect on the business, financial condition and results of operations of the Company

The existing and proposed manufacturing facilities of the Company are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural calamities, 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 operating results of the Company.

9. The Company success depends in large part upon its management team and skilled personnel and its ability to attract and retain such persons

Company's future performance may be affected by the discontinuation of service of its management team and skilled personnel. The Company may face a challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as it continues to grow. Retention of personnel leaves companies with rising wages bills threatening cost advantages. There is also significant competition for managerial and other skilled personnel in this industry, and it may be difficult to attract and retain the personnel that the Company needs in the future. The loss of key personnel may have an adverse effect on the business of the Company, results of operations, financial condition and its ability to grow.

Management Perception: The Company has generally been able to retain its employees during the last few years. The turnover ratio of the staff is negligible in the Company over a decade.

10. Competition from Foreign players

With the liberalization of the Indian economy, foreign multinational companies are expected to set up large infrastructures for manufacturing textiles in the country threatening the existence of local manufacturers with old and obsolete technology.

Management Perception: The Company with its state of art plant and machinery is well positioned to face the competition from the foreign players. The expertise built over the years in terms of procurement of raw materials, manufacturing, personnel management, ethical business policy, marketing and distribution network will hold the Company in good stead in future.

11. Cheap substitutes and imports may affect the business

The textile industry is highly fragmented with the unorganized sector forming a significant portion, which leads to cheaper products entering the market. Also with the reduction in trade barriers there is an increase in imports of cheaper products which pose a competition to the existing domestic organized players. This may directly impact the Company's operations.

Management Perception: Cheaper and substandard products are prevalent in every market segment. These products cater to a different segment of the market and do not impact the Company's market share. With growing preference of the customers for branded/better quality products, there is an assured market for the products of the Company. Also, the Company is investing in technology which gives an edge over the cheaper substitutes by way of consistent better quality, flexibility and higher productivity.

12. Increase in the cost of borrowing

Any fluctuation in the interest rates payable by the Company on its borrowings may adversely affect its financial performance.

Management Perception : Most of the existing and proposed loans are benchmarked to the Bank's PLR and carry a pre-payment option also. In an adverse interest rate scenario, the Company may choose to prepay its high cost debt. However, the Company expects a stable interest rate regime, in view of the Government of India's economic policies. Moreover, in view of its existing relationships with banks/financial institutions and its excellent track record, the Company is confident of arresting any downside that may arise on account of change in interest rates.

13. Restrictive covenants

The Company is subject to usual and customary restrictive covenants in agreements that it has entered into with various banks for short-term loans and long-term borrowings. These restrictive covenants require the Company to seek the prior permission of the banks for various activities, including amongst others, alteration of the capital structure, raising of fresh capital, incurring expenditure on new projects, entering into any merger / amalgamation / restructuring, change in management etc. These restrictive covenants may affect the smooth functioning of the Company.

Management Perception: Though these covenants restrict the operations of the Company, to a certain extent they also ensure financial discipline and help the Company in the long run in improving its financial performance.

14. Non-payment of Annual Listing Fees to CSE.

The Company has not been paying the Annual Listing fees to CSE since the FY 2004-05. This is in violation of the terms of the listing agreement. The Company is liable to pay such fees whenever called upon to do so in connection with the application for voluntary delisting of its securities from the CSE vide its application dated October 11, 2003.

Management Perception: The Company has not been paying the listing fees as it has already applied for voluntary delisting of its securities in the year 2003. On non-receipt of the delisting permission and any kind of correspondence over a period of four years, the Company has decided to pay the fees finally at the time of the delisting of its securities.

15. Common managerial personnel between the Lead managers and one of the Statutory Auditors of the Company

Mr. M.K. Doogar, Director, Chartered Capital and Investment Limited, is also a senior partner with one of the Statutory Auditors of the Company, M/s. Doogar & Associates, Chartered Accountants.

EXTERNAL RISK FACTORS

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

The Indian economy has shown sustained growth over the last few years with GDP growing at 8.1% in fiscal 2006, 6.9% in fiscal 2005, 8.5% in fiscal 2004 and 4.0% in fiscal 2003. Industrial growth was 8.0% in fiscal 2006, 7.4% in fiscal 2005, 6.6% in fiscal 2004 and 6.6% in fiscal 2003. In its monetary policy statement announced on April 18 2006, the RBI forecast GDP growth for fiscal 2007 to around 7.5% to 8.0% and year-end inflation rate from 5.0% to 5.5%. Any slowdown in the growth of the Indian economy could adversely affect the financial performance.

2. All Indian textile exporters face threat of competition from countries like China, Pakistan, Bangladesh and such other countries that enjoy similar benefits as India in terms of low cost labour, raw material etc.

After the phasing out of the Multi Fibre Agreement, the quotas imposed on various countries for exporting garments have been removed. As a result low cost producers of textiles and garments in the world have the advantage of being able to export whatever quantities are produced in their domestic economies at competitive costs. This has lured the low cost producers like India, China, Pakistan and Bangladesh into increasing their production facilities and stepping up production to meet the growing demand for low cost products from these countries. Thus exporters in India face competition from the other low cost manufacturers in the world, especially China, which has huge production capacities and thus has higher cost advantage.

3. Probable opposition to sourcing textiles and apparel from India.

There is a concern in the US over the domestic textile industry being rendered uncompetitive in face of the mounting competition from the cheap garments being exported from China into the country. As a result, there have been restrictions imposed by the US on cheap imports of textiles and garments from China in order to protect the domestic industry. This could be an indication of similar restrictions being laid on other exporters like India in future.

4. A significant change in the regulatory environment could disrupt the business and cause the price of the Equity Shares to decline.

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

5. Taxes and other levies imposed by the Government of India or other state governments, as well as other financial policies and regulations, may have a material adverse effect on the business, financial condition and results of operations.

Taxes and other levies imposed by the central or state governments in India that affect the industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. Currently the Company benefits from certain tax benefits that result in a decrease in the effective tax rate compared to the tax rates that it estimates would have applied if these incentives had not been available. There can be no assurance that these tax incentives will continue in the future. The non-availability of these tax

incentives could adversely affect the financial condition and results of operations. Several state governments in India have recently introduced a value added tax regime. The impact of the introduction of the value added tax regime on the business and operations would depend on a range of factors including the rates applicable and the exemptions available. Currently, the impact of the value added tax regime on the business and operations cannot be ascertained. However the VAT looks beneficial to the industry.

6. Effect of natural calamities

Natural disasters could disrupt the operations and result in loss of revenues and increased costs. The plants are vulnerable to man-made and natural disasters such as, explosions, earthquakes, storms and floods as well as to terrorist attacks or other enemy actions. The occurrence of a man-made or natural disaster, terrorist attack, enemy action or other accidents could disrupt the operations of our plant and result in loss of revenues and increased costs.

7. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

8. After this Issue, the prices of MOL's equity shares may be volatile, or an active trading market for MOL's equity shares may not develop.

The price of MOL's equity shares in Indian stock exchanges may fluctuate after this Issue as a result of several factors, including:

- . Volatility in the Indian and Global securities market;
- . The results of its operations and performance and Perceptions about its future performance;
- . Performance of competitors and market perception of investments in the industry;
- . Adverse media reports on MOL or on the Indian Textile industry;
- . There can be no assurance that an active trading market for the equity shares will develop or be sustained after this Issue,

or that prices at which MOL's equity shares are initially offered will correspond to the prices at which MOL's equity shares will trade in the market subsequent to this Issue. MOL's share price could be volatile and may also decline.

Notes:

i. Net worth of the Company as on June 30th 2007 is Rs. 5984.81 Lacs.

ii. Issue of 10879000 Equity Shares of Rs.10/- each for cash at a Premium of Rs. [*] per Equity Share aggregating Rs. [*] Lacs to the existing Equity Shareholders of the Company on a Rights Basis in the ratio of one Equity Share for every two Equity shares held by the Equity Shareholders on the Record date i.e. [*] 2007. The Face Value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price of Rs. [*] per share is [*] times of the Face Value.

iii. Book Value of the Equity Shares of the Company as on March 31 2007 is Rs. 31.20 per Equity Share.

iv. Investors are advised to refer to the paragraph on Basis for Issue Price on page no. [*] before making an investment in the issue.

v. Investors may note that in case of over subscription, the allotment shall be as per the procedure stated under the Para Basis of Allotment given on page no. [*].

vi. The investors are advised to refer the Paragraph on promoter's background and past financial performance of the Company before making an investment in the proposed issue.

vii. There are no relationships with statutory auditors to the Company other than auditing and certification of financial statements except as mentioned in the section Risk Factors on page [*] of the Draft Letter of Offer.

viii. For the Contingent Liabilities not provided for as on 30th June, 2007, please refer to page no. [*] of this Draft Letter of Offer.

ix. Investors may contact the Lead Manager or the Compliance Officer for any complaint/clarification/information pertaining to the Issue.

x. In accordance with Accounting Standard 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, the Company has compiled the required information as per details provided on page no. [*] of this Draft Letter of Offer.

xi. All information shall be made available by the LM and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.

SECTION III- INTRODUCTION

BUSINESS SUMMARY

This is only a summary and does not contain all information that you should consider before investing in our Equity shares. You should read the entire Draft Letter of Offer, including the information on "Risk Factors" and our Financial Statements and related notes appearing elsewhere in this Draft Letter of Offer, before deciding to invest in our Equity shares

Overview Of Textile Industry

Global Scenario:

The Textile industry is the second largest industry in India contributing about 20% of the total industrial output and 8% of the GDP. About 31.07% of the country's exports earning is contributed by textile and clothing industry.

The global textile trade in 2005 was USD 395 billion. At USD 395 billion, global textile trade contributes 5.4% of the total international trade. The industry is highly fragmented in terms of geography and size. There has also been a traditional divide between the various segments of the Industry. [Source: WTO International Trade Statistics Book-2004]

Because of labour intensive nature of the textile industry, in last fifty years the industry has shifted its base several times and concentrated to those countries, which offered most competitive labour cost structure. Developed countries such as USA and the EU have started downsizing capacities in view of their higher cost of manufacturing compared to countries such as India, Pakistan, China and Indonesia. The relocation is also on account of environmental concerns. This is expected to provide developing countries with an opportunity to penetrate US and EU markets and enhance their export share in these markets.

However, the migration of textile capacity will be influenced by objective competitive factors and will be hampered by presence of distorting domestic measures and weak infrastructure of the developing countries. With the implementation of Agreement on Textiles and Clothing (ATC) all trade barriers both tax and non-tax imposed by the developed countries on imports from developing countries has come to an end with effect from January 1, 2005 giving way for free trade regime in global textile trade. This has opened the way for the most competitive developing countries to develop stronger clusters of textiles. Developing countries having both downstream and upstream facilities in textiles may be able to prosper in the new competitive environment.

Indian Scenario:

The Indian domestic textile industry is characterized by highly fragmented producers who sell unbranded products to consumers directly. With rising disposable incomes and the emergence of the organized retail sector, the branded textiles business is expected to become an increasingly important part of the Indian domestic market. The Indian textile industry is focusing on adding value by developing skills and manufacturing products across various segments of the global textile and apparel markets. This is an attempt to differentiate Indian from Chinese textile production, where the focus is on volumes and lower prices.

The size of the domestic textile market is estimated at US\$25 billion, with imports forming about 5% of the market size. Textile exports contribute substantially to India's export earnings. In fiscal 2005, textile exports contributed 16.24% of the total export earnings of the country, aggregating US\$13 billion. The WTO agreements, low costs of production, availability of abundant domestic cotton supply and availability of skilled labor have combined to enhance the prospects for India's textile companies. The export basket includes a wide range of items, including cotton yarn and fabrics, man-made yarn and fabrics, wool and silk fabrics, made-ups, and a variety of garments.

(Source: Ministry of Textiles, Government of India, Annual Report, 2005-2006, available at <http://texmin.nic.in/annualrep/arep.htm>).

Textiles account for 16.24% of India's overall exports. The textile industry accounts for nearly 4.0% of India's gross domestic product and provides 35 million jobs, making it the second largest employment provider in India, after agriculture

(Source: Ministry of Textiles, Government of India Annual Report 2005-2006, available at

<http://texmin.nic.in/annualrep/arep.htm>).

India's competitive advantage lies in its ability to offer a strong presence and production capabilities across the entire textile value chain, from fiber production to garment manufacturing. India is well positioned to benefit from the textile outsourcing trend given the outlook for demand and fresh investments in textile technology and production capacity. Large organized producers have in particular benefited from the textile outsourcing trend as large retailers look to source higher value textile business to India. Many of the larger Indian textile manufacturers have also started to work directly with international retailers, which has led to industry consolidation and limited economies of scale becoming apparent in India.

Indian Readymade Garment Industry

The term "readymade garments" ("RMG") refers to ready-to-wear apparel, including shirts, trousers, T-shirts, jeans, ladies' dressers (Indian apparel such as churidars, kurtas, and salwar-kameez), and hosiery items such as socks and inner wear. Items such as dhotis, lungis and saris have been excluded, despite their being ready-to-wear apparel, because they do not require any significant value-addition post fabric-processing (Source: CRIS INFAC Readymade Garments Annual Review, December 2005).

The total domestic sales of RMG in India in 2004-05 has been estimated to be Rs.620 billion (US\$14.1 billion) excluding the sales of saris and dhotis. Domestic apparel sales are expected to grow at a CAGR of 10-11% from the current level of Rs.620 billion (US\$14.1 billion) in 2004-05 to nearly 1,000-1,050 billion (US\$22.7- 23.9 billion) in 2009-10. (Source: CRIS INFAC Readymade Garments Annual Review, December 2005).

The export market can be subdivided on the basis of raw material from which the apparel is manufactured into RMG made from cotton, man-made fibers, silk, wool and other materials. The largest segment in the exports market is the RMG made from cotton; the exports from this segment amounted to Rs.212 billion (US\$4.8 billion) out of total garment exports of Rs.280 billion (US\$6.4 billion), thus accounting for nearly 75% of the apparel exports from India. (Source: CRIS INFAC Readymade Garment Annual Review, December 2005).

The export market can also be subdivided on the basis of geographical area into the US, the EU and other countries. RMG exports were largely sent to the US and the EU, which together accounted for nearly 80% of the total RMG exports from India. (Source: CRIS INFAC Readymade Garments Annual Review, December 2005).

Cotton Yarn and Fabric

India is the third largest cotton yarn producer with a 12% share (based on 2004-05 production), behind China and the US. The markets for cotton yarn can be classified into the domestic market and the export market. The domestic demand can be classified into demand from end-products (apparels, made-ups and fabrics) that are consumed domestically and demand from end-products that are exported. The former can be termed as net domestic demand and the latter can be termed as derived demand from exports. The derived export demand accounts for around 50% of the domestic cotton yarn consumption. The domestic demand is affected by prices and availability of cotton yarn as well as competition from synthetic and blended yarns. (Source: CRIS INFAC Cotton Yarn Annual Review, May 2006).

Cotton Yarn and Fabric Production in India

Domestic cotton yarn production has increased from 1,894 million kg in 1995-96 to 2,434 million kg in 2005-06. During the same period the domestic fabric production increased at a CAGR of 4% from 31.46 billion sq meters to 47.04 billion sq meters. However, cotton fabric production increased at a modest CAGR of 1% from 18.9 billion sq meters to 20.65 billion sq meters, and thus its overall share in the total fabric production fell from 60% in 1995-96 to 46% in 2004-05. The reason for such modest growth was intense competition from polyester yarns which became more price-competitive after the gradual reduction for excise duty (Source: CRIS INFAC Cotton Yarn Annual Review, May 2006).

The demand for cotton yarn is expected to increase at a CAGR of 7.3% from around 2,420 million kg in 2005-06 to 3,446 million kg in 2010-11. The demand derived from domestic clothing and non-clothing sales (derived domestic demand) is expected to have a CAGR of 7.8% during 2005-06 to 2010-11; whereas the demand derived from apparel, made-ups and fabric exports (derived export

demand) is expected to grow at a CAGR of 14.2% during the same period. Direct yarn exports will have a negative growth of around 2% per annum until 2010-11. From 1995-96 to 2004-05, cotton yarn exports witnessed a CAGR of 6.9%, augmenting from 263 million kg in 1995-96 to 417 million kg in 2004-05 (*Source: CRIS INFAC Cotton Yarn Annual Review, May 2006*).

On the basis of the current spinning capacities, operating units, capacity utilization rates and the estimated demand growth for spun yarn, investments worth around Rs.300 billion are expected to be made in the Indian spinning industry between 2005-06 and 2010-11, and around 15.5 million new spindles are expected to be added during this period. Of this, Rs.225 billion is estimated to be invested in plant and machinery itself. Out of the Rs.300 billion, Rs.170 - 180 billion is expected to be borrowed, if the current debt-equity ratio of 1.4 times is maintained (*Source: CRIS INFAC Cotton Yarn Annual Review, May 2006*).

The spinning industry is the most modern and internationally competitive segment of India's textile industry. There are 37.5 million spindles and 520,000 rotors installed in the Indian textile industry. Of these 9.8 million spindles and 54,600 rotors are closed (non-operational). The effective operating capacity of the Indian spinning industry is 27.6 million spindles and 465,400 rotors that produce 3,411 million kg of spun yarn. The average productivity per spindle is nearly 130-140 kg of yarn per annum. The capacity utilization of the spinning industry has been improving over recent periods. Operating rates (based on the operational capacities) have improved from 74.2% in 2001-02 to 84.8% in 2005-06 (*Source: CRIS INFAC Cotton Yarn Annual Review, May 2006*).

OUR BUSINESS

Maral Overseas Ltd. (Maral) is a vertically integrated textile operation. It is a part of the LNJ Bhilwara group, one of the oldest textile groups in India. The Group's textile empire is complemented by high technology sectors of power generation, graphite electrodes and IT services. The group was founded by Mr. L N Jhunjhunwala in the year 1961. Today, the group enjoys a global presence. The Group employs a large workforce and owns 20 modern production units positioned at strategic locations across the country. The group is a diversified and multifaceted conglomerate with a turnover of over Rs. 2800 crores. The business interest ranges across Textile Spinning, Weaving, Knitting, Processing, Readymade Garments and extends to Graphite Electrodes, Sponge Iron and Hydel Power Generation.

Maral started its commercial production in the year 1992 by setting up 20,160 spindles cotton spinning, which has gradually increased to 75,360 spindles. Maral later diversified its product line and included knitted fabrics, knit wears and ready-mades in its product portfolio. Manufacturing units of the Company are located at Sarovar (M.P.) and Noida (U.P.).

Maral carries forward the LNJ Bhilwara traditions of ethical business practices, complete social compliance and total commitment to quality. The Company's core strengths is – modern technology; excellent customer service, quality systems and quality relationships which are reinforced by the core values of LNJ Bhilwara group that get reflected in its value-based management and total commitment to its workforce, the society and above all, to all its customers.

The Company achieved a turnover of Rs. 291.71 Crore during the financial year ended 31st March 2007 from the following activities:

Spinning

Maral produces Cotton Ring Spun Yarns for knitting with an installed capacity of 75360 spindles. It also produces double yarns for knitting and weaving, besides special high value yarns like compact, organic fair-trade, slub and core spun lycra yarns. The spinning section is equipped with modern machinery from Rieters of Switzerland, Autoconers from Schlafhorst, Germany, TFO and linkcovers from Murata of Japan. Stringent controls are kept over the quality and the R&D lab has latest generation testing instruments for analyzing and monitoring. The Company has also set up a 4 Tons per day yarn dyeing plant with Thies dyeing machines, and RF dryer from Stalam and its winding on SSM.

Knitting

Maral entered the processed knitted fabrics market in 1997. Maral uses high speed knitting machines from Fukuhara, Mayer & Cie and Pilotelli. The Company has a system of thorough

quality check on all fabrics for the removal of any contamination and other defects from the knitted fabrics.

Dyeing and Processing

The Company has set up an ultra modern process house comprising of latest soft flow dyeing from Scalavos, Greece. These machines are capable of dyeing polyester, nylon, lycra, tencel, modal, viscose besides cotton and all their blends. The finishing equipment is from Santex, Switzerland and Brueckner, Germany. These machines are capable of finishing fabrics both in tabular and open- width while maintaining shrinkage within Limits. Total capacity of Processing Fabrics is 500 Tons.

Garment Division

Garment Division is equipped with latest GGT CAD/ CAM computerized pattern laying and cutting machines, sewing machines from Juki and Pegaous, Japan, and with other equipment like, Stain remover, Needle Detector and Automatic Pocket Creasing machines etc. It has production capacity of 6,00,000 pieces per month. It produces Knitted garments in the Leisurewear, Casualwear, Nightwear and Sportwear categories. It's fully equipped to meet all the needs of hanger packed shipments and value added garments. Specialised washes using Pigment/Reactive/Sulphur Dyes on knit Garments, hand embellished tops using Sequin/Beads/ Crochet/Ari-Emb. besides machine embroidered logos and Overall/Rotary prints, Heat Transfers, Placement prints using Pigment, Discharge dye stuff and tie n dye – are the other offerings from Maral's garments section.

THE ISSUE

Pursuant to the resolutions passed by the Board of Directors of the Company at its meetings held on July 30, 2007 and October 30, 2007 it has been decided to make the following offer to the Equity Shareholders of the Company.

Equity Shares proposed to be issued by the Company	10879000
Rights Entitlement	One fully paid up Equity Share for Two fully paid up Equity Shares held on record date.
Record Date	[*]
Issue Price per Equity Share	[*]
Equity Shares outstanding prior to the Issue	21758000
Equity Shares outstanding after the Issue	32637000
Terms of the Issue	For more information, see "Terms of Issue" on page [*] of this Draft Letter of Offer.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following summary financial and operating information is derived from our restated financial statements as of for the fiscal years ended March 31, 2007, 2006, 2005, 2004, 2003 and also the quarter ending June 30, 2007 as described in the Auditor's Report in the section titled "Financial Statements" beginning on page [*] of this Draft Letter of Offer. These Financial statements have been prepared in accordance with the Indian GAAP, the Companies Act, 1956 and have been restated as required under SEBI Guidelines.

The summary financial and operating information presented below should be read in conjunction with the financial statements, the notes thereto included in the sections titled "Financial Statements" and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages [*] & [*], respectively, of this Draft Letter of Offer.

STATEMENT OF PROFITS AND LOSSES

SUMMARY STATEMENT OF ASSETS & LIABILITIES (RESTATED)							Annexure - I
							(Rs. In Lakhs)
Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007	
	2003	2004	2005	2006	2007		
A Fixed Assets							
Gross Block	27,402.47	28,104.07	28,620.22	33,739.11	34,341.58	34,529.75	
Less: Depreciation	10,471.68	12,400.62	14,477.37	15,629.42	16,747.72	17,181.79	
Net Block	16,930.79	15,703.45	14,142.85	18,109.69	17,593.86	17,347.96	
Capital Work in Progress	283.02	187.23	896.75	917.46	8,414.76	10,857.52	
Total Fixed Assets	17,213.81	15,890.68	15,039.60	19,027.15	26,008.62	28,205.48	
B Investments	30.61	11.90	17.76	11.91	13.79	13.79	
C Deferred Tax Assets	0.00	0.00	0.00	0.00	154.27	115.70	
D Currents Assets , Loans and Advances							
Inventories	7,116.60	7,257.74	6,644.64	9,202.87	7,808.32	6,782.13	
Sundry Debtors	2,666.50	1,662.17	2,404.62	1,737.79	2,267.88	1,850.88	
Cash & Bank Balance	242.62	427.13	302.93	297.06	941.82	194.21	
Loans and Advances	1,726.21	1,370.16	2,338.06	2,740.84	3,166.99	3,398.31	
Total Current Assets	11,751.93	10,717.20	11,690.25	13,978.56	14,185.01	12,225.53	
E Total Assets(A+B+C+D)	28,996.35	26,619.78	26,747.61	33,017.62	40,361.69	40,560.50	

F	Liabilities and Provisions						
	Loan Funds:						
	Secured loans	13,324.72	13,507.82	14,830.82	20,339.63	27,830.55	27,117.25
	unsecured Loans	0.00	526.31	340.70	500.00	1,975.00	1,975.00
		13,324.72	14,034.13	15,171.52	20,839.63	29,805.55	29,092.25
	Current Liabilities & Provisions						
	Sundry Liabilities	2,151.96	2,226.23	1,578.78	1,770.72	3,587.96	5,325.95
	Provisions	212.51	216.71	195.16	209.50	179.61	157.49
	Deferred Tax Liabilities -net	3,069.42	1,781.15	1,451.29	1,127.20	0.00	0.00
		5,433.89	4,224.09	3,225.23	3,107.42	3,767.57	5,483.44
	Total Liabilities and Provisions	18,758.61	18,258.22	18,396.75	23,947.05	33,573.12	34,575.69
G	Net Worth (E-F)	10,237.74	8,361.56	8,350.86	9,070.57	6,788.57	5,984.81
	Represented by						
H	Shareholders						
	Share Capital	2,053.28	2,053.28	2,053.28	2,175.80	2,175.80	2,175.80
	Reserve and Surplus	8,681.74	6,542.87	6,370.33	6,947.51	4,642.43	3,832.96
	Less: Miscellaneous Expenditure to the extend not written off	497.28	234.59	72.75	52.74	29.66	23.95
	Net Worth	10,237.74	8,361.56	8,350.86	9,070.57	6,788.57	5,984.81

STATEMENT OF ASSETS AND LIABILITIES

SUMMARY STATEMENT OF PROFITS & LOSSES (RESTATED)							(Rs. In Lakhs)
Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007	
	2003	2004	2005	2006	2007		
Income							
Of Product manufactured & purchased by the company	26,574.48	23,824.32	24,864.12	24,522.88	28,991.88	7,564.46	
Other Income (Recurring)	339.12	709.62	383.93	495.46	514.83	51.06	
Sub Total	26,913.60	24,533.94	25,248.05	25,018.34	29,506.71	7,615.52	
Increase/ (Decrease) in Inventory	1,034.49	(1,355.07)	1,154.81	935.74	(637.56)	(201.39)	
Total Income	27,948.09	23,178.87	26,402.86	25,954.08	28,869.15	7,414.13	
Expenditure							
Raw Materials & Goods consumed	14,479.54	13,274.45	13,770.15	12,903.83	15,634.69	4,365.03	
Staff Costs	2,724.49	3,135.91	3,522.76	3,866.57	3,247.87	824.74	
Other Manufacturing Expenses	4,922.53	4,404.32	4,164.99	5,016.10	6,113.23	1,429.35	
Selling & Distribution Expenses	2,009.15	2,296.06	2,025.71	1,555.22	1,860.19	560.40	
Interest & Finance Charges	1,233.22	1,205.66	1,021.61	1,209.02	1,698.03	502.89	
Depreciation / Amortization	1,920.01	2,026.92	1,635.47	1,555.30	1,615.85	490.33	
Misc. Expenses w/off	283.40	262.69	129.00	30.01	23.07	5.72	
Total Expenditure	27,572.34	26,606.01	26,269.69	26,136.05	30,192.93	8,178.46	

Profit before tax & Exceptional items	375.75	(3,427.14)	133.17	(181.97)	(1,323.78)	(764.33)
Exceptional Items (Net of Tax)	0.00	0.00	0.00	0.00	2,224.53	0.00
Profit before Tax without adjustments	375.75	(3,427.14)	133.17	(181.97)	(3,548.31)	(764.33)
Profit before tax after adjustments	375.75	(3,427.14)	133.17	(181.97)	(3,548.31)	(764.33)
Provision for taxes						
- Current tax	0.00	0.00	3.00	55.00	38.24	6.57
- Deferred tax	(43.27)	(1,288.27)	(102.94)	(324.09)	(1,281.47)	38.57
Profit after Taxes	419.02	(2,138.87)	233.11	87.12	(2,305.08)	(809.47)
Add : Surplus brought forward from previous year	904.75	766.44	(1,372.43)	(1,139.32)	(1,052.20)	(71.11)
Transfer to Capital Redemption Reserve	500.00	0.00	0.00	0.00	0.00	0.00
Transfer to/ from General Reserve	50.00	0.00	0.00	0.00	(3,286.17)	0.00
Proposed Dividend on Preference shares	7.33	0.00	0.00	0.00	0.00	0.00
Balance Carried to Balance Sheet	766.44	(1,372.43)	(1,139.32)	(1,052.20)	(71.11)	(880.58)

GENERAL INFORMATION

MARAL OVERSEAS LIMITED

Incorporation

Our Company was originally incorporated as Maral Overseas Limited on 27th of January, 1989 with the Registrar of Companies, Delhi and Haryana. We obtained the Certificate of Commencement of Business on 7th February, 1989.

Registered Office: Maral Sarovar, V. & P.O. Khalbujurg, Tehsil, Kasrawad, Distt. Khargone- 451660, Madhya Pradesh

Tel.: 07285 265401-5 **Fax:** 07285 265406

Corporate Office: Bhilwara Towers, A-12, Sector-1, Noida-201301 (Uttar Pradesh)
Tel.: +91 120 2541810, 4390300 **Fax:** +91 120 2531648, 2531745

Email: maralsec@gmail.com **Website:** www.maraloverseas.com

Address of Registrar of Companies:

Registered with Registrar of Companies, Madhya Pradesh and Chattisgarh, Sanjay Complex, Third floor, A-Block, Jayendra Ganj, Gwalior, Madhya Pradesh.

Company Registration Number: 10-8255

Corporate Identity Number of Company: L17124MP1989PLC008255

Changes in the Registered Office since incorporation

Originally the registered office of the Company was situated at S-466, Greater Kailash-II, New Delhi-110048. Thereafter, with effect from May 28, 1990 it was shifted to Bhilwara Bhawan, 40-41, Community Centre, New Friends Colony, New Delhi-110065 and with effect from April 15, 1994 it was relocated to Maral Sarovar, V. & P.O. Khalbujurg, Tehsil, Kasrawad, Distt. Khargone- 451660, Madhya Pradesh.

Dear Shareholder(s),

Pursuant to the resolutions passed by the Board of Directors of the Company at its meeting held on July 30 2007 and October 30 2007 it has been decided to make the following offer to the Equity Shareholders of the Company, with a right to renounce:

ISSUE OF 10879000 FULLY PAID UP EQUITY SHARES WITH A FACE VALUE OF RS. 10/- EACH AT A PREMIUM OF RS.[*]/- PER EQUITY SHARE FOR AN AMOUNT AGGREGATING TO RS.[*] ON RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 FULLY PAID UP EQUITY SHARE FOR EVERY 2 EQUITY SHARES HELD BY THE EXISTING SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [*].

Investors please note:

In the reasonable opinion of the Board, there are no circumstances that have arisen since the date of the last financial statement disclosed in this Letter of Offer, that materially or adversely affect or are likely to affect the performance or profitability of the Company or value of its assets or its ability to pay its liabilities within the next twelve months.

Important

1. This Issue is applicable only to those shareholders whose names appear as beneficial owners as per the list to be furnished by Depositories in respect of the Equity Shares held in the electronic form and on the register of members of the Company in respect of the Equity Shares held in physical form at close of business hours on [*], i.e. the Record Date.
2. Shareholders' attention is drawn to Risk Factors appearing on page no [*] to [*] of this draft Letter of Offer.

3. Please ensure that the CAF is received with the abridged version of this Letter of Offer.
4. Please read this 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 Letter of Offer and must be carefully followed. The application is liable to be rejected if it is not in conformity with the terms of this Letter of Offer and/or the CAF.
5. All enquiries in connection with this Letter of Offer or CAF should be addressed to the Registrars to the Issue viz. MAS Services Limited, quoting the registered folio number/DP ID/client ID number and the serial number of the CAF and his/her full name and address.
6. In case the original CAF is not received, lost or misplaced by the shareholder, the Registrars/Company will issue a duplicate CAF on the request of the shareholder who should furnish the registered folio number/DP ID/client ID number and his/her full name and address to the Registrars/Company. Please note that those applicants who are making the application in the duplicate CAF should not utilize the original CAF for any purpose including renunciation, even if it is received/found subsequently. In case the original and the duplicate CAFs are lodged for subscription, both the applications will be rejected.
7. The Issue will be kept open for a minimum period of 30 days. If extended, it will be kept open for a maximum period of 60 days.
8. The Lead Managers 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 the draft Letter of Offer with SEBI/Stock Exchange.
9. The Lead Manager and the Company shall update the Letter of Offer and keep the public informed of any material changes till the listing and trading commences.
10. All the legal requirements as applicable till the filing of the Draft Letter of Offer with the Designated Stock Exchange have been complied with.

Board of Directors

The Company is presently managed by its Board of Directors comprising of Six Directors. The day to day affairs of the Company are being managed by Mr. Shekhar Agarwal, its Managing Director. The Board comprises of:

S. NO	NAME OF DIRECTOR	DESIGNATION	STATUS	DIRECT OR IDENTIFICATION NUMBER (DIN)	ADDRESS
1.	Mr. Lakshmi Niwas Jhunjunwala	Chairman Emeritus	Promoter-Non Executive	00150180	63, Friends Colony (East) New Delhi - 110 065
2.	Mr. Ravi Jhunjunwala	Chairman	Promoter-Non Executive	00060972	63, Friends Colony (East) New Delhi - 110 065
3.	Mr. Shekhar Agarwal	Managing Director	Promoter-Executive	00066113	7, Sadhna Enclave New Delhi - 110 017
4.	Dr. Kamal Gupta	Director	Independent -Non Executive	00038490	House No. N-23, Sector - XI NOIDA - 201 301 (U. P.)
5.	Mr. Priya Shankar	Director	Independent -Non	00012552	New Delhi Law Offices, Rajendra

S. N O	NAME OF DIRECTOR	DESIGNATION	STATUS	DIRECT OR IDENTIFICATION NUMBER (DIN)	ADDRESS
	Dasgupta		Executive		Bhawan, 5th Floor, 210, Deen Dayal Upadhyay Marg, NEW DELHI - 110 002.
6.	Mr. Dharmendar Nath Davar	Director	Independent -Non Executive	00002008	B 5/82, Safdarjung Enclave New Delhi - 110 029

For further details of our Board of Directors, see the section titled "Our Management" appearing on page [*] of this Draft Letter of Offer.

Company Secretary and Compliance Officer

Mr. Rajat Prothi
Maral Overseas Limited
Bhilwara Towers
A-12, Sector-1
Noida-201301 (Uttar Pradesh)
Email: maralsec@gmail.com
Tel.: +91 120 2541810, 4390300
Fax: +91 120 2531648, 2531745

The Investors are requested to contact the Compliance Officer for any pre-issue/post-issue questions or information, including letter of allotment, refund orders, demat credits of allotted shares etc.

Lead Managers To The Issue

Chartered Capital and Investment Limited
SEBI Regn No.- INM000004018
13, Community Centre,
East of Kailash
New Delhi - 110065
Tel: 011 26218274, 26419079
Fax: 011 26219491
Email: charteredcapital@gmail.com

Contact Person: Mr. Heemadri Mukerjea

Legal Advisor To The Issue

Ranjit Khatri, Advocate & Solicitor
69, Patiala House Courts
New Delhi-110001
Tel:011-23387323
Email: ranjit_khatri@yahoo.com
Contact Person: Ranjit Khatri

Registrar To The Issue

MAS Services Limited

SEBI Regn No.- INR 000000049
AB-4, Safdarjung Enclave
New Delhi-110029
Tel: 011-26104142, 26104326, 26104292
Fax: 011 26181081
Website:www.masserv.com
Email: info@ masserv.com
Contact Person: N.K.Rastogi

Bankers To The Issue

[*]

Auditors

- 1) M/s. Doogar & Associates, Chartered Accountants
13, Community Centre
East of Kailash, New Delhi-110065
Tel: 91 011 41621352, 26472557, 26419079
Fax: 91 011 41326811
Email:doogarco@hotmail.com
Contact Person: Mr. Mukesh Goyal

- 2) M/s. Ashim & Associates, Chartered Accountants
E-36, Greater Kailash Part-1
New Delhi- 110048
Tel & Fax: 91 011 26417246, 26410813
Email: ashimassociates@vsnl.com
Contact Person: Mr. Ashim Agarwal

Bankers To The Company

Lead Bank

Bank of Baroda
Parliament Street Branch
Ground Floor, BOB Building, 16, Sansad Marg
New Delhi-110 001
Phone: 011-23328666
Fax: 011-23721409

Member Consortium Banks

State Bank of Indore
Commercial Branch
M-47, Connaught Circus
NEW DELHI-110 001

State Bank of Patiala

Commercial Branch
Chandralok Building, 36, Janpath
NEW DELHI-110 001

State Bank of Hyderabad
Kundan House, 16, Nehru Place
NEW DELHI-110 019

State Bank of Bikaner and Jaipur
Laxmi Bhawan, Nehru Place
NEW DELHI-110 019

Canara Bank
Industrial Finance Branch
Barakhamba Lane
NEW DELHI-110 001

Yes Bank Limited
48, Nyaya Marg, Chanakyapuri
NEW DELHI-110 021

IndusInd Bank Limited
International Trade Tower
F Block, Ground Floor,
Nehru Place
NEW DELHI-110 019

State Bank of India
Commercial Branch
Dharam Place Complex
Sector-18, NOIDA-201 301

Credit Rating

This being a rights issue of equity shares, no credit rating is required.

Ipo Grading

This being a rights issue of equity shares, no credit rating is required.

Trustees

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

Monitoring Agency

No independent agency has been appointed to monitor utilization of Funds.

Inter-se Allocation of Responsibilities

Not applicable

Appraising Entity

Not Applicable

Standby Underwriting Agreement

The present Rights Issue is not underwritten. However, the Promoter Group have confirmed vide their Letter of Intent dated November 15, 2007 that they intend to subscribe to the full extent of their entitlement in the Issue or renounce the same to another person or entity forming part of the Promoter Group. Further, the Promoter Group has also stated that, in the event of undersubscription of the total issue size, it intends to apply for additional Equity Shares in the Issue such that at least 90% of the Issue size is subscribed. As a result of this subscription and consequent allotment, the Promoter Group may acquire Equity Shares over and above their entitlement in the Issue, which may result in their shareholding in the Company being above their current shareholding.

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of subsection (1) of Section 68A of the 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".

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the issue, the entire subscription shall be refunded to the applicants within forty two days from the date of closure of the issue.

If there is delay in the refund of subscription by more than 8 days after the company becomes liable to pay the subscription amount (i.e. forty two days after closure of the issue), the company will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

If after considering the number of shares applied for in the issue the subscription level received remains below the prescribed minimum of 90% of the issue size then the issue will be understood to be undersubscribed. The undersubscribed portion can be applied for only after the closure of the Issue. The Promoter Group has undertaken that in the event the issue is undersubscribed, it will subscribe to such unsubscribed portion, either collectively or through any one of more of them, to ensure that the Issue is successful. This acquisition of additional Equity Shares, if allotted to the one or more constituents of the Promoter Group shall be in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code and will be exempt from the applicability of Regulations 11 and 12 of Takeover Code. This disclosure is made in terms of the requirement of Regulation 3(1)(b)(ii) of the Takeover Code.

Further this acquisition will not result in change of control of management of our Company.

Allotment Letters / Refund Orders

The Company will issue and dispatch letters of allotment/ share certificates/ demat credit or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 42 (forty two) days from the date of closure of the Issue. If such money is not repaid within 8 (eight) days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under Section 73(2)/ (2A) of the Companies Act.

Applicants residing at 15 centers where clearing houses are managed by the Reserve Bank of India (RBI), will get refunds through ECS only (Electronic Clearing Service) except where applicants are otherwise disclosed as applicable/eligible to get refunds through direct credit and RTGS. In case of those Applicants who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Applicants 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 42 working days of closure of Issue.

In case of those Applicants who have opted to receive their Rights Entitlement in physical form and the Company issues 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. Allottees are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

For more information please refer to the section titled "Terms of the Issue" on page [*] of this Draft Letter of Offer.

The letter of allotment / refund order exceeding Rs.1,500 would be sent by registered post/speed post to the sole/first Applicant's registered address. Refund orders up to the value of Rs.1,500 would be sent under certificate of posting. 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 Applicant. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Note:

1. Investors are advised to contact the Registrar to the Issue/ Compliance Officer in case of any pre-issue/postissue related problems such as non-receipt of Letter of Offer/ Abridged Letter of Offer/ CAF/ Letter of Allotment/Share Certificate(s)/ Refund Orders.

2. The funds received against this Issue will be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Act.

3. The Company has been filing periodic statements in regard to financial results and shareholding pattern with BSE (Designated Stock Exchange), NSE, CSE (and all documents that are to be filed with the Registrar of Companies) for the last three years and such statements are available on websites of the Designated Stock Exchange. It has also been regularly paying the annual listing fees to BSE and NSE in the last three years. The Company has, however, not paid the annual listing fees to CSE in the last four years as it has applied to it for voluntary delisting of its Equity Shares, (after approval from the shareholders in the Annual General Meeting dated September 26, 2003) on October 17, 2003 vide its letter dated October 11, 2003.

The Company had also been listed on Jaipur Stock Exchange Limited, Delhi Stock Exchange Association Limited and Madhya Pradesh Stock Exchange. It has been delisted from these exchanges w.e.f May 15, 2004, December 29, 2003 and February 15, 2005 respectively.

CAPITAL STRUCTURE OF THE COMPANY

Share Capital as on the date of filing of Draft Letter of Offer with SEBI

(Amount in Lacs)

	NOMINAL VALUE	AGGREGATE VALUE
A. Authorized Share Capital		
4,00,00,000 Equity shares of Rs.10/- each	4000.00	
15,00,000 Cumulative Redeemable Preference shares of Rs.100/- each	1500.00	
B. Issued, Subscribed and paid-up capital 2,17,58,000 Equity shares of Rs.10/- each	2175.80	4765.86
C. Present issue being offered to the Equity Shareholders through the Draft Letter of Offer 10879000 Equity shares of Rs.10/- each being offered at a premium of Rs. [*]/- per share each fully paid up	1087.90	[*]
D. Total paid-up capital after the Public Issue 3,26,37,000 Equity Shares of Rs.10/- each	3263.70	[*]
F. Share Premium Account		
Before the Issue		2590.06
After the Issue		[*]

Notes to Capital Structure

Details of Increase in Authorized Capital

SR. NO.	PARTICULARS OF INCREASE	DATE OF MEETING	NATURE OF MEETING
1.	Rs 5 Lacs	Since Incorporation	-
2.	From Rs. 5 Lacs to Rs. 1500 Lacs	December 17 1990	EGM
3.	From Rs. 1500 Lacs to Rs. 2000 Lacs	June 21 1991	EGM
4.	From Rs. 2000 Lacs to Rs. 3000 Lacs	July 27 1994	AGM
5.	From Rs. 3000 Lacs to Rs. 4500 Lacs	September 27 1995	AGM
6.	From Rs. 4500 Lacs to Rs. 5500 Lacs	March 03 2000	EGM

Capital Buildup: The existing Share Capital of the Company has been subscribed and allotted as under:

DATE OF ALLOTMENT / FULLY PAID UP	NO. OF SHARES	FACE VALUE (RS.)	ISSUE PRICE (RS.)	CONSIDERATION	VALUE (RS.)	CUMULATIVE CAPITAL	DESCRIPTION
23.01.1989	70	10	10	Cash	700	700	Incorporation
31.10.1991	15363930	10	10	Cash	153639300	153640000	Public Issue
13.09.1994	3500000	10	70	Cash	35000000	188640000	Private Placement
25.05.1999	1668837	10	10	Cash	16688370	205328370	Under Scheme

DATE OF ALLOTMENT/ FULLY PAID UP	NO. OF SHARES	FACE VALUE (RS.)	ISSUE PRICE (RS.)	CONSIDERATION	VALUE (RS.)	CUMULATIVE CAPITAL	DESCRIPTION
							of Amalgamation
07.10.2005	1225163	10	50	Cash	12251630	217580000	Issue of Equity Shares on Preferential basis to Promoters, Directors and Persons acting in Concert, which included Associates, Relatives and Friends of such Promoters and Directors of the Company.
Total	21758000				217580000		

2. Redeemable Preference Shares

There are no issued redeemable preference shares as on date of this Letter of Offer.

3. Pre issue shareholding pattern of the Company as on 30th September 2007 is as follows :

MARAL OVERSEAS LIMITED				
Category	Category of shareholder	Number of shareholders	Total number of shares	%
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian			
(A)	Promoters			
	HEG Ltd		2941000	13.52
	RSWM Ltd.		1510000	6.94
	Total-(a)	2	4451000	20.46
(B)	Promoter Group			
	ESSAY MARKETING CO. LTD.		1406700	6.47
	DIPLOMAT LEASING AND FINANCE (P) LTD		1135500	5.22
	MAYUR KNITS PVT LTD		745855	3.43
	JYOTI KNITS PVT LIMITED		658200	3.03
	AGARWAL FINESTATE PVT LTD		189301	0.87
	BMD PVT. LIMITED		10000	0.05
	RAGHAV KNITS AND TEXTILES PVT LTD		545000	2.50
	SH. SHEKHAR AGARWAL		755573	3.47
	SH. SHEKHAR AGARWAL HUF		403800	1.86

	SMT. SHASHI AGARWAL		687600	3.16
	MISS SHUCHI AGARWAL		406100	1.87
	SH. SHANTANU AGARWAL		554500	2.55
	SMT. RITA JHUNJHUNWALA		200	0.00
	SH. RAVI JHUNJHUNWALA		10	0.00
	SMT. RAJ KUMARI MARODIA		100	0.00
	SH. DEEPAK MARODIA		100	0.00
	SH. SRI NIWAS AGARWAL		5500	0.03
	SH. UMA SHANKAR SARAOGI		1000	0.00
	SMT.ALKA AGARWAL		4200	0.02
	SH. SAURABH AGARWAL		3000	0.01
	Total (B)	20	7512239	34.52
	Sub-Total (A)+(B)	22	11963239	54.98
(2)	Foreign	0	0	0
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0
(b)	Bodies Corporate	0	0	0
(c)	Institutions	0	0	0
(d)	Any Other (specify)	0	0	0
	Sub-Total (A)(2)	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	22	11963239	54.98
(B)	Public Shareholding			
(1)	Institutions			
(a)	Mutual Funds/ UTI	6	1100	0.01
(b)	Financial Institutions/ Banks	3	700	0.00
(c)	Central Government/ State Government(s)			
(d)	Venture Capital Funds			
(e)	Insurance Companies	1	30000	0.14
(f)	Foreign Institutional Investors	6	5800	0.03
(g)	Foreign Venture Capital Investors			
(h)	Any Other (specify)			
	Sub-Total (B)(1)	16	37600	0.18
(2)	Non-institutions			
(a)	Bodies Corporate	437	1718267	7.90
(b)	Individuals -			

	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	19835	6123707	28.14
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	73	1785672	8.21
(c)	Any Other (specify) NSDL + CDSL Transit shares	76	129515	0.59
	Sub-Total (B)(2)	20421	9757161	44.84
	Total Public Shareholding (B)= (B)(1)+(B)(2)	20437	9794761	45.02
	TOTAL (A)+(B)	20459	21758000	100.00

4. The Pre Issue and Post Issue Shareholding Pattern of Promoter and Promoter group is as under:

	Name of Entities	PRE ISSUE		POST ISSUE	
		NO SHARES	%	NO SHARES	%
A	Promoters				
1	HEG LIMITED	2941000	13.52	4411500.00	13.52
2	RSWM LTD.	1510000	6.94	2265000.00	6.94
	Total (A)	4451000	20.46	6676500	20.46
B	Promoters Group				
1	ESSAY MARKETING CO. LTD.	1406700	6.47	2110050.00	6.47
2	DIPLOMAT LEASING AND FINANCE (P) LTD	1135500	5.22	1703250.00	5.22
3	MAYUR KNITS PVT LTD	745855	3.43	1118783.00	3.43
4	JYOTI KNITS PVT LIMITED	658200	3.03	987300.00	3.03
5	AGARWAL FINESTATE PVT LTD	189301	0.87	283952.00	0.87
6	BMD PVT. LIMITED	10000	0.05	15000.00	0.05
7	RAGHAV KNITS AND TEXTILES PVT LTD	545000	2.50	817500.00	2.50
8	SH. SHEKHAR AGARWAL	755573	3.47	1133360.00	3.47
9	SH. SHEKHAR AGARWAL HUF	403800	1.86	605700.00	1.86
10	SMT. SHASHI AGARWAL	687600	3.16	1031400.00	3.16
11	MISS SHUCHI AGARWAL	406100	1.87	609150.00	1.87
12	SH. SHANTANU AGARWAL	554500	2.55	831750.00	2.55
13	SMT. RITA JHUNJHUNWALA	200	0.00	300.00	0.00
14	SH. RAVI JHUNJHUNWALA	10	0.00	15.00	0.00
15	SMT. RAJ KUMARI MARODIA	100	0.00	150.00	0.00
16	SH. DEEPAK MARODIA	100	0.00	150.00	0.00
17	SH. SRI NIWAS AGARWAL	5500	0.03	8250.00	0.03
18	SH. UMA SHANKAR SARAOGI	1000	0.00	1500.00	0.00
19	SMT.ALKA AGARWAL	4200	0.02	6300.00	0.02
20	SH. SAURABH AGARWAL	3000	0.01	4500.00	0.01
	Total (B)	7512239	34.53	11268360	34.53
	Sub-total (A)+(B)	11963239	54.98	17944860	54.98

C	Persons Acting in concert	0	0.00	0.00	0.00
	Sub-total (C)	0	0.00	0.00	0.00
D	Companies forming part of the Promoter Group holding	0	0.00	0.00	0.00
	Sub-total (D)	0	0.00	0.00	0.00
	Total Promoters and Promoter Group holding	11963239	54.98	17944860.00	54.98

5. Details of the transactions in Equity Shares by the Promoters and the Promoter Group during the last six months

The Promoters and the Promoter Group of the Company have not purchased/ sold any equity shares of the Company during the last six months.

6. Equity Shares held by top ten shareholders

a. The ten largest shareholders as on the date of filing of the Draft Letter of Offer with Stock Exchanges are as follows:

Name	No. of shares	% holding
HEG LIMITED	2941000	13.52
RSWM LIMITED	1510000	6.94
ESSAY MARKETING COMPANY LIMITED	1406700	6.47
DIPLOMAT LEASING AND FINANCE PVT. LIMITED	1135500	5.22
SHEKHAR AGARWAL	755573	3.47
MAYUR KNITS PVT. LIMITED	745855	3.43
SHASHI AGARWAL	687600	3.16
JYOTI KNITS PVT. LIMITED	658200	3.03
SHANTANU AGARWAL	554500	2.55
RAGHAV KNITS AND TEXTILES PVT. LIMITED	545000	2.50

b. The ten largest shareholders, 10 days prior to the date of filing of the Draft Letter of Offer with Stock Exchanges are as follows:

Name	No. of shares	% holding
HEG LIMITED	2941000	13.52
RSWM LIMITED	1510000	6.94
ESSAY MARKETING COMPANY LIMITED	1406700	6.47
DIPLOMAT LEASING AND FINANCE PVT. LIMITED	1135500	5.22
SHEKHAR AGARWAL	755573	3.47
MAYUR KNITS PVT. LIMITED	745855	3.43
SHASHI AGARWAL	687600	3.16
JYOTI KNITS PVT. LIMITED	658200	3.03
SHANTANU AGARWAL	554500	2.55
RAGHAV KNITS AND TEXTILES PVT. LIMITED	545000	2.50

c. The ten largest shareholders, two years prior to the date of filing of the Draft Letter of Offer with Stock Exchanges are as follows:

Name	No. of shares	% holding
HEG LIMITED	2941000	13.52
RSWM LIMITED	1510000	6.94
ESSAY MARKETING COMPANY LIMITED	1406700	6.47
DIPLOMAT LEASING AND FINANCE PVT. LIMITED	1135500	5.22
SHEKHAR AGARWAL	755573	3.47
MAYUR KNITS PVT. LIMITED	745855	3.43
SHASHI AGARWAL	687600	3.16
JYOTI KNITS PVT. LIMITED	658200	3.03

PRUDENTIAL ICICI TRUST LIMITED TAX PLAN	567486	2.61
SHANTANU AGARWAL	554500	2.55

7. The total number of members of the Company as on 26 October 2007 was 20,390.
8. The present Issue being a Rights Issue, as per SEBI guidelines, the requirement of promoters' contribution and lock-in are not applicable.
9. The Company has not instituted any employee stock option scheme as on the date of this Draft Letter of Offer.
10. The Company has not availed of "bridge loans" to be repaid from the proceeds of the Issue for incurring expenditure on the Objects of the Issue.
11. As on the date of this Draft Letter of Offer, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.
12. The Promoters and Directors of the Company and Lead Manager of the Issue have not entered into any buy-back, standby or similar arrangements for any of the securities being issued through this Draft Letter of Offer.
13. The terms of issue to Non-Resident Equity Shareholders/Applicants have been presented under the section "Terms of the Issue" on page [*] of this Draft Letter of Offer.
14. At any given time, there shall be only one denomination of the Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time. The Equity Shareholders of the Company do not hold any warrant, option or convertible loan or debenture, which would entitle them to acquire further shares in the Company.
15. No further issue of capital by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner which will affect the equity capital of the Company, shall be made during the period commencing from the filing of the Draft Letter of Offer with the SEBI and the date on which the Equity Shares issued under the Draft Letter of Offer are listed or application moneys are refunded on account of the failure of the Issue. Further, presently the Company does not have any intention to alter the equity capital structure by way of split/ consolidation of the denomination of the shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities within a period of six months from the date of opening of the Issue.
16. The Issue will remain open for 30 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 60 days from the Issue Opening Date.
17. The Promoter Group has confirmed that it intends to subscribe to the full extent of their entitlement in the Issue. The Promoter Group reserves the right to subscribe to their entitlement in the Issue by subscribing for renunciation if any made within the promoters group to another person or entity forming part of the Promoter Group. The Promoter Group will also apply for additional Equity Shares in the Issue, such that at least 90% of the Issue is subscribed. As a result of this subscription and consequent allotment, the Promoters Group may acquire shares over and above their entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoters Group, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code. As such, other than meeting the requirements indicated in the section on Objects of the Issue on page [*] of this Draft Letter of Offer, there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoters Group, in this Issue, the Promoters Group's shareholding in the Company exceeds their current shareholding. The Promoters Group intends to subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoters Group of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.
18. The post issue shareholding pattern as stated in this chapter must be read subject to the aforementioned point.

OBJECTS OF THE ISSUE

The objects of the present issue of equity shares are:

1. To reduce overall indebtedness of the Company by repaying borrowings.
2. To meet the expenses of the issue.

Fund Requirement	Amount (Rs. In lacs)
Repayment of Unsecured Loans from Corporates	[*]
Meeting issue expenses	25
Total	[*]

Repayment of Unsecured Loans from Corporates

The Company has entered into various financing arrangements with Corporate entities in the form of unsecured loans. As on March 31, 2007 the amount outstanding under this facility was Rs. 1975 lacs.

We intend to use net issue proceeds towards repayment of our borrowings as mentioned above.

BREAK-UP OF ISSUE EXPENSES

The expenses for this Rights Issue are estimated at Rs. 25 lacs, the break-up whereof is as follows:

Particulars	Rs. in Lacs
Lead Managers Fees	5
Advertising and Marketing Expenses (Approximate)	4
Printing & Stationery and Postage Expenses (Approximate)	7
Others Associated Expenses (Approximate)	9
Total	25

No part of the issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associates or group companies except in the normal course of business and as disclosed in the section titled "Interest of Promoter, Directors and Key Managerial Personnel" as mentioned on page [*] of this draft letter of offer.

DEPLOYMENT OF FUNDS PENDING UTILIZATION

The issue proceeds, pending utilization, we intend to temporarily invest the Issue proceeds in fixed deposits in scheduled commercial banks for the necessary duration.

BASIS OF ISSUE PRICE

QUALITATIVE FACTORS

- (A) Maral Overseas Limited (MOL) is part of the LNJ Bhilwara group that is in existence since 1961 among the other textile groups in India. For further details kindly refer to page [*] of this draft letter of offer. For further details kindly refer to page [*] of this draft letter of offer.
- (B) The Management and Key Managerial personnel are qualified, well versed and have wide experience in the area of business
- (C) The division has been continuously modernized, expanded and renovated to cater to the need of discerning customers in the domestic and international markets. For further details kindly refer to page [*] of this draft letter of offer.
- (D) An ISO 9001:2000 certified Company. For further details kindly refer to page [*] of this draft letter of offer.
- (E) The Company is primarily engaged in and specializes in the business of textiles. For further details kindly refer to page [*] of this draft letter of offer.
- (F) The Company is a manufacturer of cotton yarn, knitted fabric (both grey and processed) and textile garments. It is also an exporter of cotton yarn from India and has a presence in both Domestic and International markets in the segment of knitted fabrics and textile garments. For further details kindly refer to page [*] of this draft letter of offer.
- (G) Loyal and experienced workforce. For further details kindly refer to page [*] of this draft letter of offer.

QUANTITATIVE FACTORS

Information presented in this section is derived from our Restated Financial Statements prepared in accordance with Indian GAAP and SEBI (DIP) Guidelines.

1. Earning Per Share (EPS) of Equity Share having face value of Rs.10 each (as adjusted for changes in capital)

YEAR	EPS	WEIGHT
	RUPEES	
2004-05	1.14	1
2005-06	0.41	2
2006-07	(10.59)	3
Weighted Average EPS	(4.97)	

For three months period ended June 30, 2007, our EPS was Rs. (3.72).

Notes:

- a. On year ended March 31, 2007 EPS calculations have been done in accordance with Accounting Standard 20 – "Earnings per share" issued by the Institute of Chartered Accountants of India.
- b. The weighted average of adjusted EPS for these fiscal years have been computed by giving weights of 1, 2 and 3 for the fiscal years ending March 31, 2005, 2006 and 2007 respectively.
- c. The earning per share has been computed on the basis of Restated Profits & Losses after Tax and exceptional items for the respective years.

- d. The denominator considered for the purpose of calculating Earning Per Share is the weighted average number of Equity Shares outstanding during the year.

2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. [*] per equity share

a. Based on earnings of financial year ended March 31, 2007; EPS was Rs. (10.59) the P/E is [*]

b. P/E based on earnings for the period ending June 30, 2007; EPS was Rs. (3.72) the P/E is [*]

c. Industry P/E*

i) Highest : 444

ii) Lowest : 3.3

iii) Industry Composite : 20.8

*Compiled from "Capital Market" , Vol.XXII/17, Oct 22 - Nov 04, 2007

3. Average Return on Net Worth ("RONW")

Return on Net Worth (RONW)

YEAR	RONW %	WEIGHT
2004-05	2.79	1
2005-06	0.96	2
2006-07	(33.96)	3
Weighted Average RONW	(16.20)	

For three months period ended June 30, 2007 , Our RONW was (13.53)%.

Note:

The average return on net worth has 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/ regroupings pertaining to earlier years.

4. Minimum Return on Increased Net Worth to maintain pre-issue EPS is [*] %

5. Net Asset Value per share ("NAV")

	(RS.)
Net Asset Value (pre-issue) (as on 31/3/2007)	31.20
Net Asset Value (post issue)	20.80
Issue Price	[*]

6. Comparative Figures (for the year ended 31st March, 2007)

Comparison with Financial ratios of the Peer Group

PARTICULARS	EPS (RS.)	P/E	RONW (%)	NAV (RS.)	PRICE (AS ON 23 NOV 2007)
Maral Overseas Limited	(10.59)	[*]	(33.96)	31.20	16.25
Nagreeka Exports Ltd.	4.90	5.40	7.80	52.30	29.55
Indo Count Industries Ltd.	2.40	-	7.20	35.90	13.80
Ginni Filaments Ltd.	0.40	-	2.10	21.70	12.23
Suryalakshmi Cotton Mills Ltd.	-	8.00	-	90.20	35.95

- 7.** The face value of Equity Shares of Maral is Rs 10/- per share and the issue price is [*] times of the face value.

The Issue Price of Rs. [*] has been determined by the Company in consultation with the Lead Manager, on the basis of assessment of market demand for the Equity Shares and the same is justified on the basis of the above factors. The Lead Manager believes that the Issue Price of Rs. [*] is justified in view of the above qualitative and quantitative parameters.

The investors may want to peruse the risk factors and the financials of the Company including important profitability and return ratios, as set out in the Auditors' Report on page no. [*] of this Draft Letter of Offer to have a more informed view of the investment proposition.

STATEMENT OF TAX BENEFITS

The Board of Directors
Maral Overseas Ltd.,
Bhilwara Towers
A-12, Sector 1
NOIDA-201 301

Dear Sirs,

Sub: Statement of Possible Tax Benefits available to the Company and its Shareholders

We hereby enclose Annexure 'A' stating the possible tax benefits available to Maral Overseas Ltd. ('the Company') and its shareholders under the Income Tax Act, 1961 and 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 that the Company faces in future, the Company may or may not choose to fulfill.

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

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

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

The contents of this Annexure are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretations of current tax laws.

For **DOOGAR & ASSOCIATES**
Chartered Accountants

MUKESH GOYAL
Managing Partner
M.No.: 81810

Place: New Delhi
Date: November 15, 2007

**A) TAX BENEFITS ACCRUING DUE TO THE PRESENT OR PROPOSED PROJECT .
Nil**

B) OTHER GENERAL TAX BENEFITS

The following tax benefits shall be available to the Company and the prospective shareholders under Direct Tax Laws:

1. To the Company - Under the Income Tax Act, 1961 (the Act)

There is no additional benefit arising to the Company under The Income Tax Act, 1961, by proposed Rights Issue of Equity Shares to the Existing Shareholders.

2. To the Members of the Company - Under the Income Tax Act

2.1 Resident Members

1. As per Section 10(34) of the Act, any income by way of dividends referred to in Section 115O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of the Company is exempt from tax.
2. As per Section 10(38) of the Act, long term capital gains arising to the shareholder from transfer of a long term capital asset being an equity share in the company where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder.
3. As per Section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for deduction from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions, subject to certain limits specified in the section. No deduction will be allowed in computing the income chargeable to tax as "Capital Gains" or under the head "Profits and Gains of Business or Profession" for such amount paid on account of securities transaction tax.
4. As per Section 112 of the Act, if the shares of the Company are listed on a recognized stock exchange, taxable long term capital gains, if any, on sale of the shares of the Company (in cases not covered under Section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less.
5. As per Section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under Section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified assets is transferred or converted into money.
6. As per Section 54F of the Act, long term capital gains (in cases 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 capital gains tax subject to certain conditions, if the net consideration from such shares is used for purchase of a residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of a residential house property within a period of three years after the date of transfer.
7. As per Section 111 A of the Act, short term capital gains arising to the shareholder from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at

the rate of 10% (plus applicable surcharge and education cess).

2.2 Non-Resident Indians/Non-Resident Shareholders (Other than FIIs and Foreign Venture Capital Investors)

In addition to the above tax benefits available to the resident shareholders, the Non-Resident Indian shareholders enjoy the following benefits:

1. Under Section 115 I of the Act, the Non-Residential Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:
 - a) As per Section 115E of the Act, where shares in the Company are acquired or subscribed to in convertible foreign exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under Section 10(38) of the Act) be concessionaly taxed at the flat rate of 10% (plus applicable surcharge and education cess) (without indexation benefit but with protection against foreign exchange fluctuation.
 - b) As per Section 115F of the Act, long term-capital gains (in cases not covered under Section 10(38) of the Act arising to a Non-Resident Indian from the transfer of shares of the Company subscribed to in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred, or converted into money within three years from the date of their acquisition.
 - c) As per Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
 - d) As per Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income, for the assessment year in which he is first assessable as a Resident, under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

2.3. Mutual Funds

As per Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India 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.

2.4. Venture Capital Companies/Funds

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 all their income, including income from sale of shares of the company. However, income received by a person out of investment made in a venture capital company or in a venture capital fund shall be chargeable to tax in the hands of such person.

3. Wealth Tax Act, 1957

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

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 ordinary shares.

The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of their holdings based on their residential status and the relevant double taxation conventions.

Notes:

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

SECTION IV-ABOUT THE COMPANY

INDUSTRY OVERVIEW

Overview Of Textile Industry

Global Scenario:

The Textile industry is the second largest industry in India contributing about 20% of the total industrial output and 8% of the GDP. About 31.07% of the country's exports earning is contributed by textile and clothing industry.

The global textile trade in 2005 was USD 395 billion. At USD 395 billion, global textile trade contributes 5.4% of the total international trade. The industry is highly fragmented in terms of geography and size. There has also been a traditional divide between the various segments of the Industry. [Source: WTO International Trade Statistics Book-2004]

Because of labour intensive nature of the textile industry, in last fifty years the industry has shifted its base several times and concentrated to those countries, which offered most competitive labour cost structure. Developed countries such as USA and the EU have started downsizing capacities in view of their higher cost of manufacturing compared to countries such as India, Pakistan, China and Indonesia. The relocation is also on account of environmental concerns. This is expected to provide developing countries with an opportunity to penetrate US and EU markets and enhance their export share in these markets.

However, the migration of textile capacity will be influenced by objective competitive factors and will be hampered by presence of distorting domestic measures and weak infrastructure of the developing countries. With the implementation of Agreement on Textiles and Clothing (ATC) all trade barriers both tax and non-tax imposed by the developed countries on imports from developing countries has come to an end with effect from January 1, 2005 giving way for free trade regime in global textile trade. This has opened the way for the most competitive developing countries to develop stronger clusters of textiles. Developing countries having both downstream and upstream facilities in textiles may be able to prosper in the new competitive environment.

Indian Scenario:

The Indian domestic textile industry is characterized by highly fragmented producers who sell unbranded products to consumers directly. With rising disposable incomes and the emergence of the organized retail sector, the branded textiles business is expected to become an increasingly important part of the Indian domestic market. The Indian textile industry is focusing on adding value by developing skills and manufacturing products across various segments of the global textile and apparel markets. This is an attempt to differentiate Indian from Chinese textile production, where the focus is on volumes and lower prices.

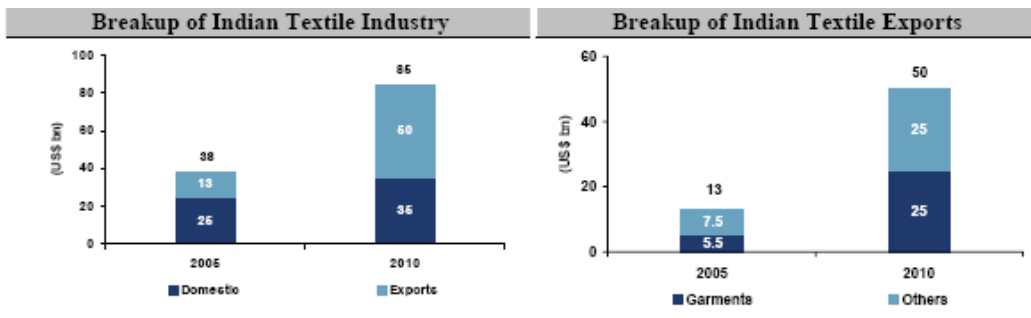
The size of the domestic textile market is estimated at US\$25 billion, with imports forming about 5% of the market size. Textile exports contribute substantially to India's export earnings. In fiscal 2005, textile exports contributed 16.24% of the total export earnings of the country, aggregating US\$13 billion. The WTO agreements, low costs of production, availability of abundant domestic cotton supply and availability of skilled labor have combined to enhance the prospects for India's textile companies. The export basket includes a wide range of items, including cotton yarn and fabrics, man-made yarn and fabrics, wool and silk fabrics, made-ups, and a variety of garments.

(Source: Ministry of Textiles, Government of India, Annual Report, 2005-2006, available at <http://texmin.nic.in/annualrep/arep.htm>).

Textiles account for 16.24% of India's overall exports. The textile industry accounts for nearly 4.0% of India's gross domestic product and provides 35 million jobs, making it the second largest employment provider in India, after agriculture

(Source: Ministry of Textiles, Government of India Annual Report 2005-2006, available at <http://texmin.nic.in/annualrep/arep.htm>).

The following graphs illustrate the Ministry of Textile's vision for growth of the Indian textile industry through 2010:



Source: Ministry of Textile, available at <http://texmin.nic.in/annualrep/arrep.htm>; http://texmin.nic.in/mst_20050722.pdf

India's competitive advantage lies in its ability to offer a strong presence and production capabilities across the entire textile value chain, from fiber production to garment manufacturing. India is well positioned to benefit from the textile outsourcing trend given the outlook for demand and fresh investments in textile technology and production capacity. Large organized producers have in particular benefited from the textile outsourcing trend as large retailers look to source higher value textile business to India. Many of the larger Indian textile manufacturers have also started to work directly with international retailers, which has led to industry consolidation and limited economies of scale becoming apparent in India.

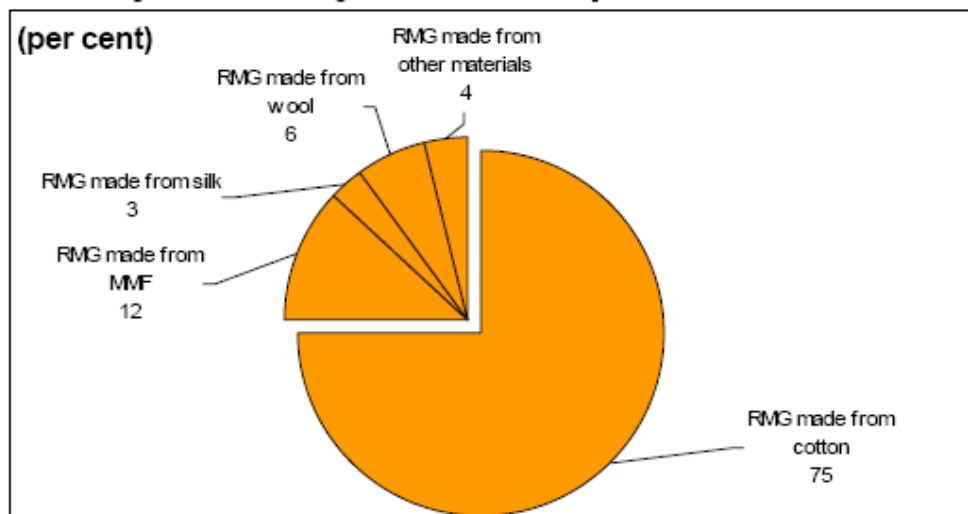
Indian Readymade Garment Industry

The term "readymade garments" ("RMG") refers to ready-to-wear apparel, including shirts, trousers, T-shirts, jeans, ladies' dressers (Indian apparel such as churidars, kurtas, and salwar-kameez), and hosiery items such as socks and inner wear. Items such as dhotis, lungis and saris have been excluded, despite their being ready-to-wear apparel, because they do not require any significant value-addition post fabric-processing (Source: CRIS INFAC Readymade Garments Annual Review, December 2005).

The total domestic sales of RMG in India in 2004-05 has been estimated to be Rs.620 billion (US\$14.1 billion) excluding the sales of saris and dhotis. Domestic apparel sales are expected to grow at a CAGR of 10-11% from the current level of Rs.620 billion (US\$14.1 billion) in 2004-05 to nearly 1,000-1,050 billion (US\$22.7- 23.9 billion) in 2009-10. (Source: CRIS INFAC Readymade Garments Annual Review, December 2005).

The export market can be subdivided on the basis of raw material from which the apparel is manufactured into RMG made from cotton, man-made fibers, silk, wool and other materials. The largest segment in the exports market is the RMG made from cotton; the exports from this segment amounted to Rs.212 billion (US\$4.8 billion) out of total garment exports of Rs.280 billion (US\$6.4 billion), thus accounting for nearly 75% of the apparel exports from India. (Source: CRIS INFAC Readymade Garment Annual Review, December 2005).

The following chart shows the segment-wise size of the export market in 2004-05:



(Source: CRIS INFAC Readymade Garments, Annual Review, December 2005)

The export market can also be subdivided on the basis of geographical area into the US, the EU and other countries. RMG exports were largely sent to the US and the EU, which together accounted for nearly 80% of the total RMG exports from India. (Source: CRIS INFAC Readymade Garments Annual Review, December 2005).

The following table illustrates the projected growth for garment exports from India:

The following table illustrates the projected growth for garment exports from India:

Rs. Billion	2005	2010E	CAGR
USA	98	305-330	25-27%
EU	65	200-220	26-28%
Others	117	145-150	5-6%
Total	280	650-700	18-20%

(Source: CRIS INFAC Readymade Garments Annual Review, December 2005)

Cotton Yarn and Fabric

India is the third largest cotton yarn producer with a 12% share (based on 2004-05 production), behind China and the US. The markets for cotton yarn can be classified into the domestic market and the export market. The domestic demand can be classified into demand from end-products (apparels, made-ups and fabrics) that are consumed domestically and demand from end-products that are exported. The former can be termed as net domestic demand and the latter can be termed as derived demand from exports. The derived export demand accounts for around 50% of the domestic cotton yarn consumption. The domestic demand is affected by prices and availability of cotton yarn as well as competition from synthetic and blended yarns. (Source: CRIS INFAC Cotton Yarn Annual Review, May 2006).

Market segment demand for cotton yarn can be classified as follows:

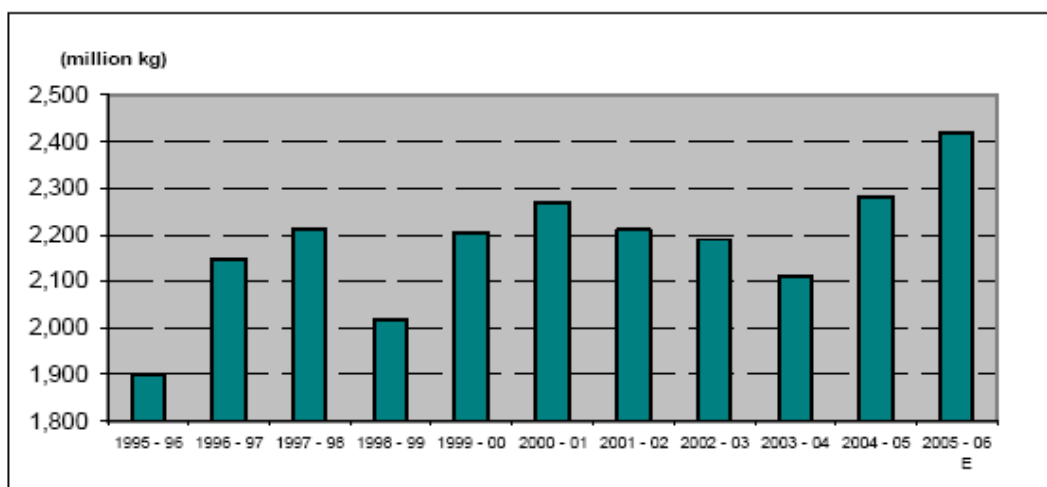
Domestic market		Export market
Net domestic demand	Derived export demand	
Cotton yarn demand for fabrics sold domestically	Cotton yarn demand for fabrics exported	Direct yarn exports
Cotton yarn demand for made-ups sold domestically	Cotton yarn demand for made-ups exported	
Cotton yarn demand for apparels sold domestically	Cotton yarn demand for apparels exported	

(Source: CRIS INFAC Cotton Yarn Annual Review, May 2006)

Cotton Yarn and Fabric Production in India

Domestic cotton yarn production has increased from 1,894 million kg in 1995-96 to 2,434 million kg in 2005-06. During the same period the domestic fabric production increased at a CAGR of 4% from 31.46 billion sq meters to 47.04 billion sq meters. However, cotton fabric production increased at a modest CAGR of 1% from 18.9 billion sq meters to 20.65 billion sq meters, and thus its overall share in the total fabric production fell from 60% in 1995-96 to 46% in 2004-05. The reason for such modest growth was intense competition from polyester yarns which became more price-competitive after the gradual reduction for excise duty (Source: CRIS INFAC Cotton Yarn Annual Review, May 2006).

The following graph shows the changes in the amount of cotton yarn produced in India from 1995 to 2006:



E: Estimate

(Source: CRIS INFAC Cotton Yarn Annual Review, May 2006)

The demand for cotton yarn is expected to increase at a CAGR of 7.3% from around 2,420 million kg in 2005-06 to 3,446 million kg in 2010-11. The demand derived from domestic clothing and non-clothing sales (derived domestic demand) is expected to have a CAGR of 7.8% during 2005-06 to 2010-11; whereas the demand derived from apparel, made-ups and fabric exports (derived export demand) is expected to grow at a CAGR of 14.2% during the same period. Direct yarn exports will have a negative growth of around 2% per annum until 2010-11. From 1995-96 to 2004-05, cotton yarn exports witnessed a CAGR of 6.9%, augmenting from 263 million kg in 1995-96 to 417 million kg in 2004-05 (Source: CRIS INFAC Cotton Yarn Annual Review, May 2006).

Million Kgs.	2005-06E	2010-11P	CAGR
Demand derived from			
Domestic clothing	1,123	1,569	6.9
Domestic non-clothing	576	902	9.4
Clothing exports	161	391	19.4
Non-clothing exports	92	141	8.8
Direct fabric exports	59	74	4.5
Direct yarn exports	408	369	-2.0
Total yarn demand	2,420	3,446	7.3

E: Estimate, P: Provisional

(Source: CRIS INFAC Cotton Yarn Annual Review, May 2006)

On the basis of the current spinning capacities, operating units, capacity utilization rates and the estimated demand growth for spun yarn, investments worth around Rs.300 billion are expected to be made in the Indian spinning industry between 2005-06 and 2010-11, and around 15.5 million new spindles are expected to be added during this period. Of this, Rs.225 billion is estimated to be invested in plant and machinery itself. Out of the Rs.300 billion, Rs.170 - 180 billion is expected to be borrowed, if the current debt-equity ratio of 1.4 times is maintained (Source: CRIS INFAC Cotton Yarn Annual Review, May 2006).

The spinning industry is the most modern and internationally competitive segment of India's textile industry. There are 37.5 million spindles and 520,000 rotors installed in the Indian textile industry. Of these 9.8 million spindles and 54,600 rotors are closed (non-operational). The effective operating capacity of the Indian spinning industry is 27.6 million spindles and 465,400 rotors that produce 3,411 million kg of spun yarn. The average productivity per spindle is nearly 130-140 kg of yarn per annum. The capacity utilization of the spinning industry has been improving over recent periods. Operating rates (based on the operational capacities) have improved from 74.2% in 2001-02 to 84.8% in 2005-06 (Source: CRIS INFAC Cotton Yarn Annual Review, May 2006).

The following table shows the capacity utilization rates relating to the spinning industry from 2001 to 2006:

	Installed capacity	Operational capacity	Production of spun yarn (in million kg)	Operating rates:	
	(in million kg)			(based on installed capacities)	(based on operating capacities)
2001-02	5,497.2	4,179.9	3,101.1	56.4%	74.2%
2002-03	5,585.0	4,095.4	3,081.4	55.2%	73.2%
2003-04	5,324.4	4,000.7	3,051.8	57.3%	76.3%
2004-05	5,394.6	4,032.9	3,223.5	59.8%	79.9%
2005-06	5,407.8	4,021.6	3,411.0	63.1%	84.8%

The productivity of one spindle is 135 kg per annum.

[Source: CRIS INFAC Cotton Yarn Annual Review, May 2006]

Spindlage:

The organised sector of Indian textile industry presently comprises of 1789 mills of which 1566 are spinning units and 223 are composite mills. Besides, there are about 1161 small scale spinning units, 202 exclusive weaving units and about 4.26 lacs power loom units. The total number of installed spindles is about 37.47 lacs spindles and open end spinning capacity of about 5.00 lacs rotors.

[Source: Compendium of Textile Statistics – 2005, Office of the Textile Commissioner]

The spinning capacity in India is fairly modernized with second largest installed capacity after China. However, there is a need for modernization of weaving sector with emphasis on shuttle less looms to produce quality, wider width and longer length fabrics. The Processing Sector also needs to be modernized to adopt latest technology (continuous processing), better process sequences and capability to process wider width fabrics.

Spun Yarn:

The spun yarn is the basic raw material for composite / weaving mills, handloom, Power loom and hosiery sectors. Thus adequate availability of spun yarn determines the prospects of the Textile Industry in India. The production of spun yarn has been increasing consistently due to growing demand from the Industry. There are broadly three types of spun yarn viz. Cotton Yarn, blended yarn and 100% non-cotton (man-made) yarn. The total production of spun yarn in 2004-05 was 3223 million Kgs comprising of 2272 million Kgs of Cotton Yarn and 951 million Kgs of blended and 100% non-Cotton Yarn. It is noteworthy that the percentage of Cotton Yarn is gradually decreasing in the overall spun yarn production as indicated by the following table:

Particulars	1993-94		2004-05	
	Production (in million Kgs)	% share	Production (in million Kgs)	% share
Cotton Yarn	1697	79.2%	2272	70.49%
Blended and 100% non-Cotton Yarn	445	20.8%	951	29.51%
TOTAL	2142	100%	3223	100%

[Source: Compendium of Textile Statistics – 2005, Office of the Textile Commissioner]

Key Growth Drivers of the Indian Textile Industry

The key demand drivers of the Indian textile industry are as given below:

1. Abolition of quotas

Under the World Trade Organization (the "WTO") agreements, quota restrictions and tariff barriers, including those for Indian textile companies, were removed in January 2005 and were reduced and will be fully removed by 2008 for Chinese textile companies, giving these companies increased access to the global market. Following the removal of quotas, India's textile and apparel exports are projected to

increase from nearly US\$13 billion in 2005 to over US\$50 billion by 2010, representing a compound annual growth rate ("CAGR") of 31% and a market share of 8% of global textile trade by 2010. (Source: Ministry of Textile available at http://texmin.nic.in/mst_20050722.pdf) The key driver of the growth in India's textile and apparel exports is expected to be the apparel segment.

2. Imposition of restrictions on imports from China by the US and the EU

The Agreement on Textiles and Clothing (the "ATC") provided for complete abolition of textile quotas from 2005. However, China voluntarily agreed to allow such restrictions until 2008 under the terms of its entry into the WTO. Under such circumstances, the EU imposed restrictions on the imports of certain garment categories from China. The restrictions imposed by the EU restricted the growth of imports from China to 10% per annum until 2007. The US also imposed similar restrictions on Chinese imports to restrict the growth in certain garment categories. The restrictions imposed by the US restrict the growth of imports from China to 12.5-16.0% until 2008 (Source: CRIS INFAC Readymade Garments Annual Review, December 2005).

The imposition of restrictions on China is arguably the most significant growth driver for India's garment exports in the medium term. China being a much larger player, has significantly increased its apparel exports to the EU and the US after the abolition of the quotas in January 2005. Also, the EU and the US have imposed restrictions on China in those categories in which the Chinese market share is small but which has the potential to increase significantly in the event of unrestricted access to the US and EU markets. This gives countries like India an immense opportunity to augment their market share in these categories (Source: CRIS INFAC Readymade Garments Annual Review, December 2005).

3. Global Concentration

The apparel manufacturing industry has, on a global scale, shifted its base several times over the last 50 years and has been concentrated in those countries which offer the most competitive labor costs. Beginning in the 1950s, manufactures of apparel began shifting away from the western countries to eastern countries with lower labor costs, such as Korea and Taiwan. In the 1980s and 1990s, production began to shift to other countries in South-East Asia. In 2005, 58.4% of the U.S. textile imports and 18.6% of the EU textile imports came from Asia (Source: WTO International Trade Statistics, 2005, available at http://www.wto.org/english/res_e/statis_e/its2005_e/its2005_e.pdf). According to WTO projections, China is expected to be the biggest beneficiary of global consolidation in production because of its low cost of production and efficiencies of scale. India is expected to be the second most favored sourcing destination of global retailers, as (i) retailers would like to diversify their sourcing portfolio as cheap exports from China may face a backlash; and (ii) India is the lowest-cost producer after China with strengths in cotton-based textile products and short-run manufacturing. A WTO secretariat study on the impact on the global textile industry post-quota elimination also corroborates that India and China will be the biggest beneficiaries of quota abolition. According to the study, India's share in the U.S. clothing imports market will increase from 4% to 15% and its share in EU clothing imports will increase from 6% to 9%. (Source: WTO, available at http://www.wto.org/english/res_e/booksp_e/discussion_papers5_e.pdf)

4. Strong domestic demand

The major factor for determining expenditure on clothing is the income level of households. The higher the income level, the higher the expenditure on clothing. According to CRIS INFAC the consumption pattern of Indian households demonstrated that out of the total household expenditure, around 4 - 4.5% was spent on clothing. The average level of income of the Indian household is expected to rise over the next 5 years and the average income per household is expected to increase at a CAGR of nearly 10% from 2005-06 to 2010-11, which would be a major demand driver for the clothing industry in India (Source: CRIS INFAC Cotton Yarn Annual Review, May 2006).

The proportion of the working population is expected to increase from 0.51 in 2005-06 to 0.53 in 2010-11. The proportion of working women in the total female population is also expected to increase. This provides independent disposable income in the hands of women and could potentially lead to an increased expenditure on clothing (Source: CRIS INFAC Cotton Yarn Annual Review, May 2006).

The increasing penetration of organized retail and credit cards has led to more impulsive buying among Indian youth. This in turn has pushed up consumer expenditure levels. Further, the demand for quality non-clothing products like bed-linens, table covers, towels, curtains, carpets and bathrobes has

also increased in line with higher standards of living (*Source: CRIS INFAC Cotton Yarn Annual Review, May 2006*).

5. Outsourcing from major international players

The abolition of quotas has also boosted outsourcing opportunities for India. Large international players like Walmart, JC Penny, Banana Republic, Marks and Spencer, Nike, Lee, DKNY, etc. have identified India as an outsourcing destination so as to take advantage of the low costs associated with the industry in India. Further, these players have significant volumes, something which would increase the RMG exports from India (*Source: CRIS INFAC Readymade Garments Annual Review, December 2005*).

Government Initiatives

The Government of India has taken various steps to boost the prospects of the textile industry, of which the garment manufacturing industry is an integral part. One of the most important initiatives of the Indian Government is the National Textile Policy, which is announced every decade. The Government announced the National Textile Policy in 2000 ("NTP-2000") with the intention of making the Indian textile industry globally competitive and giving a boost to the export of textile products, including garments. The policy aims to achieve a target of textile and apparel exports of US\$50 billion by 2010, with the share of garments at US\$25 billion.

Some of the other important recent initiatives taken by the Government of India are as follows:

- In order to achieve the objectives of NTP-2000, the reservation in the garment industry which led to fragmentation and, thereby poor economies of scale, was done away with. Initially, in 2000, only the woven segment was de-reserved from the small-scale industry ("SSI") sector. Later, in 2005, the knitwear segment was also de-reserved from the SSI sector.
- The Government has liberalized the textile sector by allowing foreign direct investment ("FDI") up to 100%.
- The Ministry of Textiles launched a Technology Upgradation Fund Scheme ("TUFS") in 1999 with the objective of upgrading the technology of textile units. Accordingly, the Union government set up a fund of Rs.250 billion under the TUFS to assist textile projects, commencing from April 1, 1999, through a 5% interest reimbursement in respect of loans availed from specified institutions. The union budget announced on February 28, 2007 has extended the TUF scheme to March 31, 2012.
- The Export Promotion Capital Goods ("EPCG") scheme facilitates the import of capital goods at a concessional duty of 5%, with appropriate export obligations.
- Advance Authorization Scheme (formerly the Advance Licensing Scheme) allows duty free import of raw materials to be used in the goods that are exported with a view to encourage exports.

The Central government released a grant of Rs.150 million in the year 2001-2002 in favor of the Apparel Export Promotion Council ("AEPC") for constructing an Apparel International Mart ("AIM") Complex at Gurgaon. A further grant of Rs. 300 million has been released in 2003-2004. (*Source: CRIS INFAC Readymade Garments Annual Review, December 2005*)

Impact of the Technology Upgradation Fund Scheme (TUFS)

As on December 31, 2005 a total of 4,514 applications have been received under the TUFS with a project cost of Rs. 37,026 crore. Out of these 4,248 applications with a project cost of Rs. 14,497 crore have been sanctioned. So for Rs.9,161 crore have been disbursed in respect of 3,602 applications having project costs of Rs.16,958.61 crore.

During 1999-2000, the first year of launching the Scheme, the progress of the Scheme was moderate which gained momentum during the 2nd year – 2000- 2001. However, the progress declined during the 3rd year – 2001-2002. During the 4th and 5th years – 2002- 2004, there was further improvement in the progress and the tempo is continuing in the current year (2004-05) also.

Period	Application Received		Application Received		Application Disbursed	
	No.	Cost of Project	No.	Cost of Project	No.	Amount
1999-2000	407	5,771	309	2,421	179	746
2000-2001	719	6,296	616	2,090	494	1,863
2001-2002	472	1,900	444	630	401	804
2002-2003	494	1,835	456	839	411	931
2003-2004	867	3,356	884	1,341	814	856

2004-2005	986	7941	986	2990	801	1757
2005-2006	569	9927	553	4187	502	2206

Vision 2010 for textiles formulated by GoI aims to increase India's share in world's textile trade from around 3.30% (around USD13 billion) in 2003 to 8% by achieving export turnover of USD 50 billion by 2010. It also envisages growth in domestic textile trade from the current USD 25 billion to USD 55 billion by that period.

[Source: Textile Policy, 2000 of Ministry of Textiles, GoI]

India's Position in World Textile Market:

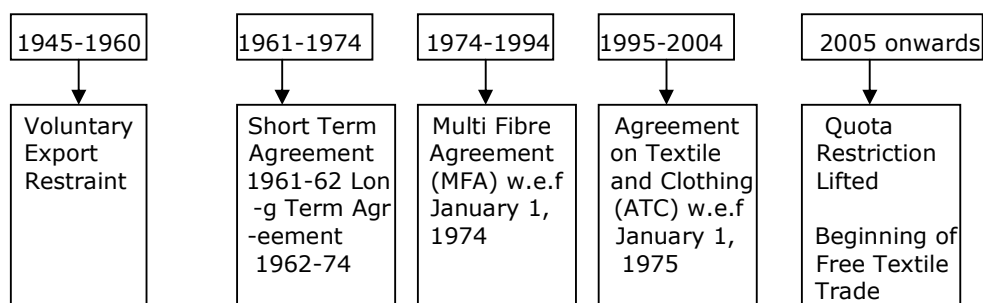
World Trade -- 2003	Unit	World	India	India as % of World	India's Rank in the World	Country with 1st rank
Total textiles and clothing Exports	Bn. US\$	394.9	12.51	3.17	7	China

Installed Capacity (2003)	Unit	World	India	India as % of World	India's Rank in the World	Country with 1st rank
Spinning						
1. Spindles (Cotton system)	Mn. No.	173.85	36.84	21.19	2	China
2. Spindles (Wool)	Mn. No.	15.41	1.04	6.75	3	China
3. Spindles (Cotton and Wool)	Mn. No.	189.26	37.88	20.01	2	China
4. Rotors	Mn. No.	8.43	0.48	5.69	5	Russia

Installed Capacity (1995-2003)	Unit	World	India	India as % of World	India's Rank in the World	Country with 1st rank
Knitting	'000 No.	92.74	5.52	5.95	4	China

Quota Regimes in the Textile Industry and Removal of Quotas

Textiles constitute an important segment of the global trade. However, till very recently global trade in textiles was subject to many trade barriers, both tax and non-tax based barriers because of the protectionist policies of developed nations. Various transitional phases through which the global textile trade has passed through can be broadly categorized into the following periods:



In 1995, the Uruguay Round of discussion brought the Multi-Fibre Agreement (MFA) to an end giving way for free trade regime in the global textiles trade. The Agreement on Textile and Clothing (ATC) came into existence w.e.f. January 1, 1995 providing for removal of all the quota restrictions by WTO members in a phased manner over a period of 10 years starting January 1995 in four steps as given below:

Date	Minimum Volume Integrated	Accumulated Volume Integrated	Remaining Quota Growth Rate
January 1, 1995	16 %	16 %	16
January 1, 1998	17 %	33 %	25
January 1, 2002	18 %	51 %	27
January 1, 2005	49 %	100 %	Full Integration

[Source: Global Textile and Clothing Industry post the Agreement on Textiles and Clothing by Hildegunn Kyvik Nordas (WTO)]

With effect from January 1, 2005 the global textile trade is fully integrated marking it a beginning of a quota free era. In the absence of quotas, trade in textile and clothing will now be carried out on the basis of market forces. It is expected that after quota abolition, manufacturing base of the textile industry will see a paradigm shift to Asia. China and India are expected to be the biggest beneficiaries of the quota free regime.

Absence of quotas provides both opportunities as well as threat to India. It is a threat as minimum assured quantities under quotas are no longer available and intense competition is foreseen from other Asian countries mainly China, Bangladesh, Sri Lanka etc. At the same time it is an opportunity as quantitative restrictions / ceilings are no longer in existence.

BUSINESS OVERVIEW

OUR BUSINESS

Maral Overseas Ltd. (Maral) is a vertically integrated textile operation. It is a part of the LNJ Bhilwara group, one of the oldest textile groups in India. The Group's textile empire is complemented by high technology sectors of power generation, graphite electrodes and IT services. The group was founded by Mr. L N Jhunjunwala in the year 1961. Today, the group enjoys a global presence. The Group employs a large workforce and owns 20 modern production units positioned at strategic locations across the country. The group is a diversified and multifaceted conglomerate with a turnover of over Rs. 2800 crores. The business interest ranges across Textile Spinning, Weaving, Knitting, Processing, Readymade Garments and extends to Graphite Electrodes, Sponge Iron and Hydrel Power Generation.

Maral started its commercial production in the year 1992 by setting up 20,160 spindles cotton spinning, which has gradually increased to 75,360 spindles. Maral later diversified its product line and included knitted fabrics, knit wears and ready-mades in its product portfolio. Manufacturing units of the Company are located at Sarovar (M.P.) and Noida (U.P.).

Maral carries forward the LNJ Bhilwara traditions of ethical business practices, complete social compliance and total commitment to quality. The Company's core strengths is – modern technology; excellent customer service, quality systems and quality relationships which are reinforced by the core values of LNJ Bhilwara group that get reflected in its value-based management and total commitment to its workforce, the society and above all, to all its customers.

Believing in leadership through quality and best business practices, Maral has emerged as a reliable supplier in the global market and its customers are rest assured that they get world-class products created in a principled, professional and responsible way. Maral's several awards and certifications vouch for this. These include the TEXPROCIL, AEPC, Greentech Safety and the Rajiv Gandhi National Quality Award. Its certifications include ISO-9000, ISO 14001, ISO 18001, SA 8000. The Products are having accreditation for Quality, Environment, Industrial Safety with Marks & Spencer and Oekotex.

The Company achieved a turnover of Rs. 291.71 Crore during the financial year ended 31st March 2007 from the following activities:

Spinning

Maral produces Cotton Ring Spun Yarns for knitting with an installed capacity of 75360 spindles. It also produces double yarns for knitting and weaving, besides special high value yarns like compact, organic fair-trade, slub and core spun lycra yarns. The spinning section is equipped with modern machinery from Rieters of Switzerland, Autoconers from Schlafhorst, Germany, TFO and linkcovers from Murata of Japan. Stringent controls are kept over the quality and the R&D lab has latest generation testing instruments for analyzing and monitoring. The Company has also set up a 4 Tons per day yarn dyeing plant with Thies dyeing machines, and RF dryer from Stalam and its winding on SSM.

Knitting

Maral entered the processed knitted fabrics market in 1997. Maral uses high speed knitting machines from Fukuhara, Mayer & Cie and Pilotelli. The Company has a system of thorough quality check on all fabrics for the removal of any contamination and other defects from the knitted fabrics.

Dyeing and Processing

The Company has set up an ultra modern process house comprising of latest soft flow dyeing from Scalavos, Greece. These machines are capable of dyeing polyester, nylon, lycra, tencel, modal, viscose besides cotton and all their blends. The finishing equipment is from Santex, Switzerland and Brueckner, Germany. These machines are capable of finishing fabrics both in tabular and open- width while maintaining shrinkage within Limits. Total capacity of Processing Fabrics is 500 Tons.

Garment Division

Garment Division is equipped with latest GGT CAD/ CAM computerized pattern laying and cutting machines, sewing machines from Juki and Pegaous, Japan, and with other equipment like, Stain remover, Needle Detector and Automatic Pocket Creasing machines etc. It has production capacity of 6,00,000 pieces per month. It produces Knitted garments in the Leisurewear, Casualwear, Nightwear and Sportwear categories. It's fully equipped to meet all the needs of hanger packed shipments and value added garments. Specialised washes using Pigment/Reactive/Sulphur Dyes on knit Garments, hand embellished tops using Sequin/Beads/ Crochet/Ari-Emb. besides machine embroidered logos and Overall/Rotary prints, Heat Transfers, Placement prints using Pigment, Discharge dye stuff and tie n dye – are the other offerings from Maral's garments section.

Key Strengths

Maral's 'Q' vision brings passion to its commitment to all prescribed norms and standards. The Company's steadfast ethical business practices safeguard the interests of its customers and all its stakeholders. They translate into good product quality, competitive pricing and complete transparency in all it's functioning.

Maral uses best quality raw material comprising fine quality medium staple fiber (29mm+) with lowest possible contamination levels. Organic, Fair-trade, Long Staple and contamination free cotton is sourced not just from India but also from Turkey, Brazil, USA, West Africa and Egypt.

Maral's customers demand excellence and complete adherence to quality standards and Maral's versatile portfolio of Q products go that extra mile. Maral produces Yarns, Knitted Fabrics and Finished Garments to meet the demands of its ever growing customers.

Well defined and fully laid out procedures to design, plan and execute orders, ensure complete customer satisfaction and shortest lead-time. Highly trained production planners and a full-fledged merchandising team take care that everything happens on time.

Total social compliance makes Maral a role model in its field. It's the first Indian facility to have all the compliance certifications. They reflect in the Company's deep concern for community service and human welfare as well as in its devotion towards preserving the environment and building a clean Maral.

Every step of the manufacturing process uses eco-friendly and pollution free practices. Water from the dyeing & finishing unit is recycled through an ETP and re-used in the process house and in horticulture. Planting thousands of trees and promoting organic farming, Maral not only meets the legal norms but also exceeds them.

'Q' Welfare translates into worker welfare, social compliance and sustainable development. An equal opportunity employer, Maral employs no child labour and treats community activities and employee welfare as a business imperative. Setting up old age homes in rural areas and supporting basic infrastructure like roads, street lights, schools and hospitals in small villages, Maral enjoys the good will of its employees and the local people alike.

Committed to meeting global standards and all customer expectations, Maral employs ERP and VSAT links to reinforce its 'Q' principle right from procurement through to delivery.

Stringent testing systems HVI 9000 and USTER AFIS and modern Barco & Vision Shield machines ensure best raw material quality. Online monitoring systems like SLIDA & RIDA are complemented by samples drawn at each stage of yarn manufacturing that are tested for yarn consistency.

Using this yarn for the finest quality knits, workers further remove any possible contamination from grey fabrics. Dyeing and Finishing is done matching the colour lot by lot on Data Colour Computerized Colour Matching System.

Producing latest designs and best quality garments, the garment division implements SQC through panel inspection, mobile inspectors in line and by setting standards for individual operation on each machine.

Customer base

Be it materials, processes, shipping or communications, Maral is fully equipped and committed to delight its customers. Its 'Q' service is the foundation of the trust it enjoys among its customers for decades. Using Palletized cartons for direct loading on to containers, shipping movements are tracked via Satellite to ensure on schedule deliveries anywhere in the world.

Maral's products are appreciated by numerous highly reputed international brands most of them top notch global names spread across five continents in the USA, Canada, Europe, Japan, Hong Kong, the Middle-East and many other countries worldwide. Maral's customers are Columbia Sportswear Company, Marlborough of Italy, Quiksilver Americas Inc. Broder Bros (Alpha), Knits N Weaves, Marks N Spencers, Debenhams, Sears Canada, Cotton Ginny and Hudson Bay Company etc.

Marketing and Distribution

Company has its own Marketing department for all products which are headed by qualified professionals and connected across the World through Buying Houses, Agents and Supports.

Infrastructure:

Vertically integrated, Maral's entire infrastructure is geared towards fulfilling the 'Q' vision where shortest lead times with a variable product range are the key to moving forward. State-of-the-art machinery from Spinning to Garmenting operating in a highly computerized environment – are the pride of Maral.

Supported by a captive power unit, the Maral Sarovar plant is ideally located in central India's cotton heartland. 500 km from Mumbai and 90 km from Indore, it specializes in yarn and knitted fabric. Maral's other factory is in NOIDA near Delhi which manufactures garments.

Product Development

Maral's strong in-house design and product development teams are the bedrock of its excellence. They engage in constant innovation every season developing new, cost-effective products and processes that match up to customer specific needs like specialized finishes and soft feel of the fabric. Fair-trade and Organic yarns and fabrics and new garment designs are among their many breakthroughs.

The in-house laboratory accredited by M&S and NEXT, is geared with latest testing facilities to ensure zero defect products. It conducts Yarn count measurement, GSM, stitch length measurement, Recipe Prediction, Lab dip development, fastness to laundering, Color Difference, Rubbing fastness, Shrinkage & Spirality measurement.

Skills & Training:

Maral's biggest asset is its well-trained staff and Workforce. 'Q' Training begins well before manufacturing with Maral's experts upgrading the skills of cotton farmers and ginners through constant interactions.

Regular workshops for workers, staff & executives sharpen professional skills while visits to foreign manufacturers, machinery suppliers and customers, help keep track of global trends and most cost-effective manufacturing systems. The emphasis is on developing in-house maintenance capabilities to curtail down-time.

KEY INDUSTRY REGULATIONS

INTRODUCTION

Over the period of the past five years numerous barriers to growth of various sectors of the Indian economy have been removed by the Indian government. However, there are quite a few more hurdles in the way of the India realizing its true potential in the apparel industry. Such hurdles require action on part of the government. This will pave the way for operations on a larger scale with better operational and organizational performance of local manufacturers. This will in turn encourage investment, particularly foreign direct investment.

The small-scale garment industry in India is still having the shelter of numerous regulations. The production of ready-made garments is no longer reserved for the Small Scale Industrial sector. However, a few product markets like hosiery etc, still are reserved for the Small Scale Industrial sector. Further, to take advantage of the prevailing labour laws Indian textile manufacturers often choose to set up several small plants, instead of a single consolidated one resulting in Indian apparel/garment making units not measuring up to the size of their foreign counterparts.

In order to correct this situation to some extent and boost textile exports few of the important initiatives taken by the Government of India are as follows:

Policy Initiatives

(i) Announcement of New Textile Policy:- One of the main objectives of the New Textile Policy (NTxP-2000) announced in November 2000 is to facilitate the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The policy endeavours to achieve the target of textile and apparel exports from the present level to US \$ 50 billion by 2010, of which the share of garments will be US \$ 25 billion. Subsequent to the announcement of NTxP-2000, woven segment of readymade garment sector has been de-reserved from SSI and the announcement has been made for de-reservation of knitwear from SSI.

(ii) Technology Up-gradation Fund Scheme:- In view of the urgent need for stepping up the process of modernization and technology upgradation of the textile industry in India, Ministry of Textiles launched a Technology Upgradation Fund Scheme (TUFS) for the textile and jute industry for a five years time frame with effect from April 01, 1999 to March 31, 2004, providing for 5% interest reimbursement in respect of loans availed thereunder from the concerned financial institutions for investments in benchmarked technology for the sectors of the Indian textile industries specified thereunder. TUFS was subsequently extended till 31.03.2007. It has now been extended till 2012, co-terminus with the 11th Five Year plan.

(iii) Liberalization of FDI Policy: Government has allowed foreign equity participation upto 100%, through automatic route, in the textile sector with the only exception in knitwear/knitting sector which is still reserved for SSI. SSI investment limit for the knitwear/knitting sector has been increased from Rs. 1 crore to Rs. 5 crore.

(iv) Export Promotion Capital Goods (EPCG) Scheme: The scheme facilitates import of capital goods at 5% concessional rate of duty with appropriate export obligation. Import of second hand capital goods is allowed under the EXIM Policy as announced on March 31, 2003.

(v) Advance Licensing Scheme: With a view to facilitating exports and to access duty-free inputs under the scheme, standard input-output norms for about 300 textiles and clothing export products have been prescribed and this scheme remained under operation.

(vi) Duty Exemption Pass Book (DEPB) Scheme: DEPB credit rates have been prescribed for textiles and clothing products.

(vii) Duty Drawback Scheme: The exporters are allowed refund of the excise and import duty suffered on raw materials under the scheme so as to make the products more competitive in the international market.

(viii) Human Resource Development: Attention has also been paid to Human Resource Development in the textile sector. National Institute of Fashion Technology (NIFT) is imparting training to Fashion Designers and Fashion Technologists to cater to the human resource requirements of garment industry.

The Ministry of Textiles is also concerned over the need to improve the quality of textile training institutes in the country. Therefore, a Nodal Centre for Upgradation of Textile Education has been established at the Indian Institute of Technology, Delhi with funding from the Ministry of Textiles. The Apparel Export Promotion Council has been running Apparel Training and Design Centres (ATDCs) at important apparel centres located at Chennai, Delhi, Kolkata, Hyderabad, Jaipur and Bangalore in order to impart training at shop floor level to meet the growing needs of apparel industry.

(ix) Construction of Apparel International Mart: Apparel Export Promotion Council is constructing an Apparel International Mart at Gurgaon with assistance from Government.

(x) Setting up of modern laboratories: The Ministry of Textiles has assisted the Textile Committee in setting up of modern textile laboratories to ensure that the textiles exported from the country meet all international environmental standards.

(xi) Apparel Park for Exports Scheme: A centrally sponsored scheme titled "Apparel Parks for Exports Scheme" has been launched. The scheme is intended to impart focused thrust to setting up of apparel manufacturing units of international standards at potential growth centres and to give fillip to exports. Since the inception of scheme in March 2002, eleven Project Proposals has been sanctioned for setting up Apparel Parks at Tronica City & Kanpur (U.P.), Surat (Gujarat), Thiruvananthapuram (Kerala), Vishakapatnam (Andhra Pradesh), Ludhiana (Punjab), Bangalore (Karnataka), Tirupur & Kanchipuram (Tamil Nadu), SEZ, Indore (Madhya Pradesh) and Mahal (Jaipur, Rajasthan).

(xii) Textile Centres Infrastructure Development Scheme (TCIDS): Development of infrastructure facilities at predominantly textile/apparel sector areas is one of the thrust areas of NTxP-2000. For attaining this objective, a new scheme (TCIDS) has been launched for upgrading infrastructure facilities at important textile centres.

Other Applicable Legislations

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

This act provides for the prevention and control of water pollution and the maintenance or restoration of the wholesomeness of water. It was enacted to ensure that domestic and industrial effluents are not discharged into water-courses without adequate treatment so as to maintain the suitability of water for drinking and irrigation purposes, and the support of marine life.

Central/State Pollution Control Boards were established under this Act. These boards have the function of promoting the cleanliness of streams and wells, to which end they may advise the Government, provide technical assistance, publish data, lay down guidelines etc. The Central/State Governments may also give directions to the boards, as the case may be. In addition, the State Government has the power to obtain information and to take samples of effluents. It may also restrict the application of the Act to certain areas. To this end, it has the power of entry and inspection. The Central / State Governments may also make rules under the Act.

As per the provisions of this act, no person shall allow any poisonous, noxious or polluting matter or any matter which is likely to impede the flow of water to enter into any stream. Restrictions have been placed on new outlets and new discharges which are likely to

discharge sewage or trade effluents. Where any person who has been called upon to do any work fails to do so, the State Board itself may carry out such work. Emergency measures may also be undertaken in such cases as may warrant the taking of such measures, to remove effluents, mitigate pollution etc. An application may be made for restraining the apprehended pollution of water.

Failure to comply with the provisions of the Water Act might entail penal consequences (imprisonment, fine or both), the degrees of which vary in proportion with the varying degrees of violations.

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

The Air Act provides for the prevention, control and abatement of air pollution and as enacted to adopt an integrated approach for controlling the discharge of industrial emissions, keeping in mind the increasing industrialization, the tendency of industries to congregate in areas which are heavily industrialized and the density of population in such areas.

It should be noted that noise constitutes an air pollutant under the Act, in addition to injurious solid, liquid or gaseous substances. The Central and State Pollution Control Boards constituted under the Water Act have been called upon to exercise similar powers under the Air Act. These boards have the function of improving the quality of air and preventing, controlling or abating air pollution. To this end, these boards may advise the Government, plan and execute programs, collect and disseminate information, provide technical assistance, lay down guidelines etc. The Central/State Governments may also give directions to the boards, as the case may be.

The State Governments have the authority, after consulting the State Board, to declare air pollution areas, where the use of any fuel, any appliance and/or the burning of any material. In such areas, no person shall establish or operate any industrial plant without the previous consent of the State Board. As and when accidental emissions occur, information is required to be provided to the State Board. The State Government may also give instructions for ensuring standards for emission from automobiles.

The State Board has been conferred with the power of entry and inspection, the power to obtain information, and the power to take samples of air or emissions. The State Board may also make an application to Court for restraining persons from causing air pollution. The Central / State Government may make rules in consultation with the Central / State Board, as the case may be.

Failure to comply with the provisions of the Air Act could entail penal consequences (imprisonment, fine or both), the degrees of which vary in proportion with the varying degrees of violations.

Labour Legislations

The Industrial Disputes Act, 1947 ("IDA") is one of the key employment laws dealing with employer-workmen relations such as conditions of service, termination of service, retrenchment, lay off, closure, strikes, lock-outs.

The law relating to retrenchment (redundancy) is found primarily in Chapter V-A and Chapter V-B of the IDA. The provisions of Chapter V-A relating to retrenchment and closure applies to all industries, including commercial establishments, shops, restaurants and service industries regardless of the size of the establishment or labour force. Chapter V-B of the IDA applies to a factory (as defined under the Factories Act, 1948), a mine or a plantation in which at least 100 workmen were employed on an average in the preceding twelve months. Industrial Establishments which are subject to the provisions of Chapter V-B however, cannot retrench, lay-off or close down without obtaining the prior permission of the appropriate Government. We understand that such permission from the appropriate government is not ordinarily granted, and cases where it is granted, such permission is invariably challenged in Courts.

The WTO 2005 Initiative

Protection of the textile and clothing sector has a long history in United States and Europe. In the 1950s, Japan, Hong Kong, China, India and Pakistan agreed to voluntary restrain of export for cotton textile products to the United States. In 1962 a Long Term Agreement regarding International Trade in Cotton Textiles (LTA) was signed under the auspices of the

GATT (replacing a 1-year short-term agreement). The LTA was renegotiated several times until it was replaced by the MFA, which extended restrictions on trade to wool and man-made fibers in addition to cotton. Since 1947, when the General Agreements on Tariff and Trade (GATT) was first signed, an increasing proportion of international trade was regulated by the international agreements, designed to ensure countries could erect or maintain barriers to international trade only under mutually agreed terms. Apparel/readymade garments were not included in GATT provisions. In 1947, the Multi-Fibre Agreement (MFA) was signed, without reference to GATT, essentially ratifying countries right to impose quotas on textiles and apparel/readymade garment imports from each other. This was intended to be a temporary measure allowing developed countries time to restructure their apparel/ready-made garments and textile industries before opening them up to competition from developed countries. In practice the MFA was frequently renewed. In 1994, GATT signatories signed the Agreement on Textiles and Clothing (ATC), committing to phasing out MFA and replacing it by the general systems for agreeing trade barriers and disputes that the GATT has laid down.

Almost simultaneously, the GATT was replaced by the World Trade Organisation (WTO).

The most important underlying principles of the ATC are :

1. The quotas would be phased out to an agreed timetable (16% of imports quota-free by January 1, 1995, a further 17% by January 1, 1998, a further 18% by January 1, 2002 and the remaining 49% by January 1, 2005);
2. There would be no extension date;
3. The ATC would be binding only on trade between WTO member states;
4. There would be no temporary provisions while the ATC was in force for monitoring progress and managing duties.

Accordingly, quota restrictions have been removed with effect from January 1, 2005. This removal of world trade quota restrictions is expected to bring a change in the global apparel trade. Productivity, labour costs, quality and creativity will determine which countries will eventually emerge as winners.

HISTORY AND CERTAIN CORPORATE MATTERS

We are part of the LNJ Bhilwara Group, established in the year 1960, with a turnover of approximately Rs. 3000 crore. The group activities span various sectors including Textiles, Graphite Electrodes, Power Generation and Power Engineering Services. The core business is Textiles, which accounts for around 62% of the Group's Turnover.

Our Company was originally incorporated as Maral Overseas Limited on 27th of January, 1989 with the Registrar of Companies, Delhi and Haryana. We obtained the Certificate of Commencement of Business on 7th February 1989. Originally the registered office of the Company was situated at S-466, Greater Kailash-II, New Delhi-110048. Thereafter, with effect from May 28, 1990 it was shifted to Bhilwara Bhawan, 40-41, Community Centre, New Friends Colony, New Delhi-110065 and with effect from April 15 1994 it was relocated to Maral Sarovar, V & P.O. Khalbujurg, Tehsil, Kasrawad, Distt. Khargone- 451660, Madhya Pradesh. The Company Registration Number is 10-8255 and the Corporate Identity Number of Company is L17124MP1989PLC008255.

Our Company is located in the cotton heartland of India in the State of Madhya Pradesh near the city of Indore. This unit is spread across 140 acres of land on the banks of Narmada river. It is a modern setup for spinning yarn, knitting and processing of fabrics and making apparel for global brands. Our Company is a vertically integrated manufacturing Company producing yarn, knitted fabric and knitted garments. It is an exporter of cotton yarn from India and has a presence in knitted fabrics and textile garments in the domestic as well as international markets. Banking on its core strengths, modern manufacturing technology, quality systems, quality relationships, Maral has earned a reputation as a reliable supplier in the world market.

Maral is listed on the BSE and NSE. It is also listed on CSE but has not paid the annual listing fees to CSE in the last four years as it has applied to it for voluntary delisting of its Equity Shares, (after approval from the shareholders in the Annual General Meeting dated September 26, 2003) on October 17, 2003 vide its letter dated October 11, 2003.

In the year 1999, Asian Knitwears Limited, Jammu was amalgamated with the Company. The Company allotted Equity Shares to the members of erstwhile Asian Knitwears Limited in the ratio of 80 equity shares of Maral Overseas Limited for every 100 equity shares held in Asian Knitwears Limited, as per the scheme of amalgamation approved by the Hon'ble High Courts of Delhi and Madhya Pradesh. The Amalgamation of Asian Knitwears Limited with the Company was accomplished on May 24, 1999. The orders of the Hon'ble High Courts of Delhi and Madhya Pradesh were filed with the respective Registrar of Companies on 24th May, 1999.

As part of a focused strategy on expansion in garment manufacturing, Maral set up a unit in 2003 at Noida. This unit is customized to meet the needs of hanger packed shipments and value added garments. This unit has a modern setup for manufacturing knitted garments.

Maral produces 11748 MTPA of combed cotton yarn and 2859 tons of processed knitted fabric per annum, besides the capacity to knit 3041 tons of grey fabrics per annum. It also has an installed capacity to manufacture 87 lac pieces of knitted garments every year. Maral has an ISO 9002 certified 100% Export Oriented Unit. It has also been awarded certifications and trophies from Institute for Marktokalogie, Rajeev Gandhi National Quality Award and TEXPROCIL.

The Company has closed down the Jammu unit as the costs at the Jammu unit had been increasing to unsustainable levels, seriously impacting the bottomline of the Company. The Company in order to cut down costs closed down the same, after obtaining all necessary approvals. The Company has decided to restructure the operations at the Maral Sarovar Plant which would include discontinuance of the Garment Unit at Maral Sarovar.

Important milestones achieved by the Company are as follows:

YEAR	EVENT
Jan-1989	Incorporation of the Company as Maral Overseas Limited
Oct-1991	Listing of Equity Shares on Delhi, Calcutta, Bombay and Indore Stock Exchanges.
Feb-1992	Commercial production at Maral Sarovar, Indore
April 1994	Shifting of the Registered Office. From Delhi to Indore
Sep-1994	Issue of Equity Shares on Private Placement Basis.
Oct-1994	Listing of Equity Shares on Jaipur Stock Exchange.
Nov-1994	Listing of Equity Shares on National Stock Exchange.
May-1999	Amalgamation of Asian Knitwears Limited with the Company.
Dec 29 2003	Equity Shares delisted from the Delhi Stock Exchange
May 15 2004	Equity Shares delisted from the Jaipur Stock Exchange
Feb 15 2005	Equity Shares delisted from the Madhya Pradesh Stock Exchange
Oct-2005	Issue of Equity Shares on preferential basis to Promoters, Directors and Persons acting in concert, which includes Associates, Relatives and friends of such Promoters and Directors of the Company.

Achievements:

Sl.no.	Name of Award	Year
1	MP Export Excellence Award	1994
2	Excellence Award for Kapas Vishudikaran	1996-97
3	Rajiv Gandhi National Quality Award	1998
4	Excellence Award (Bharat Shell Ltd.)	1999-2000
5	Best Employer Award (Employee Provident Fund Organisation, Indore)	2000
6	Texprocil Award (Export)	2000-01
7	Paryavaran Purushkar (Environment Award)	2001-02
8	GreenTech Safety Award	2002-03
9	Marks and Spencers (Lab Accreditation Certificate)	2006

Main Objects of the Company as contained in the Memorandum of Association of the Company

1. To carry on the business of Importing, Exporting, Trading, Marketing, dealing, getting spinned and weaved on jobs of all kinds of man made fibres, cellulosic fibres, non cellulosic, fibres, mineral fibres, man made filament yarn, texturised yarn, cellulosic

spun yarn, nylon yarn, wool yarn, acrylic yarn, jute yarn, silk yarn, flex yarn, polyester yarn, staple fibre yarn, acrylic fibre yarn, viscose yarn, worsted yarn, ramie yarn, hemp silk, mesta, terelene and all other items of allied nature and all sorts of products and by products and substitutes of all or any of them.

2. To carry on the business of importers, exporters, buyers, sellers and dealers, and as agents, stockists, distributors and suppliers of all kinds of readymade garments, coverings, coated fabrics, textiles, hosiery and other production goods, articles and things as are made from or with cotton, nylon, silk, polyester, acrylics, wool, jute and other such kinds of fibre by whatever name called or made under any process, whether natural or artificial and by mechanical or other means and all other such products of allied nature made thereof.
3. To carry on the business as importers and exporters of goods and merchandise of any description and to act as shippers, commission agents, forwarding and clearing agents thereof.
4. To carry on the business of trading, purchasing, storing, marketing, selling, distribution, dealing, importing, exporting, warehousing, pressing and dealing in all kinds of marketable items and all sorts of their products, by products, spares, accessories and materials on retail basis as well as on wholesale.
5. To carry on the business of Manufacturing, producing, combing, bleaching, finishing, dyeing, knitting, laminating, bailing and pressing, spinning & weaving of all kinds of man made fibres, cellulosic fibres, non cellulosic fibres, mineral fibres, man made filament yarn, texurised yarn, cellulosic spun yarn, nylon yarn, cotton yarn, wool yarn, acrylic yarn, jute yarn, silk yarn, flex yarn, polyester yarn, staple fibre yarn, terelene and all other items of allied nature and all sorts of products and substitutes of all or any of them. Approved by Board 4-1-90 and General Body 30-1-90.
6. To carry on the business of manufacturers, producers, processors, converters, coated fabrics, textiles, hosiery and other products, goods, articles and things as are made from or with cotton, nylon, silk, polyester, acrylics, wool, jute and other kinds of fibre by whatever name called or made under any process, whether natural or artificial and by mechanical or other means and all other products of allied nature. Approved by Board 4-1-90 and General Body 30-1-90.

CHANGES IN MEMORANDUM OF ASSOCIATION OF COMPANY

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

Date of Shareholders' Approval	Nature of Amendment
December 17, 1990	Amendment of Clause V. The Authorized Share Capital of the Company was increased from Rs.5,00,000 comprising of 5000 equity shares of Rs.10/- each to Rs.15,00,00,000 comprising of 1,50,00,000 equity shares of Rs. 10/- each.
June 21, 1991	Amendment of Clause V. The Authorized Share Capital of the Company was increased from Rs.15,00,00,000 comprising of 15,00,00,000 equity shares of Rs.10/- each to Rs.20,00,00,000 comprising of 2,00,00,000 equity shares of Rs. 10/- each.
July 27, 1994	Amendment of Clause V. The Authorized Share Capital of the Company was increased from Rs.20,00,00,000 comprising of 20,000,000 equity shares of Rs.10/- each to Rs.30,00,00,000 comprising of 3,00,00,000 equity shares of Rs. 10/- each.

September 27, 1995	Amendment of Clause V. The Authorized Share Capital of the Company was increased from Rs.30,00,00,000 comprising of 3,00,00,000 equity shares of Rs.10/- each to Rs.45,00,00,000 comprising of 3,00,00,000 equity shares of Rs. 10/- each and 15,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each.
March 3, 2000	Amendment of Clause V. The Authorized Share Capital of the Company was increased from Rs. 45,00,00,000 comprising of 3,00,00,000 equity shares of Rs.10/- each and 15,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each. to Rs.55,00,00,000 comprising of 3,00,00,000 Equity Shares of Rs. 10/- each and 25,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each.
September 29, 2007	Amendment of Clause V. The Authorized Share Capital of the Company is Rs. 55,00,00,000/- divided into 4,00,00,000 Equity Shares of Rs. 10/- (Rupees Ten only) each aggregating to Rs. 40,00,00,000/- (Rupees Forty Crore only) and 15,00,000 Cumulative Redeemable Preference Shares of Rs.100/- (Rupees Hundred only) each aggregating to Rs.15,00,00,000/- (Rupees Fifteen Crore only).

Subsidiaries of the Company

The Company does not have any subsidiary.

Shareholder's Agreements

There is no Shareholders' Agreement existing as on date.

Strategic & Financial Partners

The Company does not have any strategic/ financial partner, formed in the ordinary course of business.

Other Agreements

Except the agreements in the normal course of business, the Company has not entered into any other agreements of any kind.

OUR MANAGEMENT

As per the Articles of Association, the Company must have a minimum of three and maximum of twelve Directors. The Company has six Directors as on date, out of which only the Managing Director is an Executive Director. The following table sets forth information regarding the Board of Directors, as on date:

A. Details of Board of Directors:

S. NO	NAME & FATHER'S NAME AND NATIONALITY	DESIGNATION	STATUS	DIN	ADDRESS	OCCUPATION	QUALIFICATIONS	DATE OF APPOINTMENT	OTHER DIRECTORSHIPS
1	Mr. Lakshmi Niwas Jhunjhunwala, S/O Late Shri Shubkaran Jhunjhunwala, Indian	Chairman Emeritus	Promoter-Non Executive	00150180	63, Friends Colony (East) New Delhi - 110 065	Industrialist	B.A. Maths (Hons)- Gold Medallist Calcutta University	June 28, 1990	Refer Table B below
2	Mr. Shekhar Agarwal, S/O Late Shri S N Agarwal, Indian	Managing Director	Promoter-Executive	00066113	7, Sadhna Enclave New Delhi - 110 017	Industrialist	B.Tech (Mech)IIT, M.S.(Chicago)	January 27, 1989	Refer Table B below
3	Mr. Ravi Jhunjhunwala, S/O Mr. L N Jhunjhunwala, Indian	Chairman	Promoter-Non Executive	00060972	63, Friends Colony (East) New Delhi - 110 065	Industrialist	B.Com (Hons), MBA	27.11.1996	Refer Table B below
4	Dr. Kamal Gupta, S/o Late Shri Dharam Pal Gupta, Indian	Director	Independent-Non Executive	00038490	House No. N-23, Sector - XI NOIDA - 201 301 (U. P.)	Consultant in the areas of Finance, Accounting and Corporate Laws	FCA, AICWA, Ph.D.	July 13, 1991	Refer Table B below

S . N O	NAME & FATHER'S NAME AND NATIONALITY	DESIGNATION	STATUS	DIN	ADDRESS	OCCUPATION	QUALIFICATIONS	DATE OF APPOINTMENT	OTHER DIRECTORSHIPS
5	Mr. Priya Shankar Dasgupta, S/O Mr. Shanti Kumar Dasgupta, Indian	Director	Independent-Non Executive	00012552	New Delhi Law Office, Rajendra Bhawan , 5th Floor, 210, Deen Dayal Upadhyay Marg, NEW DELHI - 110 002.	Lawyer	B.A. Eco.(H), LLB, PG Diploma in Corporate Law and Labour Laws.	September 28, 2004	Refer Table B below
6	Mr. Dharmendar Nath Davar, S/O Late Shri Daryai Lal Davar, Indian	Director	Independent-Non Executive	00002008	B 5/82, Safdarjung Enclave New Delhi - 110 029	Consultant in the areas of Finance, and Corporate Laws, part time consultant to World Bank, UNIDO and Kreditanstalt Fur Weideraufbau(KFW) and former Executive Chairman of IFCI	B. Com (Hons), M.A. (Economics), CAIIB, Fellow of the Economic Development Institute of the World Bank	September 28, 2004	Refer Table B below

B. OTHER DIRECTORSHIPS OF THE AFOREMENTIONED DIRECTORS

S - N O	NAME & FATHER'S NAME	OTHER DIRECTORSHIPS
1	Mr. Lakshmi Niwas Jhunjhunwala	<p><u>Public Ltd. Companies</u> HEG LTD. RSWM LTD. BHILWARA SPINNERS LIMITED MALANA POWER COMPANY LTD INDO CANADIAN CONSULTANCY SERVICES LIMITED LNJ FINANCIAL SERVICES LTD. AD HYDRO POWER LTD.</p> <p><u>Private Limited Companies – NIL</u></p>
2	Mr. Shekhar Agarwal	<p><u>Public Ltd. Companies</u> HEG LTD. RSWM LTD. BHILWARA SPINNERS LIMITED ESSAY MARKETING COMPANY LIMITED BHILWARA INFOTECH LTD BSL LTD. APPTX MANPOWER DEVELOPMENT SERVICES LIMITED</p> <p><u>Private Limited Companies</u> BMD PVT. LTD AGARWAL FINESTATE PVT. LIMITED</p>
3	Mr. Ravi Jhunjhunwala	<p><u>Public Ltd. Companies</u> HEG LTD. RSWM LTD. BHILWARA SPINNERS LIMITED MALANA POWER CO. LIMITED BHILWARA PROCESSORS LTD. INDO CANADIAN CONSULTANCY SERVICES LTD BHILWARA INFOTECH LTD. BSL LIMITED AD HYDRO POWER LTD. CHESLIND TEXTILES LIMITED</p> <p><u>Private Limited Companies</u> BMD PVT. LTD. BHILWARA SOFTWARE PVT. LIMITED BHILWARA SCRIBE PVT LTD. BHILWARA INFOWAY PVT. LIMITED ESCRIBE INDIA PVT. LIMITED ESCRIBE MEDICAL TRANSCRIPTION INC.</p>
4	Dr. Kamal Gupta	<p><u>Public Ltd. Companies</u> HEG LTD.</p>

S · N O	NAME & FATHER'S NAME	OTHER DIRECTORSHIPS
		RSWM LTD. MALANA POWER COMPANY LTD. PNB GILTS LTD. AD HYDRO POWER LTD. <u>Private Ltd. Companies- NIL</u>
5	Mr. Priya Shankar Dasgupta	<u>Public Ltd. Companies</u> CUMMINS INDIA LTD. CUMMINS AUTO SERVICES LIMITED INDIA GYPSUM LTD. OTIS ELEVATOR CO. INDIA LTD. TIMKEN INDIA LIMITED <u>Private Limited Companies</u> BATES INDIA PVT. LIMITED BATES INVESTMENTS INDIA PVT. LIMITED BAUSCH & LOMB EYECARE INDIA PVT. LIMITED DASGUPTA CONSULTING PVT. LIMITED HUNTER DAUGLAS INDIA PVT. LTD. INTERSTAR FINANCIAL & MANAGEMENT SERVICES PVT. LTD LPS BOSSARD INFORMATION SYSTEMS PVT. LIMITED LPS BOSSARD PVT. LIMITED SNAP-ON TOOLS PVT. LIMITED WINDOW FURNISHING INDIA PVT LIMITED HOLCIM INDIA PVT. LTD. HINES INDIA REAL ESTATE PVT. LIMITED TRICONE PROJECTS INDIA PVT. LIMITED NEW DELHI CORPORATE CONSULTANCY SERVICES PVT. LTD DELHI PRIVATE SCHOOL LLC, SHARJAH
6	Mr. Dharmendar Nath Davar	<u>Public Limited Companies</u> SANDHAR TECHNOLOGIES LTD. SANDHAR INFOSYSTEMS LTD. HEG LTD. RSWM LTD. JAIPRAKASH POWER VENTURES LTD.

S · N O	NAME & FATHER'S NAME	OTHER DIRECTORSHIPS
		JAIPRAKASH ASSOCIATES LTD. JAIPRAKASH HYDRO POWER LTD. OCL INDIA LIMITED INDO-CONTINENTAL HOTELS & RESORTS LTD. ANSAL PROPERTIES & INFRASTRUCTURE LTD. HERO HONDA FINLEASE LTD. ADYAR GATE HOTEL LTD. AHLCON PARENTERALS INDIA LTD. TITAGARH WAGONS LTD. <u>Private Limited Companies</u> S. P. WAHI TECHNOLOGY & MANAGEMENT CONSULTANTS PVT. LTD. SANDHAR STEADY STREAM TOOLING PVT. LTD. ITIDA CAD SERVICES PVT. LIMITED

The brief profile of the Directors of the Company other than Promoters is given below:

Dr. Kamal Gupta:

Mr. Kamal Gupta aged 61 years is a consultant in the areas of Finance, Accounting and Corporate Laws. He was a Technical Director of The Institute of Chartered Accountants of India (ICAI). He has also been a Faculty Member of Department of Business Management, Punjab University (1968 to 1991), ICAI (1971 to 1998). He has also represented the ICAI on various Committees of RBI, Ministry of Company Affairs, Central Board of Direct Taxes, Comptroller and Auditor General, Securities and Exchange Board of India. He has also been a technical advisor to Indian Representatives on the International Federation of Accountants and the International Accounting Standards Committee.

Mr. Priya Shankar Dasgupta:

Mr. P.S. Dasgupta aged 52 years is a Senior Partner of the firm M/s New Delhi Law Offices, New Delhi for over 15 years. He is regularly consulted on strategic corporate and commercial issues and in particular on entry strategies, mergers & acquisitions, restructuring, shareholder disputes. He specializes in structuring and negotiation of Joint Ventures and Foreign Collaborations & devising entry strategies. He counsels on Corporate Laws, Foreign Exchange, Antitrust and Mercantile Laws, Project Contracts, Construction Contracts including Telecom and other Infrastructure Projects and Financing Contracts, Specialized Corporate Litigation, Domestic and International Arbitrations. He serves as a Director on the Board of various national and multinational clients having business interest in India.

Mr. Dharmendar Nath Davar:

Mr. Dharmendar Nath Davar aged 73 years is a Post Graduate holding a degree in M.A. (Economics), a Certified Associate of the Indian Institute of Bankers, Fellow member of Economic Development Institute of the World Bank, Permanent Honorary Faculty of the Management Development Institute (MDI) India. Mr. Davar has been a Banker and Ex-Chairman of IFCI Ltd. He has rich experience in the fields of Banking, Finance, Corporate

Planning and Administration. He serves as a Director on the Boards of various national and multinational clients having business interests in India.

Details of Borrowing Powers

The Company has passed resolution at the Annual General Meeting held at the registered office of the Company on September 28, 2006 authorizing the Board of Directors of the Company to borrow upto a maximum amount of Rs. 500 crores.

Term and Remuneration of Managing Director – Shekhar Agarwal

Designation	Managing Director
Term	From 1.1.2006 to 31.12.2010
Remuneration	Rs. 2,00,000/- per month
Date of appointment	1.1.2006 approved by the Board in its Meeting held on 27-10-2005.
Date of Shareholders Approval	28.09.2006

Break up of the Remuneration :

1. Salary: Rs.2,00,000/- per month.

Perquisites: In addition to salary, Shri Shekhar Agarwal shall be entitled to the following perquisites:

i) Provident Fund: Company's contribution to Provident Fund shall be as per the scheme of the Company

ii) Superannuation/Annuity Funds: Company's contribution to Superannuation/Annuity fund shall be in accordance with the scheme of the Company.

iii) Gratuity: As per the rules of the Company, payable in accordance with the approved fund at the rate of half a month's salary for each completed year of service.

iv) Car: Provision of car for use on Company's business. Use of car for private purpose shall be billed by the Company.

v) Telephone: Telephone at residence. Personal long distance calls be billed by the Company.

MINIMUM REMUNERATION

The above remuneration which has been fixed in the context of the provisions relating to minimum remuneration in case of absence or inadequacy of profits, as contained in section II of part II of schedule XIII of the Act may be reviewed and revised if considered appropriate once the Company starts earning adequate profits. The revision, if any, shall be subject to the approvals required under the Act.

Shareholding of Directors in the Company

The following table details the shareholding of our Directors in their personal capacity and either as sole or first holder, as at the date of this Draft Letter of Offer.

NAME	NO. OF SHARES	% OF PRESENT CAPITAL
Mr. L. N. Jhunjhunwala	0	0

NAME	NO. OF SHARES	% OF PRESENT CAPITAL
Mr. Ravi Jhunjhunwala	10	0
Mr. Shekhar Agarwal	755573	3.473
Dr. Kamal Gupta	1000	0.005
Mr. D. N. Davar	1000	0.005
Mr. P.S. Dasgupta	0	0

None of our Directors have transacted in the shares of the Company in the last six months.

CHANGES IN THE DIRECTORS DURING THE LAST THREE YEARS AND REASONS THEREOF:

There has been no changes in the Board of our Company during the last three years.

CORPORATE GOVERNANCE

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to Corporate Governance will be applicable to the Company immediately upon the listing of our Equity Shares, offered through the proposed issue of shares on Rights Basis on the Stock Exchanges. Maral Overseas Limited (MARAL) intends to comply with such provisions, including with respect to the appointment of independent Directors in the Board and the constitution of the following Board committees:

The Audit Committee;
The Remuneration Committee; and
Shareholders' /Investors' Grievance Committee.

Maral has adopted the Corporate Governance Code in its meeting of the Board of Directors held on January 27, 2005 as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

The details of these Committees are as follows:

Composition of Board of Directors:

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors as envisaged in Clause 49 of the Listing Agreement, with not less than fifty percent of the Board of Directors comprising of Non-Executive Directors. Moreover, since the Chairman of the Company is a Non-Executive Director accordingly one-third of the Board of Directors is required to be comprised of Independent Directors. However in case of MARAL 50% of the Board is comprised of Independent Directors.

Audit Committee

The Audit Committee was constituted vide resolution passed by the Board of Directors at its meeting held on the 18th day of March, 1997. The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, Internal Controls, risk management, policies and processes, tax policies, compliance and legal requirements and associated matters. The terms of reference of the Audit Committee are in consonance with the requirements of Clause 49 of the Listing Agreement.

Composition of Audit Committee

The following members constitute the Audit Committee:

	Name of the Director	Designation	Category
1	Mr. L.N. Jhunjhunwala	Member	Promoter-Non- Executive

	Name of the Director	Designation	Category
2	Dr. Kamal Gupta	Chairman	Independent-Non- Executive
3	Mr. P.S. Dasgupta	Member	Independent-Non- Executive
4	Mr. D.N. Davar	Member	Independent-Non- Executive

Mr. Rajat Prothi, Company Secretary is the Secretary to the Committee.

Powers of Audit Committee:

The Audit Committee can:

- ❖ Investigate any activity within its frame work and scope of activity which can refer to finance, accounts, management strategies, internal systems and procedures, delegation of authority, etc.
- ❖ seek any information from any employee within its terms of reference and in connection with execution of its powers.
- ❖ obtain legal or professional advices from third parties in connection with carrying out its objectives, but within the frame work of the terms of reference, and not the least secure the attendance of outsiders which relevant expertise, if it considers necessary for carrying out the objects for which the Committee is formed.

Role of Audit Committee

The role of Audit committee includes the following:

1. Overseeing 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.
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.
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.

The Audit Committee mandatorily reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

Remuneration Committee

The Remuneration Committee was constituted vide resolution passed by the Board of Directors at its meeting held on the 27th day of October, 2005. The constitution of the same is as under:

	Name of the Director	Designation	Category
1	Dr. Kamal Gupta	Chairman	Independent-Non- Executive
2	Mr. D.N. Davar	Member	Independent-Non- Executive
3	Mr. P.S. Dasgupta	Member	Independent-Non- Executive

Mr. Rajat Prothi, Company Secretary is the Secretary to the Committee.

The Committee performs the functions of Remuneration Committee as recommended in the Listing Agreement to be entered into with the Stock Exchanges. The Remuneration Committee considers, approves and recommends to the Board the remuneration payable to Managerial personnel coming within the purview of applicable provisions of the Companies Act, 1956.

Shareholders' /Investors' Grievance Committee.

The Shareholders' /Investors' Grievance Committee was constituted vide resolution passed by the Board of Directors at its meeting held on the 5th day of May, 2001. The constitution of the same is as under:

	Name of the Director	Designation	Category
1	Dr. Kamal Gupta	Chairman	Independent-Non- Executive
2	Mr. D.N. Davar	Member	Independent-Non- Executive

	Name of the Director	Designation	Category
3	Mr. Shekhar Agarwal	Member	Promoter- Executive

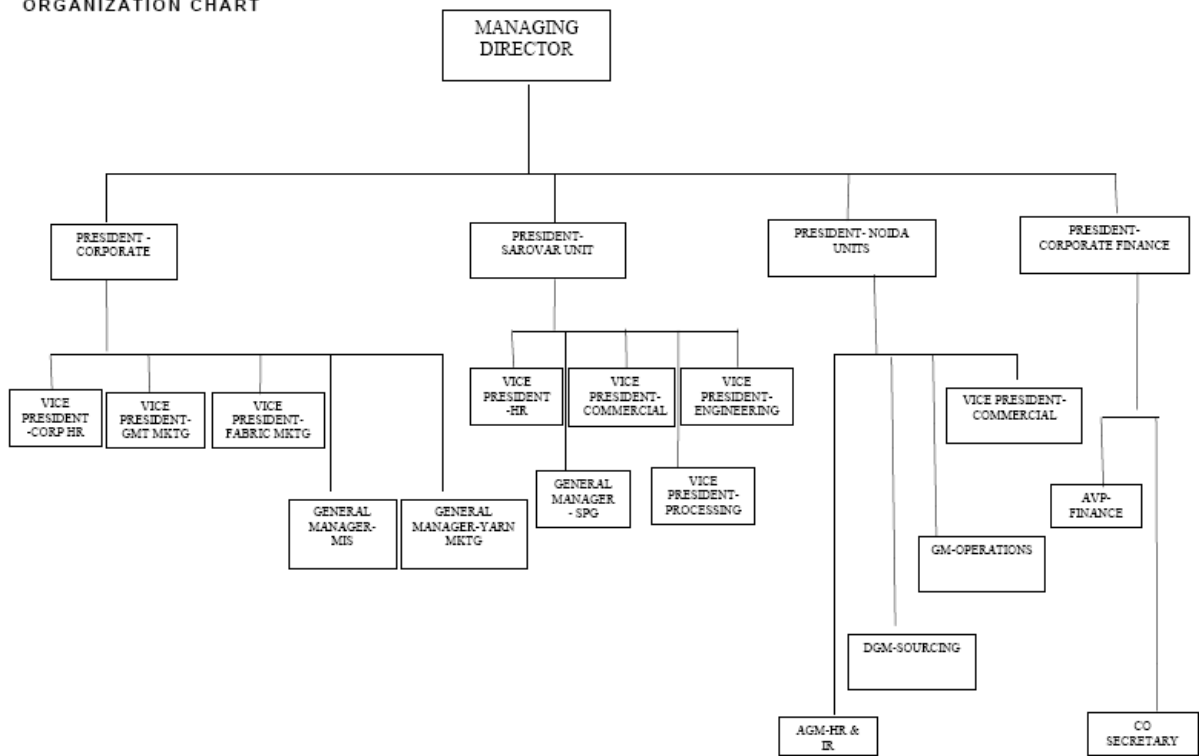
Mr. Rajat Prothi, Company Secretary is the Secretary to the Committee.

The Shareholders' /Investors' Grievance Committee performs inter-alia the role/ various functions as are set out in Clause 49 of the Listing Agreement with the Stock Exchanges and including but not limited to:

- (a) Issue of Duplicate Share Certificates.
- (b) Review of all matters connected with the transfer and all other processes relating to the securities of the Company.
- (c) Redressal of Shareholders' and Investors' complaints relating to non transfer of shares, non-receipt of Annual Reports, receipt of declared Dividends etc.

Mr. Rajat Prothi, Compliance Officer, shall be the person responsible for redressal of the investor grievances related to the issue.

ORGANIZATION CHART



MANAGERIAL COMPETENCE & KEY MANAGERIAL PERSONNEL

The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of construction /engineering/ finance/marketing and corporate laws. The brief detail of the key managerial personnel is given below:

Name	Age	Designation	Qualifications	Date of Joining	Previous Employment	Total years of Experience
Mr. Shekhar Agarwal	55	Managing Director	B. Tech. (Mech) IIT, MSc. (Chicago)	01.01.1991	Shashi Commercial Ltd.	26
Mr. R. K. Khandelwal	51	President	B. Com, LLB, FCA	07.08.2003	RSWM Ltd.	27
Mr.R.K. Bhatnagar	57	President-Sarovar Unit	B. Text. (Hons) (Gold Medallist)	01.11.2006	Ginni International Ltd.	35
Mr. Anil Gandotra	48	President-Noida Unit	B. Com(H), FCA	19.04.2007	A.Gandotra & Co., Chartered Accountants	23
Mr. P.S. Puri	61	Chief Financial Officer	FCA	31.08.1996	Majestic Auto Ltd.	35
Mr. Rajat Prothi	37	Company Secretary	B. Com(H), FCS, PGDIM	01.02.1998	Bhilwara Spinners Ltd.	13

Brief profiles of the Key Managerial Personnel

Mr. Shekhar Agarwal

Mr. Shekhar Agarwal, 55 Years is the Group Vice Chairman of LNJ Bhilwara Group, a Rs. 2859 crore conglomerate with over 60% of the group revenue coming from the Textile Sector. The textile operations are very diversified with spinning, weaving, knitting, processing and garment manufacturing in different fabrics. About 50% of the manufactured goods are exported globally.

He is the Immediate past Chairman of the Confederation of Indian Textile Industry (CITI), the apex body for the Textile Industry in India.

Mr. R. K. Khandelwal

Mr. R. K. Khandelwal, aged 51 years, President, is with our Company since July, 2003. He has over 27 years of experience in various capacities in large textile companies in India. He is Law Graduate and a member of Institute of Chartered Accountants of India.

Mr. R. K. Bhatnagar

Mr. R. K. Bhatnagar, aged 57 years, president, Sarovar Units, is with our Company since November, 2006. He has experience of 35 years in various capacities in diverse fields in large textile companies in India. He has obtained his Textile Engineering degree from Bhiwani.

Mr. Anil Gandotra

Mr. Anil Gandotra, 48 years, president, Noida Units is with our company since April, 2007. He has over 23 years of experience in various capacities in India. He is Commerce Graduate and is also member of Institute of Chartered Accountants of India.

Mr. P.S. Puri

Mr. P. S. Puri, 61 years, is an FCA with more than 35 years' experience in the field of finance/accounts. He is the President – Corporate Finance of the LNJ Bhilwara Group. He has been working with the group for more than a decade now. Mr. Puri based at the Corporate Office in NOIDA heads the Finance &

Accounts departments of major textile Companies of the Group, namely RSWM Ltd., Maral Overseas Ltd., BMD (P) Ltd., Bhilwara Spinners Ltd., etc.

Mr. Rajat Prothi

Mr. Rajat Prothi, 38 years the Company Secretary has been associated with various Companies of our Group since 1995 and has a total experience of 13 years in various capacities. He is a Commerce Graduate and is a Fellow member of the Institute of Company Secretaries of India.

All the abovementioned key managerial personnel are permanent employees of the Company. The Company has not offered any profit sharing plan to its Key Managerial Personnel.

Shareholding of the Key Managerial Personnel

There is no shareholding of any of the Key Managerial Personnel in the Company except as stated below:

SR. NO.	NAME OF EMPLOYEE	NO OF SHARES HELD	% OF EXISTING CAPITAL
1	Mr. Shekhar Agarwal	755573	3.47
2	Mr. R. K. Khandelwal	300	0
3	Mr. Anil Gandotra	400	0

INTEREST OF PROMOTER, DIRECTORS AND KEY MANAGERIAL PERSONNEL

Except as stated in "Related Party Transactions" on page [*] of this Letter of Offer, and to the extent of shareholding in our Company, our Promoters and Promoter Group do not have any other interest in our business. It may however be clarified that one of the Objects of the issue is 'Repayment of Unsecured Loans from Corporates' and one of the members of the promoter group has furnished such a loan to the Company.

All 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. The managing director will be interested to the extent of remuneration paid to him for services rendered by him as officer of the Company. All our directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Letter of Offer and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners and/or trustees.

The key managerial personnel of our Company do not have any interest in our 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 and to the extent of the Equity Shares held by them in our Company, if any.

DETAILS OF LOANS TAKEN BY KEY MANAGERIAL PERSONNEL IN OUR COMPANY

As on March 31, 2007 we had no loans outstanding to our Directors or any of the Key Managerial Personnel.

Except as stated otherwise in this Letter of Offer, we have not entered into any contract, agreement or arrangement during the preceding two years from the date of this Letter of Offer in which our Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them. Our Directors and our key managerial personnel have not taken any loan from our Company.

CHANGES IN OUR KEY MANAGERIAL EMPLOYEES DURING THE LAST THREE YEARS

Name	Designation	Date of joining	Reasons
Mr. R.K. Bhatnagar	President -Sarovar Unit -	November 1 , 2006	
Mr. Anil Gandotra	President -Noida Unit	April 19, 2007	
Mr. Sunil Taneja	Asst. Vice President-Exports (in charge of Noida unit)		Expired.

PROMOTERS

1. HEG Limited

Date of Incorporation	27 th Day of October, 1972
Registration No	CIN L23109MP1972PLC008290
Nature of Business	Manufacture and Export of graphite electrode and direct reduced iron and sponge iron.
Status	Listed

Details of Promoters Shareholders as on 30.06.2007

Sr. No.	Name of the shareholder	No. of shares	%
1	Riju Jhunjunwala	208064	0.52
2	Rishabh Jhunjunwala	186126	0.46
3	Ravi Jhunjunwala	346770	0.86
4	Lakshmi Niwas Jhunjunwala	179740	0.45
5	Mani Devi Jhunjunwala	103350	0.26
6	Rita Jhunjunwala	224312	0.56
7	Priyanka Jhunjunwala	25226	0.06
8	Satya Narayan Sureka	40500	0.10
9	Shantnu Agarwal	4000	0.01
10	Suchi Agarwal	4000	0.01
11	Shekhar Agarwal	10314	0.03
12	Mukesh Suraiya	11976	0.03
13	Sailesh Suraiya	13926	0.03
14	Shilpa Mehta	8200	0.02
15	Mira Mehta	20400	0.05
16	Reena Suraiya	1848	0.00
17	Tushar Suraiya	7009	0.02
18	Usha Shashikant Mehta	36312	0.09
19	Satish J Mehta	16926	0.04
20	Samir Shashikant Mehta	3000	0.01
21	Pranay S Mehta	29626	0.07
22	Kajal H Sheth	18200	0.05
23	Neera S Mehta	36400	0.09
24	Sandip Ramesh Mehta	3000	0.01
25	Mita Shashikant Mehta	10368	0.03
26	India Texfab Marketing Ltd	218851	0.54
27	LNJ Financial Services Ltd	805308	2.00
28	Bharat Investments Growth Ltd	2557332	6.34
29	Giltedges Industrial Securities Ltd	335384	0.83
30	Investor India Ltd	20882	0.05
31	Niviedan Vanijaay Niyojan Ltd	14682	0.04
32	RSWM Ltd	978000	2.43
33	Raghav Commercial Ltd	1272371	3.16
34	Shashi Commercial Company Ltd.	715187	1.77
35	Shree Wardhman Stock Holding Pvt Ltd	654342	1.62
36	Deepak Knits & Texturise Pvt Ltd	38919	0.10
37	Agarwal Finestate Pvt Ltd	14800	0.04
38	Essay Marketing Company Ltd	8800	0.02
39	Jyoti Knits Pvt Ltd	8700	0.02
40	Hindustan Commerce Pvt Ltd	334706	0.83
41	Ramakant Sales & Services Pvt Ltd	507270	1.26
42	Sukant Management Pvt Ltd	193991	0.48

43	Microlight Investments Ltd	4665579	11.57
44	Norbury Investments Ltd	5362991	13.30
45	Mekima Corporation	1789537	4.44
46	Chrisma Corporation	34960	0.09
47	Thakorlal Hiralal Estate & Agencies Pvt Ltd	120687	0.30
48	Thakorlal Hiralal Export Agencies Pvt Ltd	12586	0.03
49	Apex Holdings Ltd	500968	1.24
50	Sushma Traders Ltd	72582	0.18
51	Beautiful Diamonds Ltd	136	0.00
	Total	22789144	56.53

Background of the Company

The Company was incorporated as Public Ltd. Company on 27th Day of October, 1972 under the Companies Act, 1956. The Company received certificate for commencement of business on 30th June, 1973.

Board of Directors

The Board of Directors of 11 consists of the following members :

Name of Director	Date of Appointment
SHRI L.N. JHUNJHUNWALA	27.10.1972
SHRI RAVI JHUNJHUNWALA	01.09.1983
SHRI SHEKHAR AGARWAL	15.07.1996
SHRI VIJAY KUMAR MEHTA	08.09.1979
SHRI DHARMENDAR NATH DAVAR	10.11.1994
SHRI KASHI NATH MEMANI	30.04.2004
DR. KAMAL GUPTA	10.11.1994
SHRI PEJAVAR MURARI	30.03.1996
SHRI RAMESH CHAND SURANA	29.01.2003
SHRI N MOHANRAJ	28.01.2004
SHRI NIKKI MEHTA	18.05.2002

Change in Directors in the last 3 years- No Change

Financial Performance (Rs. in Lacs)

Particulars	31 st March, 2005	31st March, 2006	31st March, 2007
Total Income	46143	53518	83808
Profit after Taxation	4115	3893	7387
Equity Capital	40.31	40.31	40.31
Reserves (Excluding Revaluation Reserve)	25507	28022	31787
Misc. Expenditure	0.00	70.00	104.30
Net Worth	29538	31601	35471
NAV per share	73.28	78.39	88.00
EPS	10.21	9.66	18.32
No. of Equity Shares	40310466	40310466	40310466

Source: Audited Financial Statements

The Bank Account Number and PAN No. of Bank Account No.10479302479, Current Account, State bank of India, 7, Community Centre, New Friends colony, New delhi-110014 and PAN No.AAACH6184K of HEG Limited have been submitted to BSE and CSE.

2. RSWM Limited

Date of Incorporation	17.10.1960
Registration No	24839 & CIN No.L17115RJ194PLC008216
Nature of Business	Manufacture of Synthetic Cotton yarn, Cellulosic blended grey dyed yarn and fabric, Cotton mélange yarn and Garments etc.
Status	Listed

The shareholding pattern of the Promoters on 30th June 2007 is as provided below :

Sr. No.	Name of the shareholder	No. of shares	%
1	SUCHI AGARWAL	10000	0.04
2	SHASHI AGARWAL	224976	0.97
3	SHEKHAR AGARWAL	52500	0.23
4	SHANTANU AGARWAL	390248	1.69
5	SHEKHAR AGARWAL (HUF)	105632	0.46
6	SUSHILA DEVI CHOKHANI	65332	0.28
7	MANI DEVI JHUNJHUNWALA	360208	1.56
8	LAKSHMI NIWAS JHUNJHUNWALA	137112	0.59
9	RAVI JHUNJHUNWALA	794094	3.43
10	RIJU JHUNJHUNWALA	100000	0.43
11	PRIYANKA JHUNJHUNWALA	75000	0.32
12	RISHAB JHUNJHUNWALA	40000	0.17
13	SUBHKARAN LAKSHMINIWAS (HUF)	35664	0.15
14	RAVI JHUNJHUNWALA (HUF)	25000	0.11
15	RITA JHUNJHUNWALA	156048	0.67
16	MAHABIR PRASAD JAIN	332	0
17	JAYANTI LAL THAKORLAL MEHTA	39000	0.17
18	NEERA S. MEHTA	49332	0.21
19	MITA SHASHIKANT MEHTA	9482	0.04
20	SHILPA MEHTA	16200	0.07
21	USHA SHASHIKANT MEHTA	14000	0.06
22	SATISH J. MEHTA	1064	0
23	JAYANTILAL MEHTA	32000	0.14
24	SANDIP RAMESH MEHTA	4000	0.02
25	SAMIR SHASHIKANT MEHTA	1500	0.01
26	SHILPA MEHTA	14000	0.06
27	TANSUKH BHUPENDRA PUROHIT	924	0
28	TANSUKH BHUPENDRA PUROHIT	60	0
29	RASIKLAL V PAREKH	816	0
30	TANSUKH PUROHIT	1144	0
31	ARUN K PAREKH	2132	0.01
32	REENA SURAIYA	12764	0.06
33	NAILESH J. SHAH	712	0
34	VINAY SURAIYA	2132	0.01
35	KALYANJEE JIVANDAS SURAIYA	4264	0.02
36	VIJAYSINGH JIVANDAS SURAIYA	5332	0.02
37	TUSHAR SURAIYA	4700	0.02
38	SHANTI SURAIYA	5332	0.02
39	VALJEE JIVANDAS SURAIYA	3200	0.01
40	VALJEE JIVANDAS SURAIYA	2132	0.01

41	KANTILAL GUFURDAS VORA	532	0
42	MIRA MEHTA	45156	0.2
43	RAMESH MEHTA	35623	0.15
44	PRANAY S. MEHTA	38912	0.17
45	RAMESH T. MEHTA	11200	0.05
46	BHARAT INVESTMENTS GROWTH LTD.	67882	0.29
47	ESSAY MARKETING CO. LTD.	314702	1.36
48	M/S. INVESTORS (I) LTD.	352479	1.52
49	INDIA TEX FAB MARKETING LTD.	2289	0.01
50	JYOTI KNITS PVT. LTD.	162800	0.7
51	KALATI HOLDING (P) LTD.	123550	0.53
52	LNJ FINANCIAL SERVICES LTD.	1262998	5.46
53	NIVEDAN VANIJYA NIYOJAN LTD.	685074	2.96
54	PURVI VANIJYA NIYOJAN LTD.	380864	1.65
55	DEEPAK KNITS & TEXTURIES PVT. LTD.	100000	0.43
56	EXPERT FABRICS & TEXTILE PVT. LTD.	62150	0.27
57	RAMAKANT SALES & SERVICES PVT. LTD.	150000	0.65
58	AGARWAL FINESTATE PVT. LTD.	8321	0.04
59	RAGHAV COMMERCIAL LTD.	52000	0.22
60	BHILWARA COMMERCE PVT. LTD.	60221	0.26
61	VIVEK GARMENTS PVT. LTD.	102025	0.44
62	SUKANT MANAGEMENT PVT. LTD.	230312	0.99
63	M/S. APEX HOLDING LTD.	119860	0.52
64	SUSMA TRADERS LTD.	110929	0.48
65	MICRO BASE LTD.	3650970	15.77
66	CORN HILL INVESTMENTS LTD.	198800	0.86
67	MICROLIGHT INVESTMENTS LTD.	1085000	4.69
	Total	12213017	52.73

Background of the Company

The Company was incorporated as Public Ltd. on 17, October, 1960 under the Companies Act, 1956. The Company received certificate for commencement of business on 17th October, 1960.

Board of Directors

The Board of Directors of 12 consists of the following members :

Name of Director	Date of Appointment
Mr. L. N. Jhunjunwala	17.10.1960
Mr. Ravi Jhunjunwala	18.05.1979
Mr. Shekhar Agarwal	13.02.1984
Mr. Riju Jhunjunwala	23.10.2003
Mr. J. C. Laddha	01.01.1990
Dr. Kamal Gupta	26.12.1987
Mr. D. N. Davar	10.11.2004
Mr. A.K. Churiwal	23.10.2003
Mr. S. K. Srivastava	29.10.1999
Shri R.P. Khaitan	10.11.2004
Mr. Pradeep Dinodia	09.03.2005
Mr. Sudip Bhattacharyya	25.09.2006

Change in Directors in the last 3 years

Name	Changes
Mr R.P. Khaitan	10.11.2004
Mr D.N. Davar	10.11.2004
Mr. Pradeep Dinodia	09.03.2005
Mr. Sudip Bhattacharyya	25.09.2006

Financial Performance (Rs. in Lacs)

Particulars	31st March, 2005	31st March, 2006	31st March, 2007
Total Income	74200	96705	105188
Profit after Taxation	2109	2708	4407
Equity Capital	2192	2315	2315
Reserves (Excluding Revaluation Reserve)	17742	20550	24165
Misc. Expenditure	141	165	209
Net Worth	19934	26803	30715
NAV per share	90.39	115.79	140.12
EPS	9.79	11.70	19.04
No. of Equity Shares	21920000	23148689	23148689

Source: Audited Financial Statements

The Bank Account Number and PAN No. of PAN No.AAAGR9700M of RSWM Limited have been submitted to BSE and CSE.

Common notes for all Companies stated above:

1. Face value of each equity share of all Companies above is Rs. 10/- per share.
2. For the calculation of Earnings Per Share And Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against any of the Company and none of the Companies above is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

Companies with which the Promoters have disassociated in the last three years:

The Promoters have not disassociated themselves from any Company in the last three years.

Common Pursuits

RSWM Limited is in the same business as that of the Company.

Interest of the Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding Directorship in the Company. The Promoters are not interested in any property acquired by MOL within two years from the date of the Draft Letter of Offer. The Promoters are not interested in any loan or advance given by the Company, neither are they beneficiary of any such loans or advances.

For details of the companies/ firms/ ventures in which Promoters/Promoter Group may be deemed to be interested kindly refer to the Related Party Disclosures on page [*] of this Draft Letter of Offer.

Payment or Benefit to Promoters of our Company

Except as stated in the Draft Letter of Offer, no amount or benefit has been paid or given within the two preceding years or its intended to be paid or given to any of our promoters.

Related Party Transactions

For details of related party transactions please refer to page no. [*] of the Letter of Offer.

PROMOTER GROUP

In addition to our Promoters as specified above, the following individuals (being the immediate relatives of the Promoters/ Managing Director and some of whom hold equity shares) and companies are part of the Promoter Group :

Individuals

1	SH. SHEKHAR AGARWAL HUF
2	SMT. SHASHI AGARWAL
3	MISS SHUCHI AGARWAL
4	SH. SHANTANU AGARWAL
5	SH. RAVI JHUNJHUNWALA
6	SH. SRINIWAS AGARWAL
7	SH. UMA SHANKAR SARAOGI
8	SMT.ALKA AGARWAL
9	SH. SAURABH AGARWAL

Corporate

1	ESSAY MARKETING CO. LTD.
2	DIPLOMAT LEASING AND FINANCE (P) LTD
3	MAYUR KNITS PVT LTD
4	JYOTI KNITS PVT LIMITED
5	AGARWAL FINESTATE PVT LTD
6	BMD PVT. LIMITED
7	RAGHAV KNITS AND TEXTILES PVT LTD

DIVIDEND POLICY

The declaration and payment of dividend will be recommended by our Board of Directors depending upon a number of factors, including but not limited to our profits, capital requirements and overall financial conditions and shall be subject to the provisions of our Articles and the Companies Act, 1956.

SECTION V- FINANCIAL INFORMATION

AUDITORS REPORT

To

The Board of Directors,
Maral Overseas Ltd.
Bhilwara Towers
A-12, Sector 1
NOIDA-201 301

Dear Sirs,

We have examined the financial information of Maral Overseas Ltd. ("the Company"), as annexed to this report stamped and initialed by us for identification, which has been prepared in accordance with Part-II of Schedule II of the Companies Act, 1956 ('the Act') and Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as updated till June 10, 2007 ('the Guidelines'), issued by Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications, and in accordance with the instructions received by us from the Company requesting us to carry out work in connection with the Letter of Offer being issued by the Company in connection with its Rights Issue of Equity Shares (referred to as 'the Issue'). The preparation and presentation of this financial information is the responsibility of the Company's management. This financial information is proposed to be included in the Offer Document of the Company in connection with the proposed Rights Issue of its Equity Shares.

A. Financial Information as per Audited Financial Statements:

We have examined the attached 'Restated Summary Statement of Assets and Liabilities' of the Company as at 30th June, 2007, 31 March 2007, 2006, 2005, 2004 and 2003 (Annexure I) and the attached 'Restated Summary Statement of Profits and Losses' (Annexure II) for the period ended 30th June, 2007 and year ended 31 March 2007, 2006, 2005, 2004 and 2003 and the attached 'Restated Statement of Cash Flows' (Annexure III) for the period ended 30th June, 2007 and year ended 31 March 2007, 2006, 2005, 2004 and 2003 together referred to as 'Restated Summary Statements'. These Summary Statements have been extracted from the financial statements of the years ended 31st March 2003, 2004, 2005, 2006 and 2007 and quarter ended 30th June 2007, audited by us for those years, and have been adopted by the Board of Directors / Members for those respective years. Based on our examination of these summary statements, we state that:

- i. The 'Restated Summary Statements' have to be read in conjunction with the notes given in Annexure IV to this report.
- ii. The 'Restated Summary Statements' of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at 30th June, 2007 as stated in the Notes forming part of the restated Summary Statements vide Annexure IV to this report.
- iii. The restated profits 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 Para B of the 'Notes Forming Parts of the Restated Summary Statements' appearing in Annexure IV.

B. Other Financial Information

We have also examined the following information for the period ended 30th June, 2007 and year ended 31 March, 2007, 2006, 2005, 2004, 2003 of the Company, proposed to be included in the Offer Document of the Company in connection with the proposed Rights Issue of its Equity Shares, as approved by the Board of Directors and annexed to this report:

- i. Details of Secured and Unsecured Loans (Annexure -V)
- ii. Details of Loans and Advances (Annexure -VI)

- iii. Details of Sundry Debtors (Annexure – VII)
- iv. Statement of Summary of Investments (Annexure – VIII)
- v. Details of Current Liabilities and Provisions (Annexure – IX)
- vi. Statement giving details of Other Income (Annexure – X)
- vii. Details of Contingent Liabilities (Annexure – XI)
- viii. Statement of Rates of Dividend paid (Annexure – XII)
- ix. Summary of Accounting Ratios based on adjusted profits related to earnings per share, net assets value and return on net worth (Annexure – XIII)
- x. Statement of Tax shelters (Annexure –XIV)
- xi. Capitalization statement of the Company (Annexure-XV)
- xi. Related Party Disclosure (Annexure – XVI)
- xii. Segment Reporting (Annexure XVII)

In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above for the period ended 30th June, 2007 and years ended 31 March , 2007, 2006, 2005, 2004, 2003 have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

For **DOOGAR & ASSOCIATES**
Chartered Accountants

MUKESH GOYAL
Managing Partner
M.No.:81810

Place: New Delhi
Date: November 15, 2007

**SUMMARY STATEMENT OF ASSETS & LIABILITIES
(RESTATED)**(Rs. In
Lacs)

	Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007
		2003	2004	2005	2006	2007	
A	Fixed Assets						
	Gross Block	27,402.47	28,104.07	28,620.22	33,739.11	34,341.58	34,529.75
	Less: Depreciation	10,471.68	12,400.62	14,477.37	15,629.42	16,747.72	17,181.79
	Net Block	16,930.79	15,703.45	14,142.85	18,109.69	17,593.86	17,347.96
	Capital Work in Progress	283.02	187.23	896.75	917.46	8,414.76	10,857.52
	Total Fixed Assets	17,213.81	15,890.68	15,039.60	19,027.15	26,008.62	28,205.48
B	Investments	30.61	11.90	17.76	11.91	13.79	13.79
C	Deferred Tax Assets	0.00	0.00	0.00	0.00	154.27	115.70
D	Currents Assets , Loans and Advances						
	Inventories	7,116.60	7,257.74	6,644.64	9,202.87	7,808.32	6,782.13
	Sundry Debtors	2,666.50	1,662.17	2,404.62	1,737.79	2,267.88	1,850.88
	Cash & Bank Balance	242.62	427.13	302.93	297.06	941.82	194.21
	Loans and Advances	1,726.21	1,370.16	2,338.06	2,740.84	3,166.99	3,398.31
	Total Current Assets	11,751.93	10,717.20	11,690.25	13,978.56	14,185.01	12,225.53
E	Total Assets(A+B+C+D)	28,996.35	26,619.78	26,747.61	33,017.62	40,361.69	40,560.50
F	Liabilities and Provisions						
	Loan Funds:						
	Secured loans	13,324.72	13,507.82	14,830.82	20,339.63	27,830.55	27,117.25
	unsecured Loans	0.00	526.31	340.70	500.00	1,975.00	1,975.00
		13,324.72	14,034.13	15,171.52	20,839.63	29,805.55	29,092.25
	Current Liabilities & Provisions						
	Sundry Liabilities	2,151.96	2,226.23	1,578.78	1,770.72	3,587.96	5,325.95
	Provisions	212.51	216.71	195.16	209.50	179.61	157.49
	Deferred Tax Liabilities -net	3,069.42	1,781.15	1,451.29	1,127.20	0.00	0.00

		5,433.89	4,224.09	3,225.23	3,107.42	3,767.57	5,483.44
	Total Liabilities and Provisions	18,758.61	18,258.22	18,396.75	23,947.05	33,573.12	34,575.69
G	Net Worth (E-F)	10,237.74	8,361.56	8,350.86	9,070.57	6,788.57	5,984.81
H	Represented by Shareholders						
	Share Capital	2,053.28	2,053.28	2,053.28	2,175.80	2,175.80	2,175.80
	Reserve and Surplus	8,681.74	6,542.87	6,370.33	6,947.51	4,642.43	3,832.96
	Less: Miscellaneous Expenditure to the extend not written off	497.28	234.59	72.75	52.74	29.66	23.95
	Net Worth	10,237.74	8,361.56	8,350.86	9,070.57	6,788.57	5,984.81

**SUMMARY STATEMENT OF PROFITS & LOSSES
(RESTATED)**

Annexure - II

(Rs. In Lakhs)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007
	2003	2004	2005	2006	2007	
Income						
Of Product manufactured & purchased by the company	26,574.48	23,824.32	24,864.12	24,522.88	28,991.88	7,564.46
Other Income (Recurring)	339.12	709.62	383.93	495.46	514.83	51.06
Sub Total	26,913.60	24,533.94	25,248.05	25,018.34	29,506.71	7,615.52
Increase/ (Decrease) in Inventory	1,034.49	(1,355.07)	1,154.81	935.74	(637.56)	(201.39)
Total Income	27,948.09	23,178.87	26,402.86	25,954.08	28,869.15	7,414.13
Expenditure						
Raw Materials & Goods consumed	14,479.54	13,274.45	13,770.15	12,903.83	15,634.69	4,365.03
Staff Costs	2,724.49	3,135.91	3,522.76	3,866.57	3,247.87	824.74
Other Manufacturing Expenses	4,922.53	4,404.32	4,164.99	5,016.10	6,113.23	1,429.35
Selling & Distribution Expenses	2,009.15	2,296.06	2,025.71	1,555.22	1,860.19	560.40
Interest & Finance Charges	1,233.22	1,205.66	1,021.61	1,209.02	1,698.03	502.89
Depreciation / Amortization	1,920.01	2,026.92	1,635.47	1,555.30	1,615.85	490.33
Misc. Expenses w/off	283.40	262.69	129.00	30.01	23.07	5.72
Total Expenditure	27,572.34	26,606.01	26,269.69	26,136.05	30,192.93	8,178.46

Profit before tax & Exceptional items	375.75	(3,427.14)	133.17	(181.97)	(1,323.78)	(764.33)
Exceptional Items (Net of Tax)	0.00	0.00	0.00	0.00	2,224.53	0.00
Profit before Tax without adjustments	375.75	(3,427.14)	133.17	(181.97)	(3,548.31)	(764.33)
Profit before tax after adjustments	375.75	(3,427.14)	133.17	(181.97)	(3,548.31)	(764.33)
Provision for taxes						
- Current tax	-	-	3.00	55.00	38.24	6.57
- Deferred tax	(43.27)	(1,288.27)	(102.94)	(324.09)	(1,281.47)	38.57
Profit after Taxes	419.02	(2,138.87)	233.11	87.12	(2,305.08)	(809.47)
Add : Surplus brought forward from previous year	904.75	766.44	(1,372.43)	(1,139.32)	(1,052.20)	(71.11)
Transfer to Capital Redemption Reserve	500.00	0.00	0.00	0.00	0.00	0.00
Transfer to/ from General Reserve	50.00	0.00	0.00	0.00	(3,286.17)	0.00
Proposed Dividend on Preference shares	7.33	0.00	0.00	0.00	0.00	0.00
Balance Carried to Balance Sheet	766.44	(1,372.43)	(1,139.32)	(1,052.20)	(71.11)	(880.58)

STATEMENT OF CASH FLOW (RESTATED)

(Rs. In Lakhs)

	Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007
		2003	2004	2005	2006	2007	
A	Cash Flow from Operating Activities:						
	Net profit before tax & exceptional income	375.75	(3,427.14)	133.17	(181.97)	(1,323.78)	(764.33)
	Adjustments for:						
	Add: Misc Exp. Written Off	283.40	262.69	129.00	30.01	23.07	5.72
	Depreciation	1,920.01	2,026.92	1,635.47	1,555.30	1,615.85	490.33
	Investments and interest Income	(1.56)	(1.70)	(0.56)	(0.56)	(0.36)	(0.56)
	Interest/Finance Charges	1,071.82	1,031.09	860.20	1,040.50	1,490.27	447.79
	Diminution in value of investment	(1.76)	(0.44)	(5.86)	5.85	(1.87)	0.00
	CWIP written off	0.00	0.00	0.00	0.00	0.00	0.00
	Provision for Doubtful Debts/advances	0.00	0.00	0.00	0.00	0.00	0.00
	Doubtful Debts/Advances written off	0.00	0.00	0.00	0.00	0.00	0.00
	Unrealised Foreign Exchange Gain/Loss	(7.70)	(137.54)	6.06	63.27	(29.99)	0.00
	Profit/Loss on Sale of Fixed Assets	5.13	(10.65)	(9.05)	(22.29)	(137.84)	(5.24)
	Excess Provision written back	0.00	0.00	0.00	0.00	0.00	0.00
	Operating profit before Working Capital Changes	3,645.09	(256.77)	2,748.43	2,490.11	1,635.35	173.71
	Working Capital Changes:						

	Increase in Trade and Other Receivables	(504.28)	1,004.33	(742.45)	666.83	(530.09)	417.00
	Decrease in Inventories	(2,120.98)	(141.15)	613.10	(2,558.23)	1,394.53	1,026.19
	Increase in Trade Payables and provision	720.93	94.01	(659.63)	187.21	1,782.95	1,745.88
	Loans and Advances	(282.25)	306.78	(970.46)	(410.00)	(412.85)	(199.32)
	Deferred Revenue Expenditure	(168.60)	0.00	(98.44)	(10.00)	0.00	0.00
	Taxes paid	(5.12)	(1.44)	0.00	(35.44)	(60.80)	(6.57)
	Cash Flow, Before Exceptional Income	1,284.79	1,005.76	890.55	330.48	3,809.09	3,156.89
	Payments towards VRS	0.00	0.00	0.00	0.00	(2,224.53)	0.00
	Net Cash From Operating Activities	1,284.79	1,005.76	890.55	330.48	1,584.56	3,156.89
B	Cash Flow From Investing Activities:						
	Purchase of Fixed Assets	(1,494.94)	(769.30)	(1,316.89)	(5,443.34)	(8,479.28)	(2,561.42)
	Sale/ Adjustment of Fixed Assets	49.22	70.40	43.26	36.41	223.15	16.68
	Purchase of investment	0.00	19.15	0.00	0.00	0.00	0.00
	Sale of Investment	0.00	0.00	0.00	0.00	0.00	0.00
	Other Deposits	0.00	0.00	0.00	0.00	0.00	0.00
	Interest Received	4.08	72.14	3.35	14.99	15.05	(27.56)
	Investment Income Received	1.56	1.70	0.56	0.56	0.36	0.56
	Net Cash used in Investing Activities	(1,440.08)	(605.91)	(1,269.72)	(5,391.38)	(8,240.72)	(2,571.74)
C	Cash Flow From Financing Activities:						
	Proceeds from increase in Share Capital	0.00	0.00	0.00	612.58	0.00	0.00

	Redemption of Preference shares	(500.00)	0.00	0.00	0.00	0.00	0.00
	Proceeds from Term and other Borrowings	1,356.07	1,852.15	4,040.70	7,168.19	12,718.60	1,465.89
	Increase/(decrease) in short Term Borrowings	2,322.67	175.13	(1,006.64)	2,545.34	338.35	(1,626.22)
	Repayment of Term & other borrowings	(1,738.14)	(1,222.48)	(1,902.78)	(4,108.69)	(4,061.05)	(552.92)
	Dividend & Dividend Tax Paid	(212.66)	0.00	0.00	0.00	0.00	0.00
	Interest and Finance Charges Paid	(1,194.88)	(1,010.30)	(873.09)	(1,164.26)	(1,672.36)	(617.14)
	Net Cash Used in financing activities:	33.06	(205.50)	258.19	5,053.16	7,323.54	(1,330.39)
	Net Increase/Decrease in Cash and Cash Equivalent s (A+B+C)	(122.23)	194.35	(120.98)	(7.74)	667.38	(745.24)
D	Cash and Cash Equivalent s						
	Opening Balance	293.66	171.43	365.78	244.80	237.06	904.45
	Closing Balance	171.43	365.78	244.80	237.06	904.45	159.21

Accounting Policies & Notes on Accounts

A. Accounting Policies

1) Revenue Recognition

- i) The accounts of the Company are prepared under the historical cost convention and in accordance with the applicable accounting standards.
- ii) Income is accounted for on accrual basis in accordance with Accounting Standard (AS) 9 - "Revenue Recognition".
- iii) Sale is recognized on dispatch to customer.
- iv) Insurance and other claims are recognized in accounts on lodgment to the extent these are measurable with reasonable certainty of acceptance. Excess/shortfall is adjusted in the year of receipt.

2) Inventories

Inventories are valued at lower of cost, computed on a weighted average basis, and estimated net realizable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Finished goods and work-in-progress include costs of conversion and other costs in bringing the inventories to their present location and condition.

3) Investments

Long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management. The current investments are stated at lower of cost or quoted / fair value computed category wise.

4) Fixed & Intangible Assets

- i) Fixed assets are stated at historical cost less provision for impairment losses, if any, depreciation, amortization and after adjustments on account of foreign exchange fluctuation in respect of changes in rupee liability of foreign currency loans used for acquisition of fixed assets.
- ii) Borrowing costs eligible for capitalization incurred, in respect of acquisition / construction of a qualifying asset, till the asset is substantially ready for use, are capitalized as part of the cost of that asset.
- iii) Pre-operative, trial run and incidental expenses relating to the projects are carried forward to be capitalized and apportioned to various assets on commissioning of the project.
- iv) Intangible assets are recognized on the basis of recognition criteria as set out in Accounting Standard (AS) 26 - "Intangible Assets".

5) Depreciation & amortization

Depreciation & Amortization for the year has been accounted on the following basis:

- i) Plant & machinery, building, furniture & office equipment, on straight line method at the rates specified in Schedule XIV to The Companies Act, 1956 (Also refer note no. 4 of this Schedule-Notes on Accounts)
- ii) Vehicles, on written down value method at the rates specified in Schedule XIV to The Companies Act, 1956
- iii) Leasehold land is amortized over the period of lease.
- iv) Free hold land and live stock are not depreciated.
- v) Assets costing up to Rs.5,000 are fully depreciated in the year of purchase.
- vi) Software costs are amortized at the rate applicable for computers specified in Schedule XIV to The Companies Act, 1956, which is a fair representation of the period of time over which the asset is expected to be used.
- vi) In the case of assets where an impairment loss is recognized, the revised carrying amount is depreciated over the remaining estimated useful life.

7) Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount being the higher of the asset's net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash generating units).

Previously recognized impairment losses are reversed where the recoverable amount increases because of a favourable change in the estimates used to determine the recoverable amount since the last impairment was recognized. A reversal of an asset's impairment loss is limited to its carrying amount that would have been determined (net of depreciation or amortization), had no impairment loss been recognized in prior years.

7) Foreign Currency Transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the profit and loss account except exchange differences related to acquisition of fixed assets which are adjusted in the carrying amount of the related fixed assets.

Monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end are translated at exchange rates prevailing on the last working day of the accounting year. The resultant exchange differences (except those related to acquisition of fixed assets) are recognized in the profit & loss account.

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date as well as future transactions in respect of which either firm commitments have been made or which are highly probable forecast transactions. The premium or discount on all such contracts arising at the inception of each contract is amortized as expense or income over the life of the contract for the year ended 31st March, 2006, 31st March, 2007 and quarter ended 30th June, 2007. The exchange differences on such forward contracts are accounted for in the profit and loss account except for exchange differences relating to acquisition of fixed assets which are adjusted in the carrying amount of the related fixed assets, being the difference between (i) the foreign currency amount of the contract translated at the exchange rate on the reporting date, or the settlement date where the transaction is settled during the reporting period, and (ii) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date. Any profit or loss arising on cancellation or renewal a forward exchange contract is recognized as income or expense for the period.

8) Miscellaneous Expenditure

Premium paid on resetting of interest rate on term loans is amortized over balance period of the respective loans.

9) Retirement Benefits

Contribution to provident and superannuation funds is accounted on accrual basis. Liability for gratuity and leave encashment is provided as determined on actuarial valuation.

10) Tax on Income

- i) Current corporate tax is provided on the results for the year after considering applicable tax rates and laws.
- ii) Deferred tax is provided on timing differences between tax and accounting treatments that originate in one period and are expected to be reversed or settled in subsequent periods. Deferred tax assets and liabilities are measured using the enacted / substantively enacted tax rates and laws for continuing operations.

Deferred tax assets arising on account of unabsorbed depreciation and carry forward losses under tax laws, that exceed the deferred tax liability, are recognized only where there is virtual certainty of realization.

Deferred tax assets on account of other timing differences are recognized only to the extent there is reasonable certainty of realization.

The carrying amount of deferred tax assets is reviewed at each balance sheet date to reassess realization.

11) Provisions and contingent liabilities

Provisions are recognized for present obligations, of uncertain timing or amount, arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability unless the possibility of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, are also disclosed as contingent liabilities unless the possibility of outflow of resources embodying economic benefits is remote.

B. Notes on Accounts

1) Notes on adjustments for Restated summary statements

The summary of adjustments on account of changes in accounting policies and its impact of profits and losses of the Company is as under:

	<i>Rs/lacs</i>					
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	June 30, 2007
Adjustment on account of:						
Depreciation on plant & machinery	(118.92)	(115.94)	(189.97)	(90.94)	(85.86)	(21.46)
Prior Period Items	15.60	(64.47)	62.81	48.17	(51.57)	35.35
Total	(103.32)	(180.41)	(127.16)	(42.77)	(137.43)	13.89

The Explanatory notes for these adjustments are discussed below:

a) Depreciation on plant & machinery

The restated summary of profit and loss has been adjusted in respect of depreciation. Based on technical opinion, the company was treating plant & machinery of spinning unit as continuous process plant and accordingly charging depreciation up to financial year 1999-2000. To keep pace with changes in technology, company has since, revised estimated useful life of the said plant & machinery to 13 years. Further impact has been taken in restated summary of Assts & Liabilities in the respective years. .

b) Prior Period Adjustments

These represent material adjustments which arise in a particular period as a result of errors or omission in the preparation of financial statements of one prior period. In the financial statements certain items of expenses have been identified as prior period items which have been shown as adjustments in the respective years to which these pertain. In the Restated Financial Statements, such prior period items have been adjusted in the respective years.

B.1 Notes on Accounts

		As At 30.06.2007 Rs / Lacs	As At 31.3.2007 Rs / Lacs
1)	Contingent liabilities not provided for in respect of:		
	i) Counter guarantees given in respect of Guarantees given by the company's bankers	28.04	171.00
	ii) Duties & tax liabilities disputed by the company	651.20	651.20
2)	Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	1,578.56	2,226.21
3)	Bills discounted with banks	2,292.49	2,742.59

4. Miscellaneous income includes provision for diminution in value of investments written back during the year of Rs.Nil lac (Previous Year – Rs. 1.87. Miscellaneous expenses include provision for diminution in value of investments made of Rs. Nil (Previous Year – Rs. Nil lac).
5. Trade creditors include outstanding dues of small scale industrial undertakings Rs.4.84 lac (Previous Year - Rs. 8.33 lac). The above information regarding small scale industrial undertakings have been determined to the extent such parties have been identified by the company, on the basis of information available with them. This has been relied upon by the auditors.
6. The Company is in process of identifying Micro & Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act"). Consequently, as of now, it is neither possible for the Company to ascertain whether payment to such enterprises has been made within 45 days from date of acceptance of supply of goods or services rendered by a supplier nor to give the relevant disclosures as required under the Act.
7. During the year, the company has capitalized borrowing costs of Rs. 137.24 lac (Previous Year - Rs. 203.31 lac), incurred on acquisition of fixed assets. The allocation of interest on borrowings, for the purpose of capitalization, in respect of funds borrowed and used for the purpose of obtaining a qualifying asset has been done on the basis of use of funds as per the best possible estimates.
8. The following were the unadjusted foreign exchange contracts & unhedged exposures as at the balance sheet date

Category		Purpose	Currency	As At 30.6.2007	As At 31.3.2007
A	Outstanding Forward Exchange Contracts				
	Exports	Hedging	USD	1,101,993	2,064,410
		Hedging	Euro	34,411	540,906
		Hedging	GBP	1,000,000	1,000,000
	Imports	Hedging	CHF	0.00	0.00
		Hedging	Euro	0.00	0.00
		Hedging	GBP	0.00	0.00
		Hedging	JPY	0.00	0.00
	Term loans	Hedging	USD	0.00	0.00
B	Unhedged foreign currency exposures				
	Term loans		USD	1,039,638	1,559,456
	Imports		Euro	1,065,504	1,879,000
			CHF	0.00	125,000
			USD	853,974	29,981

- 9) (a) During May, 2005, the Board of Directors had resolved disposal of the Company's retail clothing division, which was included in the 'Textile Made-up' business segment. The process of disposing the division was substantially completed during the same year. As at the end of period ended June,2007, the carrying amount of assets of this discontinued operation was Rs.1.80 lac (previous year Rs. 1.77 lac) and liabilities were Rs.8.31 lac (previous year Rs 8.31lac).
- (b) In July, 2006, the Board of Directors resolved to initiate steps towards substantive downsizing of the Company's manufacturing facility at Jammu in the State of Jammu & Kashmir, due to the unit's operations continuing to remain economically unviable. Subsequently in October, 2006, the Board of Directors approved the voluntary retirement scheme for employees at Jammu unit and made appropriate public disclosures.

Exceptional item represents (Rs. Nil) (previous year Rs. 2,224.53 lac) costs of termination and voluntary retirement scheme, less deferred tax credit (Rs. Nil) (previous year Rs.756.12 lac,) in

respect of employees whose jobs were terminated as a result of the aforesaid exercise. All payments on this account have been settled.

Necessary approval for closure from the state regulatory authorities was obtained in March, 2007 and informed to the Stock Exchange. In May, 2007, the Board of Directors formally approved closure of the unit and relocation/disposal of its assets.

Being an integrated manufacturing facility, Jammu unit's operations were included in the business segments of 'Fabric' & 'Textile Made-ups'. Company expects to complete the process of disposing the division's assets within 2007-08. On basis of the Company's decision to relocate Jammu's manufacturing capacity, the management has concluded that there is no impairment loss.

As at the period ended June,2007, the carrying amount of assets & third party liabilities of this discontinued operation were as follows:

	As at 30.6.2007	As at 31.3.2007
Fixed assets (Net Block)	1,818.53	1,853.71
Capital work in progress	0.00	0.00
Current assets, loans & advances	503.73	533.23
Total Assets	2,322.26	2,386.94
Secured loans	1,004.43	1,094.12
Unsecured loans	0.00	0.00
Current liabilities	892.18	380.06
Total Liabilities	1,325.65	1,474.18

Since disposal of the retail clothing division was substantially completed during 2005-06 itself, the current year revenues and expenses attributable to this division, not being material in nature, have for purposes of this statement been included along with the operating results of the Jammu unit.

The following statement shows the revenue and expenses of continuing and discontinuing operations:

	Continuing Operations		Discontinuing Operations		Total	
	June,-07 Qtr	2006-07	June,-07 Qtr	2006-07	June,-07 Qtr	2006-07
Net sales from operations	7554.37	27649.39	10.09	1342.49	7564.46	28991.88
Inter-unit transactions	0.00	(134.95)	0.00	134.95	0.00	0.00
Other income	41.27	465.11	9.79	49.72	51.06	514.83
Total income	7595.64	27979.55	19.88	1527.16	7615.52	29506.71
Operating expenses	7790.70	26008.63	86.26	3123.83	7876.96	29132.46
Pre-tax profit / (loss) from operations	(195.06)	1970.92	(66.38)	(1596.67)	(261.44)	374.25
Financial expenses	480.66	1460.74	22.23	237.29	502.89	1698.03
Inter-unit financial transactions	0.00	(63.85)	0.00	63.85	0.00	0.00
Profit / (loss) before tax & exceptional item	(675.72)	574.03	(88.61)	(1,897.81)	(764.33)	(1,323.78)
Taxation	6.35	(108.89)	38.79	596.00	45.14	(487.11)
Profit / (loss) before exceptional item	(682.07)	465.14	(127.40)	(1301.81)	(809.47)	(836.67)
Employee termination costs	0.00	0.00	0.00	2224.53	0.00	2224.53
Less: Deferred tax thereon	0.00	0.00	0.00	(756.12)	0.00	(756.12)
Profit / (loss) after exceptional item	(682.07)	465.14	(127.40)	(2770.22)	(809.47)	(2305.08)

10) **Deferred taxes**

Deferred taxes arise because of difference in treatment between financial accounting and tax accounting, known as "Timing differences". The tax effect of these timing differences is recorded as "deferred tax assets" (generally items that can be used as a tax deduction or credit in future periods) and "deferred tax liabilities" (generally items for which the company has received a tax deduction, but has not yet been recorded in the statement of income).

The principal components of the net deferred tax balance are as follows:

Rs./Lac

	As at 30.6.2007	As at 31.3.2007
Deferred tax liabilities		
Depreciation	2,312.70	2,312.70
Intangibles	10.08	10.08
Deferred tax assets		
Employee benefits	55.87	55.87
Provisions for expenses	63.30	63.30
Voluntary Retirement Scheme	502.44	502.44
Unabsorbed depreciation and carried forward loss	1,799.04	1,834.61
Others	20.83	20.83
Net deferred tax liability / (assets)	(115.70)	(154.27)

Based on schedule of reversal of timing differences giving rise to deferred tax liabilities, historical pre-tax earnings and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes there is the requisite degree of certainty that the deferred tax assets would be realised.

	30 .06.2007 Rs / Lacs	2006-2007 Rs / Lacs
11) Auditors' remuneration		
Audit Fee	2.00	8.00
Tax Audit	0.00	1.00
Certification	0.39	1.70
Reimbursement of Expenses	0.44	0.86
12) (a) Managerial Remuneration		
Salary	6.00	24.00
Provident Fund Contribution	0.72	2.88
Contribution to Superannuation	0.90	3.60
	-----	-----
	7.62	30.48
	-----	-----

The above excludes provisions for leave encashment and gratuity which are determined based on an actuarial valuation done on an overall basis for the Company. As no commission is payable to the Managing Director, the computation of net profits in accordance with Section 309 (5) read with Section 349 of the Companies Act, 1956, has not been given. Previous figures in respect of managerial remuneration were for part of the year.

(b) Payments to Directors:		
Sitting fee	2.40	11.40
	-----	-----
	2.40	11.40
	-----	-----

13) **Lease Commitments**

The company leases space for office and other facilities under various operating leases for periods ranging between three to five years along with options that permit renewals for additional periods. The total amount recognized in the profit & loss account on account of rental expense for operating leases for the year is Rs. 41.71 lac (Previous year - Rs. 124.62 lac).

Future minimum commitments in respect of the operating leases that have remaining non-cancelable terms are set out below.

	<i>Rs./ Lacs</i>	
	As at 30.6.2007	As at 31.3.2007
Within one year	43.74	43.74
One year to five years	192.30	192.30

14) **Earnings per share**

Basic earning per share is computed by dividing the net profit or loss for the year available to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares in issue, adjusted for the effect of all dilutive potential equity shares that were outstanding during the year. Dilutive potential equity shares are weighted for the period they were outstanding and are deemed converted as of beginning of the year, unless they have been issued at a later date.

The following table sets forth the computation for basic and diluted earnings per share:

Potential equity options may arise only in the event of default in payment due on certain loan funds. For the current year, diluted earnings per share is the same as the basic calculation, as the inclusion of any equity options would be anti dilutive, but these options could be dilutive in future.

	Quarter ended June, 2007		2006-2007	
	Basic	Diluted	Basic	Diluted
Numerator Rs in Lacs				
Net income / (loss) for the year	(809.47)	(809.47)	(2305.08)	(2305.08)
Add: Interest (net of tax)	0.00	0.00	0.00	0.00
Net earnings / (loss) for per share calculation	(809.47)	(809.47)	(2305.08)	(2305.08)
Denominator				
Weighted average number of equity shares	2,17,58,000	2,17,58,000	2,17,58,000	2,17,58,000
Dilutive potential equity shares	0.00	0.00	0.00	0.00
Total average equivalent shares	2,17,58,000	2,17,58,000	2,17,58,000	2,17,58,000
Net earnings / (loss) per share Rupees	(3.72)	(3.72)	(10.59)	(10.59)
Nominal value per share Rupees	10	10	10	10

15) **Related party transactions**

Following information regarding related parties has been determined on the basis of criteria specified in AS-18 "Related Party Disclosures".

- a) Related parties with whom transactions have taken place.
 - i) Group A comprises of enterprise having key management in common with the company.
 - Rajasthan Spinning & Weaving Mills Ltd. (RSWM)
 - ii) Group B comprises of enterprises over which the key management personnel of the company are able to exercise significant influence
 - Mayur Knits (P) Ltd.
 - Raghav Knits (P) Ltd.
 - Jyoti Knits (P) Ltd.
 - Essay Marketing Company Ltd.
 - iii) Group C comprises of key management personnel and their relatives
 - Mr. Shekhar Agarwal
 - Mrs. Shashi Agarwal
 - Mr. Shantanu Agarwal
 - Miss. Shuchi Agarwal

Details of transaction with related parties are in Annexure –XVI.

16) **Segment information**

The Company is currently organized into three business operating segments: Yarn, Fabric and Textile Made-ups. The Company's business segments offer different products and require different technology and marketing strategies.

Yarn, covers bought out yarn as well as production of cotton yarn over a wide range of counts, which besides being primarily exported, is also used for further value addition in fabric and garments. Fabric includes both bought out fabric as well as the value added activities relating to knitting, dyeing and processing. Textile Made-ups, comprise of made-ups made for renowned international brands.

The accounting principles used in preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments and are as set out in the note on significant accounting policies.

Transfer prices for inter segment revenues are generally set on an arm's length basis and are eliminated in consolidation.

Revenue and direct expenses in relation to segments are categorized based on items that are individually identifiable or allocable on a reasonable basis to that segment. Certain corporate level revenue and expenses, besides financial costs and taxes are not allocated to operating segments and are included in "reconciliation".

Assets and liabilities represent assets (both tangible and intangible) employed in operations and liabilities owed to third parties that are individually identifiable or allocable on a reasonable basis to that segment. Assets and liabilities excluded from allocation to operating segments such as investments, corporate debt and taxes etc. are included in "reconciliation".

Segment assets employed in the company's various business segments are all located in India. Capital expenditure includes expenditure incurred during the period on acquisition of segment fixed assets.

Geographical revenues are segregated based on location of the customer who is invoiced. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the east and west), Ireland and the United Kingdom; Africa includes Mauritius; Asian continent has been segregated into the Middle East & Gulf countries while the rest of Asia, other than India has been covered under Far East & South East Asia; Rest of the World comprises all other places except those mentioned above and India.

Details of transaction with related parties are in Annexure –XVII.

17) **Additional information pursuant to Schedule VI to the Companies Act, 1956:**

a) Capacities

	Unit	Licensed	Installed *
Spindles	Nos.	89088 (89088)	54528 (54528)
Knitted Fabric	MT/Annum	7533 (7533)	5915 (5497)
Processed Fabric	MT/Annum	6319 (6319)	5357 (4431)
Dyed Yarn	MT/Annum	1000 (1000)	1000 (1000)
Readymade Garments	Lac Pcs. /Annum	97 (97)	87 (79)
Knitted Sweater	Lac Pcs. /Annum	1 (1)	0 (1)
Knitted/Woven Made-ups	Lac Pcs./Annum	50 (50)	0 (0)

* As certified by the Management. Since the Company's installation can technically be considered as a multi-purpose plant, its capacity is necessarily variable in line with process improvements and the product mix adopted from time to time. The figures given in relation to installed capacity, are therefore, approximate and refer to an assumed product mix.

* Includes capacities of 'Knitted Fabric 2067 MT', 'Processed Fabric 1357 MT', 'Readymade Garments 21 lakh pieces', relating to Jammu unit, a discontinuing operation.

STATEMENT OF SECURED LOANS						Annexure - V
						(Rs. In Lakhs)
Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007
	2003	2004	2005	2006	2007	
From Financial Institutions & Banks						
Rupee Term Loans	7,179.13	5,630.63	7,954.21	10,402.24	19,287.09	20,414.67
IDBI	2,189.00	2,043.00	1,809.40	1,546.70	1,196.70	1,109.20
BOB	432.70	211.45	0.00	0.00	0.00	0.00
SBI	949.60	933.77	920.52	0.00	1,500.00	1,513.88
PNB	0.00	1,279.11	1,729.17	0.00	0.00	0.00
J & K Bank Ltd (Rs 1.25 crores)	31.25	6.25	0.00	0.00	0.00	0.00
J & K Bank Ltd (Rs 1.00 crores)	31.75	10.75	0.00	0.00	0.00	0.00
J & K Bank Ltd (Rs 1.50 crores)	52.50	22.50	0.00	0.00	0.00	0.00
J & K Bank Ltd (Rs 10.00 crores)	0.00	0.00	700.00	568.75	393.75	350.00
J & K Bank Ltd (Rs 11.45 crores)	367.33	373.80	295.12	216.44	137.76	118.09
J & K Bank Ltd (Rs 20.48 crores)	0.00	0.00	0.00	604.18	499.11	472.84
J & K Bank (Rs 10.00 crores)	0.00	0.00	0.00	0.00	1,000.00	1,010.69
Exim Bank (Corporate Loan)	2,000.00	0.00	0.00	0.00	0.00	0.00
Exim Bank	1,125.00	750.00	0.00	2,400.56	3,682.61	3,682.61
CBI	0.00	0.00	0.00	165.61	3,099.23	3,711.01
UTI	0.00	0.00	0.00	350.00	2,080.94	2,935.05
INDUS Ind	0.00	0.00	0.00	2,050.00	1,850.00	1,800.00
Yes Bank	0.00	0.00	2,500.00	2,500.00	2,350.00	2,200.00
SBOH	0.00	0.00	0.00	0.00	747.00	755.15
CANARA BANK	0.00	0.00	0.00	0.00	750.00	756.16
Foreign Currency Term Loans	332.20	1,888.67	1,894.74	2,410.18	677.90	463.24
Bank of Baroda	332.20	0.00	0.00	0.00	0.00	0.00

Exim Bank (Corporate Loan)	0.00	1,888.67	1,894.74	2,410.18	677.90	463.24
From Banks						
For working capital	5,813.39	5,988.52	4,981.87	7,527.21	7,865.56	6,239.34
Total	13,324.7	213,507.82	14,830.82	20,339.63	27,830.55	27,117.25

STATEMENT OF UNSECURED LOANS

(Rs. In Lakhs)						
Particulars	FINANCIAL YEAR ENDED 31ST MARCH 2007					For the Qtr Ending 30th June 2007
	2003	2004	2005	2006	2007	
	From Corporate	0.00	526.31	340.70	500.00	
Total	0.00	526.31	340.70	500.00	1,975.00	1,975.00

STATEMENT OF LOANS & ADVANCES

Annexure - VI

(Rs. In Lakhs)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007
	2003	2004	2005	2006	2007	
Advances recoverable in cash or in kind or for value to be received (Unsecured, considered good)	1,613.13	1,264.33	2,206.94	2,482.36	2,813.13	3,084.99
Excise and other deposits	113.08	105.83	131.12	258.48	353.86	313.32
Total	1,726.21	1,370.16	2,338.06	2,740.84	3,166.99	3,398.31

Annexure - VII

STATEMENT OF SUNDRY DEBTORS

(Rs. In Lakhs)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007
	2003	2004	2005	2006	2007	
Others						
Goods	2,461.57	1,600.88	2,323.34	1,580.30	2,078.11	1,702.35
Considered doubtful	0.00	0.00	0.00	0.00	0.00	0.00
	2,461.57	1,600.88	2,323.34	1,580.30	2,078.11	1,702.35
Due over six months						
Goods	204.93	61.29	81.28	157.49	189.77	148.53
Considered doubtful	2.55	57.41	58.91	58.93	49.30	49.30
	207.48	118.70	140.19	216.42	239.07	197.83
Less Total Considered doubtful	2.55	57.41	58.91	58.93	49.30	49.30
Total	2,666.50	1,662.17	2,404.62	1,737.79	2,267.88	1,850.88

STATEMENT OF INVESTMENTS

(Rs. In Lakhs)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007
	2003	2004	2005	2006	2007	
	Quoted Fully Paid					
Long Term						
75,000	Equity Shares of Rs.10 each of					
	Bhilwara Spinners Ltd	15.00	15.00	15.00	15.00	15.00
Long Term						
7,700	Equity Shares of Rs.10 each of					
	BPL Engineering Limited	5.78	5.78	5.78	5.78	5.78
560	Equity Shares of Rs.100 each of					
	State Bank of Bikaner & Jaipur	3.02	3.02	3.02	3.02	3.02
5,700	Equity Shares of Sun Pharmaceuticals Ltd.	2.85	0.00	0.00	0.00	0.00
13,000	Equity Shares of Oriental Bank of Commerce	7.80	0.00	0.00	0.00	0.00
10,000	Equity Shares of Bank of Baroda	8.50	0.00	0.00	0.00	0.00
		42.95	23.80	23.80	23.80	23.80
Less :						
Provision for diminution in value of Investments		12.34	11.90	6.04	11.89	10.01
	Aggregate market Value	30.61	11.90	17.76	11.91	13.79

STATEMENT OF CURRENT LIABILITIES & PROVISIONS

(Rs. In Lakhs)

Paritculars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007
	2003	2004	2005	2006	2007	
Trade Creditors	1,016.87	1,284.11	649.73	609.07	2,198.11	2,934.30
Advance from customers	147.95	93.12	114.90	145.55	146.29	847.28
Other Liabilities	897.66	773.62	751.16	953.61	1,154.12	1,484.96
Unclaimed Dividend *	38.98	33.33	27.88	21.02	14.58	14.58
Interest accrued but not due	50.50	42.05	35.11	41.47	74.86	44.83
Total (A)	2,151.96	2,226.23	1,578.78	1,770.72	3,587.96	5,325.95
PROVISIONS						
For Gratuity & other employee benefits	199.77	205.49	184.22	184.02	168.57	146.45
For Taxation	10.95	9.52	9.52	9.52	9.52	9.52
For Fringe Benefit Tax	0.00	0.00	0.00	14.47	0.00	0.00
For Wealth Tax	1.79	1.70	1.42	1.49	1.52	1.52
Total (B)	212.51	216.71	195.16	209.50	179.61	157.49
Deferred Tax Liabilities -net (C)	3,069.42	1,781.15	1,451.29	1,127.20	0.00	0.00
Total (A+B+C)	5,433.89	4,224.09	3,225.23	3,107.42	3,767.57	5,483.44

*There are no outstanding amounts which are due for deposit but not deposited in Investor Education & Protection Fund.

STATEMENT OF OTHER INCOME

(Rs. In Lakhs)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007
	2003	2004	2005	2006	2007	
Insurance and Other Claims	74.23	27.59	140.76	170.34	17.79	0.00
Profit on Sale of Investments	0.00	76.88	0.00	0.00	0.00	0.00
Exchange Fluctuation	53.70	326.08	0.86	106.85	146.27	0.08
Miscellaneous Income :						
Sundry Bal. W/Back	12.77	49.78	27.71	4.40	9.05	0.54
Miscellaneous Income	100.02	130.73	136.76	154.51	169.99	34.82
Cenvat on Stocks	0.00	48.08	0.00	0.00	0.00	0.00
Excise Duty	0.00	0.00	34.97	0.00	0.00	0.00
Commission Received (RSWM)	28.30	0.00	0.00	0.00	0.00	0.00
Misc Scrap Sale WIS	11.30	11.18	9.82	9.11	2.42	4.38
Misc Scrap Sale OUS	0.00	0.00	0.00	0.00	0.00	0.00
Designing charges	3.12	0.04	0.00	0.00	0.00	0.00
Sale of Sample	3.03	12.79	6.09	12.30	9.25	1.07
Rent Recoveries	1.37	1.51	1.24	1.48	1.25	0.09
Lease Rent Received	0.00	1.34	0.00	0.00	0.00	0.00
Rent Received	1.29	0.00	1.29	1.37	1.38	0.00
Service Charges	0.00	0.44	0.00	0.00	0.00	0.35
Forex Fluctuation	0.27	0.00	0.00	0.00	0.00	0.00
Provision for diminution in value of investments w / back	1.76	6.61	5.87	0.00	1.87	0.00
Cash disc. Received	37.52	0.00	6.69	12.09	17.08	3.83
Dividend on Investment	1.56	1.70	0.56	0.56	0.36	0.56
Profit on sale of fixed assets	8.88	14.87	11.31	22.45	138.12	5.34
Total	339.12	709.62	383.93	495.46	514.83	51.06
Net Profit/Loss before tax as restated	375.75	(3,427.14)	133.17	(181.97)	(3,548.31)	(764.33)
% of Other Income	90.25	0.00	288.29	0.00	0.00	0.00

DETAILS OF CONTINGENT LIABILITIES

(Rs. In Lakhs)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007
	2003	2004	2005	2006	2007	
Contingent liabilities not provided for in respect of :						
1 - Counter guarantees given in respect of Guarantees given by the company's bankers	221.01	97.15	378.05	176.09	171.00	28.04
2- Duties & tax liabilities disputed by the company						
Income Tax Act	36.65	197.99	51.84	76.48	38.31	38.31
Central Sales Tax Act	10.71	47.16	70.41	30.54	8.22	8.22
Central Excise Act	147.34	103.77	9.61	10.55	237.91	237.91
Madhya Pradesh Upkar Adhinyam	0.00	0.00	254.33	337.59	366.76	366.76
3- Claims against the company not acknowledge as debts	0.00	160.80	0.00	0.00	0.00	0.00
Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	278.54	84.08	1,581.29	5,891.81	2,226.21	1,578.56
Bills discounted with banks	2,502.28	3,457.76	2,391.42	3,253.00	2,742.59	2,292.49
Total	3,196.53	4,148.71	4,736.95	9,776.06	5,791.00	4,550.29

STATEMENT OF RATES OF DIVIDEND PAID

(Rs. In Lakhs)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007
	2003	2004	2005	2006	2007	
Equity Share	20,532,837	20,532,837	20,532,837	21,758,000	21,758,000	21758000
Rates of Dividend	0.00	0.00	0.00	0.00	0.00	0.00
Dividend amount	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Tax	0.00	0.00	0.00	0.00	0.00	0.00

STATEMENT OF ACCOUNTING RATIOS

(Rs. In Lakhs)

Paritculars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007
	2003	2004	2005	2006	2007	
Earnings Per Share (EPS)	2.04	(10.42)	1.14	0.41	(10.59)	(3.72)
Return on Net worth	4.09	(25.58)	2.79	0.96	(33.96)	(13.53)
Net Asset Value per Share	49.86	40.72	40.67	41.69	31.20	27.51
Cash Earnings Per Share	12.55	(5.54)	9.20	6.22	(8.96)	(1.26)
Net Worth	10,237.74	8,361.56	8,350.86	9,070.57	6,788.57	5,984.81
Adjusted Profit/Loss after Tax	419.02	(2,138.87)	233.11	87.12	(2,305.08)	(809.47)
No. of Share outstanding at the end of the year	20,532,837	20,532,837	20,532,837	21,758,000	21,758,000	21,758,000
Wtd. Avg. No. of shares outstanding	20,532,837	20,532,837	20,532,837	21,123,601	21,758,000	21,758,000
Non Cash Charges						
Depreciation	1,920.01	2,026.92	1,635.47	1,555.30	1,615.85	490.33
Miscellaneous. Expenditure written off	283.40	262.69	129.00	30.01	23.07	5.72
Deferred Tax	(43.27)	(1,288.27)	(102.94)	(324.09)	(1,281.47)	38.57
Provision for diminution in value of investments	(1.76)	(0.44)	(5.86)	5.85	(1.87)	0.00
Cash Profit	2,158.38	1,000.90	1,655.68	1,267.07	355.58	534.62
	2,577.40	(1,137.97)	1,888.79	1,354.19	(1,949.50)	(274.85)

STATEMENT OF TAX SHELTERS

(Rs. In Lakhs)

Particulars		FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007
		2003	2004	2005	2006	2007	
A	Tax at Notional Rate *	0.00	0.00	0.00	0.00	0.00	0.00
B	Adjustments						
	<u>Permanent Difference</u>	0.00	0.00	0.00	0.00	0.00	0.00
	<u>Timing Difference</u>						
	1) Tax adjusted against carried forward Business Loss and Unabsorbed depreciation.	(70.92)	(3,189.94)	139.03	(613.94)	(2,187.97)	0.00
	2) Difference of book and tax VRS and Retrenchment.	0.00	0.00	0.00	0.00	(1,480.00)	0.00
	3) Difference between Book and Tax Depreciation.	332.92	(150.06)	(705.03)	(293.06)	(123.14)	0.00
	4) Deferred Revenue Expenses	(108.00)	(254.00)	(162.00)	(20.00)	(23.00)	0.00
	5) Others (Disallowances under Section 43B, Provision for Doubtful debts etc.)	(68.00)	3.00	49.00	(35.82)	7.00	0.00
	Net adjustments (1+2+3+4+5)	86.00	(3,591.00)	(679.00)	(962.82)	(3,807.11)	0.00
C	Tax Savings on net adjustments:	31.61	(1,288.27)	(228.55)	(324.09)	(1,281.47)	0.00
D	Diff due to tax rate of income	(74.88)	0.00	(110.52)	0.00	0.00	0.00
E	Tax set off with Gen Reserve	0.00	0.00	236.14	0.00	0.00	0.00
F	Total Income Tax Provided (A+C+D+E)	(43.27)	(1,288.27)	(102.94)	(324.09)	(1,281.47)	0.00
G	Excess provisions written back	0.00	0.00	0.00	0.00	0.00	38.57
H	Deferred Tax (net) (F+G)	(43.27)	(1,288.27)	(102.94)	(324.09)	(1,281.47)	38.57
I	Fringe Benefit Tax	0.00	0.00	3.00	55.00	38.24	6.57
J	Total Tax provided (H+I)	(43.27)	(1,288.27)	(99.94)	(269.09)	(1,243.23)	45.14

* Represents Tax on Book profits at applicable rates

CAPITALISATION STATEMENT

(Rs. In Lakhs)

PARTICULARS	PRE-ISSUE	POST-ISSUE
Total Debts		
Short Term Debt (unsecured loans)	1,975.00	Will be determined on finalisation of Issue Price.
Long Term Debt		
- Term Loans	20,877.91	
- Working Capital Loan *	6,239.34	
Sub-total	27,117.25	
Total (A)	29,092.25	
Share Holders Fund		
- Share Capital	2,175.80	
- Share premium *	2,590.06	
- Capital Reserve	123.48	
- Capital Redemption Reserve Account	2,000.00	
- Profit & Loss Account	(880.58)	
Sub total	6,008.76	
Less; Misc. expenses not written off	23.95	
Total (B)	5,984.81	
Long Term Debt/Shareholders Fund (A/B)	4.86	

RELATED PARTY DISCLOSURE

(Rs. In Lakhs)

SL.No.	Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th June 2007
		2003	2004	2005	2006	2007	
1	Sales & services to and other recoveries from Related Parties						
	Group -A	66.95	43.54	445.75	499.64	134.89	4.16
	Group -B	2.68	38.70	0.00	0.00	0.00	0.00
	Group -C	0.00	0.00	0.00	0.00	0.00	0.00
2	Purchase/Other services from Related Parties						
	Group -A	448.87	272.13	383.75	306.89	586.08	197.86
	Group -B	10.14	0.00	0.00	0.00	0.00	0.00
	Group -C	0.00	0.00	0.00	0.00	0.00	0.00
3	Outstanding balance Payable						
	Group -A	0.00	49.95	0.00	24.09	134.01	235.78
	Group -B	146.12	137.53	1.06	6.46	6.16	6.16
	Group -C	0.00	0.00	0.00	0.00	0.00	0.00
4	Common Expenses and rent paid to related parties						
	Group -A	72.36	73.60	95.96	101.62	103.63	33.45
	Group -B	0.00	0.00	0.00	0.00	0.00	0.00
	Group -C	0.00	0.00	0.00	6.00	6.00	1.50
5	Commission and xpenses recovered from related parties						
	Group -A	28.95	38.58	29.07	22.15	3.27	0.06
	Group -B	0.00	0.00	0.00	0.00	0.00	0.00
	Group -C	0.00	0.00	0.00	0.00	0.00	0.00
6	Recoveries for use of company's testing and other facilities.						
	Group -A	10.18	4.34	5.42	4.35	0.00	0.00
	Group -B	0.00	0.00	0.00	0.00	0.00	0.00
	Group -C	0.00	0.00	0.00	0.00	0.00	0.00

7	Finance - Company has taken the unsecured Intercorporate loans and inttpaid thereon						
	Group -A	0.00	0.00	0.00	0.00	0.00	0.00
	Group -B	0.00	0.00	138.60	0.00	0.00	0.00
	Group -C	0.00	0.00	0.00	0.00	0.00	0.00
8	Finance - Company has repaid the unsecured Intercorporate loans and inttpaid thereon						
	Group -A	0.00	0.00	0.00	0.00	0.00	0.00
	Group -B	0.00	0.00	1.20	143.81	0.00	0.00
	Group -C	0.00	0.00	0.00	0.00	0.00	0.00
9	Finance - Private Placement of Equity Shares on preferentials basis to the promotors						
	Group -A	0.00	0.00	0.00	0.00	0.00	0.00
	Group -B	0.00	0.00	0.00	475.00	0.00	0.00
	Group -C	0.00	0.00	0.00	137.58	0.00	0.00
10	Payment of Remuneraion to directors						
	Group -A	0.00	0.00	0.00	0.00	0.00	0.00
	Group -B	0.00	0.00	0.00	0.00	0.00	0.00
	Group -C	2.73	0.00	0.18	7.62	30.48	7.62
11	Purchase of Fixed Assets from Related Parties						
	Group -A	0.00	0.00	0.00	0.00	0.00	0.00
	Group -B	17.06	0.00	0.00	5.87	0.00	0.00
	Group -C	0.00	0.00	0.00	0.00	0.00	0.00
12	Payment for Job charges and intt on delayed payments						
	Group -A	90.28	37.11	26.42	59.61	20.62	0.00
	Group -B	0.00	0.00	0.00	0.00	0.00	0.00
	Group -C	0.00	0.00	0.00	0.00	0.00	0.00

13	Outstanding balance Receivable from related party						
	Group -A	0.92	0.00	40.06	0.00	0.00	0.00
	Group -B	0.00	0.00	0.00	0.00	0.00	0.00
	Group -C	0.00	0.00	0.00	0.00	0.00	0.00
14	Purchase of furnace Oil from Related Parties						
	Group -A	0.00	22.47	0.00	0.00	0.00	0.00
	Group -B	0.00	0.00	0.00	0.00	0.00	0.00
	Group -C	0.00	0.00	0.00	0.00	0.00	0.00
15	Purchase of Export Entitlements from Related Parties						
	Group -A	2.38	1.22	0.00	0.00	0.00	0.00
	Group -B	5.08	1.04	0.00	0.00	0.00	0.00
	Group -C	0.00	0.00	0.00	0.00	0.00	0.00

SEGMENT REPORTING

(Rs. In Lakhs)

Particulars	Total					
	Financial Year Ended 31 st March					For the Qtr ended 30th June, 2007
	2,003	2,004	2,005	2,006	2,007	
Segment Revenues						
Total Sales	34,885	30,743	31,983	31,243	35,439	8,596
Less: inter-segment sales	0.00	0.00	0.00	0.00	0.00	0.00
Add: un-allocated income	0.00	0.00	0.00	0.00	0.00	0.00
Net revenue -External Sales	26,574	23,824	24,865	24,523	28,992	7,564
Segment results	1,548	(2,262)	1,139	983	305	(309)
Unallocated corporate income	2	2	1	1	0.00	0.00
Unallocated Expenses	(37)	(43)	(35)	(39)	(69)	(3)
Financial cost	(1,137)	(1,124)	(972)	(1,127)	(1,559)	(452)
Exceptional item	0.00	0.00	0.00	0.00	(2,225)	0.00
Taxes	43	1,288	100	269	1,243	(45)
Net Profit	419	(2,139)	233	87	(2,305)	(809)
Segment assets	29,144	26,280	26,241	32,484	38,765	39,536
Unallocated common assets	350	575	580	587	1,627	1,049
Total assets	29,494	26,854	26,820	33,070	40,391	40,584
Segment liabilities	2,267	2,346	1,745	1,883	3,527	5,352
Unallocated liabilities	98	97	29	97	240	131
Total liabilities	2,364	2,443	1,774	1,980	3,768	5,483
Capital Employed	27,129	24,411	25,046	31,090	36,624	35,101
Capital Expenditure	1,322	859	610	5,536	1,185	256
Non Cash Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	1,920	2,027	1,635	1,555	1,616	491
Non-cash expenses	283	263	129	30	23	6

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIALS

Overview of the Business of the Company

Maral Overseas Ltd. (MOL) a company belonging to LNJ Bhilwara Group of Companies has manufacturing plants at Sarovar (M.P.) and NOIDA (U.P.) The Sarovar unit was set up in early 1990s as a 100% EOU composite plant with activities of spinning, knitting, processing and garment making. It is one of the leading exporters of cotton yarn from India and has a commanding position in knitted fabrics and textile garments in domestic as well as international markets. The NOIDA plant of the company has the manufacturing capabilities of garment making which is catering to world renowned elite brands.

Factors affecting our results of operations

- Any unfortunate downturn in the growth of economy and hence the textile sector
- Government policies pertaining to the textile sector
- Changes in fiscal, economic or political conditions in India
- Increase in prices of raw materials
- Cheap imports from neighbouring countries
- Strengthening of rupee vis-à-vis US Dollar and other major currencies because of higher exports.

Discussion on Results of Operations

A summary of past financials results based on the Restated statement of Accounts is as under :

(Rs. In Lakhs)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended
	2003	2004	2005	2006	2007	30th June 2007
Income						
Income from sales and services	26,574.48	23,824.32	24,864.12	24,522.88	28,991.88	7,564.46
Other Income (Recurring)	339.12	709.62	383.93	495.46	514.83	51.06
Increase/ (Decrease) in Inventory	1,034.49	(1,355.07)	1,154.81	935.74	(637.56)	(201.39)
Total Income	27,948.09	23,178.87	26,402.86	25,954.08	28,869.15	7,414.13
Expenditure						
Raw Materials & Goods consumed	14,479.54	13,274.45	13,770.15	12,903.83	15,634.69	4,365.03
Staff Costs	2,724.49	3,135.91	3,522.76	3,866.57	3,247.87	824.74
Other Manufacturing Expenses	4,922.53	4,404.32	4,164.99	5,016.10	6,113.23	1,429.35
Selling & Distribution Expenses	2,009.15	2,296.06	2,025.71	1,555.22	1,860.19	560.40
Interest & Finance Charges	1,233.22	1,205.66	1,021.61	1,209.02	1,698.03	502.89
Depreciation / Amortization	1,920.01	2,026.92	1,635.47	1,555.30	1,615.85	490.33
Misc. Expenses w/off	283.40	262.69	129.00	30.01	23.07	5.72
Total Expenditure	27,572.34	26,606.01	26,269.69	26,136.05	30,192.93	8,178.46
Profit before tax & Exceptional items	375.75	(3,427.14)	133.17	(181.97)	(1,323.78)	(764.33)
Exceptional Items	-	-	-	-	2,224.53	-
Profit before Tax without adjustments	375.75	(3,427.14)	133.17	(181.97)	(3,548.31)	(764.33)
Profit before tax after adjustments	375.75	(3,427.14)	133.17	(181.97)	(3,548.31)	(764.33)
Provision for taxes						
- Current tax	-	-	3.00	55.00	38.24	6.57
- Deferred tax	(43.27)	(1,288.27)	(102.94)	(324.09)	(1,281.47)	38.57
Profit after Taxes	419.02	(2,138.87)	233.11	87.12	(2,305.08)	(809.47)

Results of Operations of the Company

(Rs. In Lakhs)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Qtr ended 30th
	2003	2004	2005	2006	2007	
Income						
Income from sales and services	26,574.48	23,824.32	24,864.12	24,522.88	28,991.88	7,564.46
Raw Materials & Goods consumed	14,479.54	13,274.45	13,770.15	12,903.83	15,634.69	4,365.03
Raw Materials & Goods consumed as a % of Income	54.49	55.72	55.38	52.62	53.93	57.70
Staff Costs	2,724.49	3,135.91	3,522.76	3,866.57	3,247.87	824.74
Staff Costs as a % of Income	10.25	13.16	14.17	15.77	11.20	10.90
Other Manufacturing Expenses	4,922.53	4,404.32	4,164.99	5,016.10	6,113.23	1,429.35
Other Manufacturing Expenses as a % of	18.52	18.49	16.75	20.45	21.09	18.90
Selling & Distribution Expenses	2,009.15	2,296.06	2,025.71	1,555.22	1,860.19	560.40
Selling & Distribution Expenses as a % of	7.56	9.64	8.15	6.34	6.42	7.41
Interest & Finance Charges	1,233.22	1,205.66	1,021.61	1,209.02	1,698.03	502.89
Interest & Finance Charges as a % of Income	4.64	5.06	4.11	4.93	5.86	6.65
Depreciation / Amortization	1,920.01	2,026.92	1,635.47	1,555.30	1,615.85	490.33
Depreciation / Amortization as a % of Income	7.23	8.51	6.58	6.34	5.57	6.48
Misc. Expenses w/off	283.40	262.69	129.00	30.01	23.07	5.72
Exceptional Items	0.00	0.00	0.00	0.00	2,224.53	0.00
Profit after Taxes	419.02	(2,138.87)	233.11	87.12	(2,305.08)	(809.47)
Profit after Taxes as a % of Income	1.58	(8.98)	0.94	0.36	(7.95)	(10.70)

Comparison of performance and analysis of operations of the Company for quarter ended 30th June, 2007 vis-à-vis 31st March, 2007.
Income from Sales & Services

The sales for the quarter ending June 30, 2007 do not show any deviation vis-à-vis the sales for the year ended 31st March, 2007 in rupee terms. However, the volume of sales is showing a slight improvement from the last year which is not evident in monetary terms since the rupee has shown appreciation against US dollar and other major currencies.

Raw materials consumed

The raw material cost is showing an increase of approx. 4% during the period ending 30th June, 2007 because of the reasons mentioned hereinbelow.

- The realizable value of finished products have gone down because of depreciation in US\$ vis-à-vis Indian rupee.
- Use of better quality imported cotton for value added products procured at higher rates.

Staff cost

As a percentage of income, the staff cost have nearly remained unchanged

Manufacturing expenses

Due to process of reorganization and discontinuance of loss making operations, the manufacturing expenses have shown an improvement.

Selling & Distribution expenses

The selling and distribution expenses have gone up by around 1% due to loss in foreign exchange transactions.

Interest & financial expenses

The interest cost has gone up by approx. 1% due to increase in the rate of interest on loans advanced by banks/financial institutions.

Depreciation & Amortization

Depreciation has increased due to expenditure incurred in modernizing certain operations at Sarovar plant.

Profit After Tax

The company has posted a loss of Rs.809.47 lakh for the quarter ended 30th June, 2007 as compared to loss after tax of Rs.2305.07 lakh during the financial year ended 31st March, 2007. The main reasons for loss are appreciation in rupee vis-à-vis other currencies and underutilization of capacities to some extent at NOIDA plant.

Comparison of performance and analysis of operations of the Company for the year ended 31st March, 2007 vis-à-vis 31st March, 2006.

Income from Sales & Services

The sales posted a substantial growth during the year ended March 31, 2007 against the sales for the corresponding period, 31st March, 2006. The turnover increased by around 18%. The main reason for this increase was on account of better sales realization in respect of value added yarn and garments. The sales of other products also showed an increasing trend.

Raw materials consumed

The cost of raw material increased by about 1.31% during the year under review. This increase was mainly due to hike in cotton price.

Staff cost

As a result of discontinuation of operations at Jammu plant, staff cost during financial year 2006-07 showed a decrease vis-à-vis financial year 2005-06.

Manufacturing expenses

Manufacturing expenses were increased marginally due to hike in fuel costs.

Selling & Distribution expenses

Selling & distribution expenses showed marginal increase during the financial year 2006-07 as compared to the corresponding period 2005-06, on account of increased payment of sales commission and incentives on garment sales given to Company's agents.

Interest & financial expenses

The interest cost increased as a result of hardening of lending rate as well as expenses incurred under Voluntary Retirement Scheme and terminal benefits of the employees of the Jammu Unit.

Depreciation & Amortization

The depreciation as a percentage of sales got reduced because of increase in turnover.

Exceptional Items

Exceptional items represent Rs.2224.53 lakh incurred by the company in connection with terminal and voluntary retirement scheme declared for the employees of its Jammu unit. The unit was closed down due to it being economically unviable.

Profit After Tax

The company incurred a loss of Rs.2305.07 lakh during the year mainly due to discontinuation of Jammu unit's operation.

Comparison of performance and analysis of operations of the Company for the year ended 31st March, 2006 vis-à-vis 31st March, 2005.

Income from Sales & Services

The company registered a marginal fall of 1.37% in sales when compared with that achieved during the financial year ended 31st March, 2005.

Raw materials consumed

The raw material cost as a percentage of sales was lower by 2.76%. This was mainly on account of decrease in cotton prices.

Staff cost

The staff cost as a percentage of turnover increased mainly because of decrease in turnover and marginally due to revision in wages.

Manufacturing expenses

Because of increase in fuel and power cost, the manufacturing expenses showed an increase.

Selling & Distribution expenses

The selling & distribution expenses got reduced during financial year ended 31st March, 2006 as compared to the corresponding period, 31st March, 2005, when there was significant loss in foreign exchange.

Interest & Financial expenses

In order to build up stock of raw material, we utilized our working capital limits to a great extent. Resultantly, the interest and financial cost increased.

Depreciation & Amortization

This was marginally reduced due to some assets having been fully depreciated.

Profit After Tax

The company recorded a profit of Rs.87.12 lakh as compared to profit of Rs.233.11 lakh achieved during financial year ended 31st March, 2005. The decrease in profit was on account of substantial hike in fuel and power costs as also interest cost.

Comparison of performance and analysis of operations of the Company for the year ended 31st March, 2005 vis-à-vis 31st March, 2004.

Income from Sales & Services

The turnover grew by 4.36% because of increase in domestic sale of yarn and export sale of fabric.

Raw materials consumed

The raw material cost as a percentage of income remained more or less same.

Staff cost

As a consequence of an agreement reached with the workers of Jammu unit of the company to pay wages with a fixed component comprising of minimum wages and incentive instead of piece wage rate, the staff cost increased significantly.

Manufacturing expenses

The manufacturing expenses decreased due to piece rate wages earlier grouped under marketing expenses shifted to wages & salaries account in case of Jammu unit.

Selling & Distribution expenses

Selling & distribution expenses showed a decrease due to reduction in commission and claims.

Interest & Financial expenses

Interest & financial expenses reduced because of reduction in lending rate.

Depreciation & Amortization

Reduction in this ratio vis-à-vis sales is partly due to increase in sales and partly due to some of the assets already fully depreciated.

Profit After Tax

The company posted a profit of 233.11 lakh as against a loss of Rs.2138.87 lakh during the corresponding period ended 31st March, 2004. The reason for increase in profitability was due to resolution labour issues, because of which, the company had suffered loss in the previous year.

Comparison of performance and analysis of operations of the Company for the year ended 31st March, 2004 vis-à-vis 31st March, 2003.

Income from Sales & Services

There was a substantial decrease in sales because of labour problems at Sarovar and Jammu units of the company.

Raw materials consumed

The raw material cost increased substantially due to increase in cotton prices.

Staff cost

The staff cost increased as a result of decrease in turnover, besides labour unrest at Sarovar and Jammu units of the company.

Manufacturing expenses

Manufacturing expenses as a percentage of sales remained almost unchanged.

Selling & Distribution expenses

Due to go-slow tactic adopted by the workers at Sarovar and Jammu units, the company had to incur extra expenses for fulfillment of our export commitment. As a consequence, the selling & distribution expenses increased.

Interest & Financial expenses

Interest & financial expenses showed marginal increase because of labour unrest.

Depreciation & Amortization

Depreciation & amortization increased on account of decrease in turnover due to labour unrest.

Profit After Tax

The operations of the company during the period under review suffered substantially because of labour unrest faced by the company at its Sarovar and Jammu units. The workers at the Sarovar unit resorted to an illegal strike lasting 62 days, including go slow, intimidation etc. Because of similar reasons, Jammu unit of the company suspended operations for 21 days. As a consequence of this company suffered substantial loss.

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5 OF SEBI DIP GUIDELINES

1. Unusual or infrequent events or transactions

There were following unusual transactions, that have significantly affected the business of the company;

- i) Company faced illegal strike at its Sarovar and Jammu plants during financial year 2003-04
- ii) Due to non-viability, the company disposed of its retail division namely Maral Fashions during financial year 2005-06
- iii) Company closed down its plant at Jammu during financial year 2006-07

Besides above, there are no unusual or infrequent events or transactions that have significantly affected the business of the company.

2. Significant economic/regulatory changes

Indian legal system and policy of government of textile industry has undergone major changes in last few years. Recent economic and regulatory changes include the following, which are likely to affect our income from continuing operations:

- Implementation of VAT replacing local taxes has a positive impact on our business;
- Duties on specified textile machinery items, raw materials and spare parts for manufacture of such machinery brought down from 20% to 10%. The existing concessional duty of 5% on some other machinery is also being continued;
- An additional incentive of 10% capital subsidy over and above the 5% interest subsidy under TUFs for the specified textile processing machinery. The additional 10% capital subsidy was admissible on the investments made in the specified processing machinery during a period of one year from April 20, 2005 to April 19, 2006.
- Raw material (cotton) prices have gone up
- As per Indian Government's export & Import policy, DEPB rate has been increased.
- Textile is power intensive and international crude prices of oil and domestic energy costs have gone up sharply which will adversely affect the cost of captive power.
- Exchange rate fluctuation may significantly impact the exports realization.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

- a) Availability of raw material in future
- b) Volatility may be expected in raw material price
- c) Exchange rate fluctuations

4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Cotton being the main raw material, its price and availability naturally affects manufacture and sale of yarn by the company though the magnitude of variations, in cotton & yarn prices will be different due to the different product cycle. Input costs will continue to rise, but with increase of volumes this increase will not only be contained rather it is expected that unit costs will show a decline. With improved productivity and larger volumes as a result of modernization and expansion, the division is expected to show improved performance on overall basis.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

Income from sales & services increased by 18% approx. during financial year ended 31st March, 2007 as compared to corresponding period ended 31st March, 2006.

6. Expansion & modernization projects and restructuring activities undertaken recently

- a) The Company has set up an additional spinning facility with 19,200 spindles at the Sarovar unit of the Company. Since a major part of our products are exported, the recent appreciation of Rupee against US\$ and other currencies, has affected our profitability adversely.
- b) In order to counter the impact of Rupee appreciation, we are planning to sell our yarns in the domestic market, so that we will be able to get better realizations. Accordingly, we have decided to debond our spinning plant, which is 100% EOU now. Due to debonding, the Company will gain extra benefits in the shape of additional DEPB available to exporters other than 100% EOUs.
- c) Due to increasing oil prices, the cost of electricity being produced by the Warsila DG sets now is very high. To overcome this, the Company has already commissioned a 10 MW thermal power project. The cost of electricity being produced from this thermal power project will be cheaper than the cost of electricity generated by the Warsila DG sets.

d) The Company has just commissioned an expansion-cum-modernization plan at its Sarovar unit at a cost of Rs.4893.03 lakh. This project involved the following;

- Installation of one Stenter machine, one Open width Compactor machine and two fabric dyeing machines of 500 Kgs. each with other utilities and machines in our Dyeing & Processing division.
- Setting up of yarn dyeing plant of about 2.5 MT/day capacity
- Value addition by installation of slub motion application on two LR G5/1 Ring Frame of 1008 spindle, complete set of soft core spun (elastic filament) on three LR G5/1 ring frame of 624 spindle and Elite conversion on six LR G5/1, Ring Frame of 624 spindle.
- Conversion of one mill for multi-blended yarns by adding blow room and preparatory machines.

With this project having been completed already, the quality and quantity of our products would increase drastically resulting in better realizations as well as additional contribution due to increased productions.

- e) The textile industry in general and garment industry in particular, are labour intensive. Because of high labour cost due to majority of garment workers at the Sarovar unit of the company being permanent employees, the garment division of the unit has been incurring substantial losses. We, therefore, plan to shift garment division to NOIDA, where labours, being on piece rate basis, we can save on labour cost and improve productivity. As a result of this proposed shifting of garment division, although the production of our NOIDA unit will increase, the fixed cost would remain almost same.
- f) We propose to create additional knitting, dyeing and processing capacity at Sarovar unit by shifting machinery from our Jammu unit, which was closed down.

7. Seasonality of business

The business of the division is not seasonal in nature

8. Dependence on single or few suppliers/customers

We source our raw material from a number of suppliers and are not under threat from excessive dependence on any single supplier. The threat from excessive dependence on a single customer is not significant as the customer base is well diversified.

9. Competitive conditions

We are facing stiff competition from a number of domestic companies as well as, due to globalization, from international manufacturers. With technological upgradation over the years, products manufactured by the company have found increasing number of quality-conscious buyers in many overseas markets and the exports have recorded substantial growth over the last few years.

FINANCIAL STATEMENTS OF GROUP COMPANIES

RSWM LIMITED

RSWM Limited was incorporated as a public limited Company on the 17th Day of October 1960 and Its CIN No. L17115RJ1960PLC008216.

The registered office of the Company is situated at Kharigram, P.O. Gulabpura-311021, Dist. Bhilwara, Rajasthan.

Certificate for Commencement of Business is attached with its Memorandum of Association and is available for inspection.

The main objects of this Company, as set out in its Memorandum of Association, are:-

- 1) To carry on all or any of the following businesses, namely cotton spinners and doublers, flax, hemp and jute spinners, linen and cloth manufacturers, flax, hemp, jute and wool merchants, wool combers, worsted spinners, wollen spinners, yarn merchants, worsted stuff manufacturers, bleachers and dyers and mapers of vitriol, bleaching and dyeing materials.
- 2) To purchase, comb, prepare, spin, dye and deal in cotton flax, hemp, jute, wool, silk and any fibrous substances.
- 3) To weave and otherwise manufacture, buy and sell and deal in linen, cloth and other goods and fabrics, whether textiles, felted, netted or looped.
- 4) To carry on the business of manufacturing wollen, felt, silken, cotton, hemp and any other fibrous material and products whether allied to the aforesaid or not in India or elsewhere.
- 5) To carry on the business of spinners, weavers, manufacturers, ginners, balers, and pressers of cotton, kapas, yarn, cotton waste, yarn waste, hemp, jute and other fibrous material and cultivation thereof.

There are twelve (12) directors in its Board of Directors as on 29.09.2007, namely:

Name	Designation
SHRI L.N. JHUNJHUNWALA	CHAIRMAN EMERITIUS
SHRI RAVI JHUNJHUNWALA	CHAIRMAN
SHRI SHEKHAR AGARWAL	VICE CHAIRMAN & MANAGING DIRECTOR
SHRI RIJU JHUNJHUNWALA	JOINT MANAGING DIRECTOR
SHRI J.C. LADDHA	EXECUTIVE DIRECTOR
SHRI A.K. CHURIWAL	DIRECTOR
DR. KAMAL GUPTA	DIRECTOR
SHRI D.N. DAVAR	DIRECTOR
SHRI R.P. KHAITAN	DIRECTOR
SHRI PRADEEP DINODIA	DIRECTOR
SHRI S.K. SRIVASTAVA	DIRECTOR-NOMINEE-LIC
SHRI SUDIP BHATTACHARYYA	DIRECTOR-NOMINEE-EXIM BANK

The authorized share capital of the Company as on 25th September, 2007 as reflected in its Memorandum of Association is Rs.65,00,00,000/- (Rupees Sixty Five Crores) divided into 2,75,00,000 Equity Shares of Rs.10/- (Rupees Ten) each aggregating to Rs.27,50,00,000/- (Rupees Twenty Seven Crores Fifty Lacs), and 25,00,000 Optionally Convertible Preference Shares of Rs.150/- each aggregating to Rs.37,50,00,000/- (Rupees Thirty Seven Crores Fifty Lacs) with power to sub-divide, consolidate and increase or decrease and with power from time to time to issue any share of the original capital or any new capital with and subject to any preferential,

qualified or special rights, privileges or conditions as may be thought fit and upon the sub-division of a share to apportion the right to participate in profits in any manner as between the shares resulting from such sub-division.”

Details of Promoters Shareholders as on 30.06.2007:

Sr. No.	Name of the shareholder	No. of shares	%
1	SUCHI AGARWAL	10000	0.04
2	SHASHI AGARWAL	224976	0.97
3	SHEKHAR AGARWAL	52500	0.23
4	SHANTANU AGARWAL	390248	1.69
5	SHEKHAR AGARWAL (HUF)	105632	0.46
6	SUSHILA DEVI CHOKHANI	65332	0.28
7	MANI DEVI JHUNJHUNWALA	360208	1.56
8	LAKSHMI NIWAS JHUNJHUNWALA	137112	0.59
9	RAVI JHUNJHUNWALA	794094	3.43
10	RIJU JHUNJHUNWALA	100000	0.43
11	PRIYANKA JHUNJHUNWALA	75000	0.32
12	RISHAB JHUNJHUNWALA	40000	0.17
13	SUBHKARAN LAKSHMINIWAS (HUF)	35664	0.15
14	RAVI JHUNJHUNWALA (HUF)	25000	0.11
15	RITA JHUNJHUNWALA	156048	0.67
16	MAHABIR PRASAD JAIN	332	0
17	JAYANTI LAL THAKORLAL MEHTA	39000	0.17
18	NEERA S. MEHTA	49332	0.21
19	MITA SHASHIKANT MEHTA	9482	0.04
20	SHILPA MEHTA	16200	0.07
21	USHA SHASHIKANT MEHTA	14000	0.06
22	SATISH J. MEHTA	1064	0
23	JAYANTILAL MEHTA	32000	0.14
24	SANDIP RAMESH MEHTA	4000	0.02
25	SAMIR SHASHIKANT MEHTA	1500	0.01
26	SHILPA MEHTA	14000	0.06
27	TANSUKH BHUPENDRA PUROHIT	924	0
28	TANSUKH BHUPENDRA PUROHIT	60	0
29	RASIKLAL V PAREKH	816	0
30	TANSUKH PUROHIT	1144	0
31	ARUN K PAREKH	2132	0.01
32	REENA SURAIYA	12764	0.06
33	NAILESH J. SHAH	712	0
34	VINAY SURAIYA	2132	0.01
35	KALYANJEE JIVANDAS SURAIYA	4264	0.02
36	VIJAYSINGH JIVANDAS SURAIYA	5332	0.02
37	TUSHAR SURAIYA	4700	0.02
38	SHANTI SURAIYA	5332	0.02

39	VALJEE JIVANDAS SURAIYA	3200	0.01
40	VALJEE JIVANDAS SURAIYA	2132	0.01
41	KANTILAL GUFURDAS VORA	532	0
42	MIRA MEHTA	45156	0.2
43	RAMESH MEHTA	35623	0.15
44	PRANAY S. MEHTA	38912	0.17
45	RAMESH T. MEHTA	11200	0.05
46	BHARAT INVESTMENTS GROWTH LTD.	67882	0.29
47	ESSAY MARKETING CO. LTD.	314702	1.36
48	M/S. INVESTORS (I) LTD.	352479	1.52
49	INDIA TEX FAB MARKETING LTD.	2289	0.01
50	JYOTI KNITS PVT. LTD.	162800	0.7
51	KALATI HOLDING (P) LTD.	123550	0.53
52	LNJ FINANCIAL SERVICES LTD.	1262998	5.46
53	NIVEDAN VANIJYA NIYOJAN LTD.	685074	2.96
54	PURVI VANIJYA NIYOJAN LTD.	380864	1.65
55	DEEPAK KNITS & TEXTURIES PVT. LTD.	100000	0.43
56	EXPERT FABRICS & TEXTILE PVT. LTD.	62150	0.27
57	RAMAKANT SALES & SERVICES PVT. LTD.	150000	0.65
58	AGARWAL FINESTATE PVT. LTD.	8321	0.04
59	RAGHAV COMMERCIAL LTD.	52000	0.22
60	BHILWARA COMMERCE PVT. LTD.	60221	0.26
61	VIVEK GARMENTS PVT. LTD.	102025	0.44
62	SUKANT MANAGEMENT PVT. LTD.	230312	0.99
63	M/S. APEX HOLDING LTD.	119860	0.52
64	SUSMA TRADERS LTD.	110929	0.48
65	MICRO BASE LTD.	3650970	15.77
66	CORN HILL INVESTMENTS LTD.	198800	0.86
67	MICROLIGHT INVESTMENTS LTD.	1085000	4.69
	Total	12213017	52.73

The Financial Information of the Company as per its audited Balance Sheets, are as below (Rs in Crore)

Particulars	For the Financial Year Ended 31 st March		
	2005	2006	2007
Total Income	742.00	966.28	1051.88
Profit after Tax (PAT)	18.41	27.08	44.07
Reserves and Surplus	177.42	205.50	241.65
Net Worth	199.34	268.03	307.15
NAV per Share (Rs.)	90.94	115.78	132.69
Earning per Share (Rs.)	8.54	11.70	19.04

HEG LIMITED

HEG Limited was incorporated as a public limited Company on the 27th Day of October 1972 vide Certificate of Incorporation no. 6345. Its CIN No.L23109MP 1972PLC008290.

The registered office of the Company is situated at Mandideep (Near Bhopal), Distt, Raisen, Madhya Pradesh, India-462046

The main objects of this Company, as set out in its Memorandum of Association, are:-

1. To produce, extract, manufacture, purchase, refine, prepare, process, import, export, buy, sell and deal in graphite, graphite electrodes, graphite anodes, graphite specialities, coal tar, coal tar pitch, synthetic and natural coal, cokes, carbon, all kinds of minerals, chemicals, electrochemicals, gas and substances in all their various forms and derivations and their products, by products and ancillary products and to carry on the business of distillers, refinery operators, compounders, synthetics, analysts, physicists, reactor operators, gas producers, and consumers, manufacturers of plastics, prospectors, drillers, miners, chemical manufacturers, chemists, druggists, analytical chemists, drysalters, oil and colour men.
2. To prospect, form, examine, explore, win, get, quarry, smelt, calcine, refine, crush and grind, dress, amalgamate, manipulate and prepare for market, purchase, sell or deal in ores, metals and minerals of kinds, and to carry on any other prospecting, mining or metallurgical operations and to buy, sell, manufacture and deal in minerals, plant, machinery, implements, products in which any of the minerals is used and such other things capable of being used in connection with prospecting, mining and/or metallurgical operations.

There are eleven (11) directors in its Board of Directors as on 29.09.2007,namely:

Name	Designation
SHRI L.N. JHUNJHUNWALA	CHAIRMAN EMERITIUS
SHRI RAVI JHUNJHUNWALA	CHAIRMAN & MANAGING DIRECTOR
SHRI SHEKHAR AGARWAL	VICE CHAIRMAN
SHRI VIJAY KUMAR MEHTA	DIRECTOR
SHRI DHARMENDAR NATH DAVAR	DIRECTOR
SHRI KASHI NATH MEMANI	DIRECTOR
DR. KAMAL GUPTA	DIRECTOR
SHRI PEJAVAR MURARI	DIRECTOR
SHRI RAMESH CHAND SURANA	EXECUTIVE DIRECTOR & CEO
SHRI N MOHANRAJ	NOMINEE-LIC
SHRI NIKKI MEHTA	ALTERNATE TO SHRI V.K. MEHTA

The authorized share capital of the Company as reflected in its Memorandum of Association is Rs.70,00,00,000/- (Rupees Seventy Crores) divided into 55,000,000 Equity Shares of Rs.10/- (Rupees Ten) each aggregating to Rs.55,00,00,000/- (Rupees Fifty Five Crores), and 15,00,000 Preference Shares of Rs.100/- each aggregating to Rs.15,00,00,000/- (Rupees Fifteen Crores) "

Details of Promoters Shareholders as on 30.06.2007

Sr. No.	Name of the shareholder	No. of shares	%
1	Riju Jhunjunwala	208064	0.52
2	Rishabh Jhunjunwala	186126	0.46
3	Ravi Jhunjunwala	346770	0.86
4	Lakshmi Niwas Jhunjunwala	179740	0.45
5	Mani Devi Jhunjunwala	103350	0.26
6	Rita Jhunjunwala	224312	0.56
7	Priyanka Jhunjunwala	25226	0.06
8	Satya Narayan Sureka	40500	0.10
9	Shantnu Agarwal	4000	0.01
10	Suchi Agarwal	4000	0.01
11	Shekhar Agarwal	10314	0.03
12	Mukesh Suraiya	11976	0.03
13	Sailesh Suraiya	13926	0.03
14	Shilpa Mehta	8200	0.02

15	Mira Mehta	20400	0.05
16	Reena Suraiya	1848	0.00
17	Tushar Suraiya	7009	0.02
18	Usha Shashikant Mehta	36312	0.09
19	Satish J Mehta	16926	0.04
20	Samir Shashikant Mehta	3000	0.01
21	Pranay S Mehta	29626	0.07
22	Kajal H Sheth	18200	0.05
23	Neera S Mehta	36400	0.09
24	Sandip Ramesh Mehta	3000	0.01
25	Mita Shashikant Mehta	10368	0.03
26	India Texfab Marketing Ltd	218851	0.54
27	LNJ Financial Services Ltd	805308	2.00
28	Bharat Investment Growth :Ltd	2557332	6.34
29	Giltedge Industrial Securities Ltd	335384	0.83
30	Investor India Ltd	20882	0.05
31	Niviedan Vanijaay Niyojan Ltd	14682	0.04
32	RSWM Ltd	978000	2.43
33	Raghav Commercial Ltd	1272371	3.16
34	Shashi Commercial Company Ltd.	715187	1.77
35	Shree Wardhman Stock Holding Pvt Ltd	654342	1.62
36	Deepak Knits & Texturise Pvt Ltd	38919	0.10
37	Agarwal Finestate Pvt Ltd	14800	0.04
38	Essay Marketing Company Ltd	8800	0.02
39	Jyoti Knits Pvt Ltd	8700	0.02
40	Hindustan Commerce Pvt Ltd	334706	0.83
41	Ramakant Sales & Services Pvt Ltd	507270	1.26
42	Sukant Management Pvt Ltd	193991	0.48
43	Microlight Investments Ltd	4665579	11.57
44	Norbury Investments Ltd	5362991	13.30
45	Mekima Corporation	1789537	4.44
46	Chrisma Corporation	34960	0.09
47	Thakorlal Hiralal Exports Pvt Ltd	120687	0.30
48	Thakorlal Hiralal Export Agencies Pvt Ltd	12586	0.03
49	Apex Holdings Ltd	500968	1.24
50	Sushma Traders Ltd	72582	0.18
51	Beautiful Diamonds Ltd	136	0.00
	Total	22789144	56.53

The **Financial Information** of the Company as per its audited Balance Sheets, are as below:

Particulars	For the Financial Year Ended 31 st March		
	Rs in lac		
	2005	2006	2007
Total Income	46143	53518	83808
Profit after Tax (PAT)	4115	3893	7387
Reserves and Surplus	25507	28022	37787
Net Worth	29538	31601	35471
Earning per Share (Rs.)	10.21	9.66	18.32

ESSAY MARKETING CO. LIMITED

Essay Marketing Co. Limited was incorporated as a public limited Company on the 20th February day of 1991. Its Company Identification No. is U51909DL1991PLC043187.

The registered office of the Company is situated at 40-41, Community Center New Friends Colony, New Delhi-110065.

The main objects of this Company, as set out in its Memorandum of Association, are:-

1. *To carry on the business of and to act, as buyers. Sellers. Suppliers. Traders. Brokers, agents. exporters, importers. Stockiest, distributors and dealers of and' in all kinds' of raw materials, forest products, industrial products, agricultural' products food. products whether processed. semi-processed or otherwise; wood article and metals. Mineral, wood products, industrial and other wastes and bye-products, industrial and other gases. alcohol. edible oils and fats, consumer goods, household goods. hardware and stores. plant and machinery. stores, all type of ball end rollers bearing, spare parts and accessories, commercial and manmade fibers, textiles of all kinds. readymade garments, silk. hemp, wool and flax and other fibers substances. blankets and any products of cotton and yarn and woolen, textile. raw. jute products, cement. plastics. chemicals, vehicles. building materials, bronzes. canned and tanned goods, 'Curio, cotton, crockery. cutlery, cermets, core binders, cashew nuts, confectionery. coffee. coir, coal and chemicals, iron and steel or metals and alloys, carpets, cosmetics. cinematograph, films. corks and crow, corks, dextrin's. diamonds, drugs and medicines. dressing materials. dyes and dyestuffs essences. electrical goods. and accessories, engineering goods, fertilizers, fodder, flour. furs fibers and wastes furniture and upholstery. grain and fruits, jiggery. cardamoms, gitlgar stone. glue, gums and resins, glass and glassware, gramophone records, hides and skins. hemp, handicrafts. computer, handlooms, hardware, ivory. electrical, mechanical, photographic, surgical, scientific and other instruments, apparatus and appliances. leather goods. lac, linoleum, import licences, REP Licences. liquid gold lines. manures, tools. metals. Motorcars, milling stones. Nuts. and Bolts, Ores. Oils and Oil Cakes, ornaments. Pulses. Printing and Drawing, Materials, Perfumed spirits, pulp or wood. precious stones. pearls. plants. papers. and synthetic fuel, quartz, crystals. regs. rubbers. spices, sports, goods, sugar and molasses, scrap, metallurgical residues, seeds. shellac artificial and silk fabrics, soap, small tools, stationery, tobacco, toys. umbrellas. vegetables, varnishes. vanaspati, word and timber. wax. woollen and all sports, apparels, wings, yarns. sizing and any other materials and substances of all types and varieties and their products and by-products and compounds of any kind and every description,*
2. *To carry on business as general merchants and traders in goods and commodities on ready or forward basis. commission agents, buying and selling agents, brokers. importers, exporters and to act as manufacturers representatives in connection with the business as referred to in sub clause (1) as above.*

There are three (3) directors in its Board of Directors as on 25.09.2007,namely:

Name	Designation
Shri. Shekhar Agarwal	Director
Shri Vimal Banka	Director
Shri Dinesh Kejariwal	Director

The authorized share capital of the Company, as reflected in its Memorandum of Association, is Rs. 50,00,000/- (Rupees Fifty Lac Only) divided into 50,000 (Fifty thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Details of Equity Shareholders as on 25.09.2007

Sl No.	Name	No. of Shares held	% Holding (approx.)
1.	Shri Shekhar Agarwal	70010	14.58
2.	Smt Shashi Agarwal	100000	20.83
3.	Shekhar Agarwal HUF	45000	9.37
4.	Ms. Shuchi Agarwal	70000	14.58
5.	Sh. Shantanu Agarwal	80000	16.66
6.	Raghav Knits and Textiles Pvt. Ltd.	40000	8.33
7.	Mayur Knits Pvt. Limited	75000	15.62
8.	Others	60	0.01
	Total	480070	100.00

Brief audited financials of **Essay Marketing Co.Ltd.** for the years ended March 31, 2005, 2006, 2007 are as follows:

	(Rs. in lacs)		
	2005	2006	2007
Total Income	9.43	9.27	19.15
Profit/(Loss) after Tax	5.84	3.37	11.68
Equity Share Capital(of Rs.10/- each)	48.00	48.00	48.00
Reserve & Surplus	207.51	210.88	222.56
Earning per Share	1.22	0.70	2.43
Book Value per Share	53.22	53.93	56.36

DIPLOMAT LEASING AND FINANCE PVT. LIMITED was incorporated as a private limited Company on the 26st day of April, 1991. Its Company Identification No. is U74899DL1991PTC044110.

The registered office of the Company is situated at 40-41, Community Center New Friends Colony, New Delhi-110065.

The main objects of this Company, as set out in its Memorandum of Association, are:-

1. *To carry on in India or elsewhere, the business of leasing and finance and to give on lease all kind of equipments, plant and machineries, household articles, land, buildings, flats, agricultural land, plantations, agriculture produce, air crafts, ships, vehicle, all types electrical and electronic equipments and other movable and immovable properties, rights, claims and such other interests thereof and to carry on hire purchase business as allowed by the Reserve Bank of India.*
2. *To finance the industrial enterprises by way of lending and advancing money, with or without security and upon such term and condition as the Company may think fit and to guarantee or become sureties for the performance of any agreement or contract entered in to by any enterprises, with any financia institutor, banks or other parties for obtaining finance whether for its long term capital , working capital or for any deferred payment finance.*

There are Three directors in its Board of Directors as on 25.09.2007,namely:

Name	Designation
Shri L.K. Agarwal	Director
Shri Sheetal Jain	Director
Shri Anil Baluni	Director

The authorized share capital of the Company as reflected in its Memorandum of Association, is Rs. 1,45,00,000/- (Rupees One Crore Forty Five Lac Only) divided into 1,45,000 (One Lac Forty Five Thousand Only) Equity Shares of Rs. 100/- (Rupees Hundred Only) each.

Details of Equity Shareholders as on 25.09.2007:

Sl. No.	Name	No. of Shares held	% Holding (approx.)
1.	Shri Shekhar Agarwal	34000	24%
2.	Smt Shashi Agarwal	3000	2%
3.	Shekhar Agarwal HUF	12500	9%
4.	Ms. Shuchi Agarwal	26000	18%
5.	Raghav Knits and Textiles Pvt. Ltd.	14250	10%

6.	Jyoti Knits Pvt. Limited	27000	19%
7.	Mayur Knits Pvt. Limited	26500	18%
	TOTAL	143250	100.00

Brief audited financials of **Diplomat Leasing & Finance P.Ltd.** for the years ended March 31, 2005, 2006, 2007 are as follows:

	(Rs. in lacs)		
	2005	2006	2007
Total Income	3.23	0.50	-
Profit/(Loss) after Tax	0.03	(0.78)	(0.75)
Equity Share Capital(of Rs.100/- each)	143.25	143.25	143.25
Reserve & Surplus	2.05	1.28	0.53
Earning per Share			
Book Value per Share	100.00	100.00	100.00

MAYUR KNITS PVT. LIMITED

Mayur Knits Pvt. Limited was incorporated as a pvt limited Company on the 28th Day of December 1990. Its Company Identification No. is U74899DL1990PTC042539.

The registered office of the Company is situated at 40-41, Community Center New Friends Colony, New Delhi-110065.

The main objects of this Company, as set out in its Memorandum of Association, are:-

- To manufacture, conduct and carry on the business in knitted and otherwise in hosiery goods and garments of all kinds, sizes, shapes, types and varieties such as vests, underwears, handkerchieves, socks, brassiers, sweaters, shirts, mufflers, shawls, pullovers, jumpers jerking, sports-shirts, umbrellas hats, caps, embroideries stocknette, laces, tapes, ribbons, belts, mantles, towels, bed-sheets, blankets, wrappers, dhoties, sarees, shirtings, suitings and clothing of all kinds and readymade garments, made from cotton, wool, silk, art silk, rayon, jute, terylene, nylon, polyster, ceshmilon and other natural or synthetic, and/or fibrous substance and/or wastes of any of the above mentioned fibre and/or substance and to carry on the business of manufactures, knitters, processors, bleachers, dyers, ginner, spinners, cutting, stitching, importers, exporters, buyers, sellers and dealers in all kinds of yarns and fibres, whether synthetic, artificial and natural. nylon, polyster, acrylics, rayon, sill<, linen, cotton, wool, jute and any other fibres or fibrous materials, allied products and bye-products and wool combns. worsted spinners woollf~n spinners and any kind of garments and to treat and utilise waste arising from any such manufacture, production or process.*
- To manufacture, conduct and carry on the business of textile, processing, texturising of synthetics yam, fibre making, combing, spinning, weaving, knitting, processing and doublers flax and hemp and jute spinners, cloth manufacturers, wool merchants, wool combers, worsted spinners, woollen spinners, yarn merchants, worsted stuff manufactures, bleachers and dyers, dealers of vitriol, bleaching and dyeing materials, and using any kind of natural or synthetic fibres such as cotton, wool, hemp, jute, flex, nylon, polyster, silk and rayon.*
- To carry on the business of spinners, weavers, manufactures, ginner, balers and pressers of cotton, kapas, yarn, cotton waste, yarn waste, hemp, jute and other fibrous materials and the business of buyers, sellers, dealers, exporters and importers of woollen, silken, cotton, hemp and other fibrous and other raw materials used or required for the business as referred to in sub-clauses (1) and 2) above.*

There are Two directors in its Board of Directors as on 29.09.2007, namely:

Name	Designation
Shri Y.P. Thakur	Director

Shri Chetan Sachdeva	Director
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The authorized share capital of the Company, as reflected in its Memorandum of Association, is Rs. 1,00,00,000/- (Rupees One Crore Only) divided into 10,00,000 (Ten Lac) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Details of Equity Shareholders as on 25.09.2007:

Sl. No.	Name	No. of Shares Held	% Holding (approx.)
1.	Shri Shekhar Agarwal	110500	11.06
2.	Smt Shashi Agarwal	50000	5.00
3.	Shekhar Agarwal HUF	30000	3.00
4.	Ms. Shuchi Agarwal	60000	6.00
5.	Shri Shantanu Agarwal	100000	10.00
6.	Raghav Knits and Textiles Pvt. Ltd.	120000	12.01
7.	Jyoti Knits Pvt. Limited	193000	19.31
8.	Essay Marketing Co. Limited	186000	18.61
9.	Agarwal Finestate Pvt. Limited	150000	15.01
10.	Others	20	0.00
	TOTAL	999520	100.00

Brief audited financials of **Mayur Knits Pvt. Ltd.** for the years ended March 31, 2005, 2006, 2007 are as follows:

	(Rs. in lacs)		
	2005	2006	2007
Total Income	38.43	2.49	1.68
Profit/(Loss) after Tax	9.98	(1.76)	(5.93)
Equity Share Capital(of Rs.10/- each)	99.95	99.95	99.95
Reserve & Surplus	51.78	50.02	44.10
Earning per Share	1.00	(0.18)	(0.59)
Book Value per Share	15.18	15.00	14.41

JYOTI KNITS PRIVATE LIMITED

Jyoti Knits Private Limited was incorporated as a private limited Company on the 16th day of January 1991. Its Company Identification No. is U74899DL1991PTC042751.

The registered office of the Company is situated at 40-41, Community Center New Friends Colony, New Delhi-110065.

The main objects of this Company, as set out in its Memorandum of Association, are:-

1. *To manufacture, and carry on the business in knitted and otherwise in hosiery goods and garments of all kinds, sizes, shapes, types and varieties such (J3 vests. underwears, handkerchieves, socks, brassaries, sweaters, shirts, mufflers, shawls, pullovers, jumpers, jerking, sports-shirts, umbrellas hats, caps, embroidaries stocknette, laces, tapes, ribbons, belts, mantles and towels, bed-sheets. blankets, wrappers, dhoties, sarees, shirtings, suitings and clothing of all kinds and readymade garments, made from cotton. wool, silk. art silk, rayon, jute, terylene. nylon, polyster. ceshmilon and other natural or synthetic, and/or fibrous substance and/or wastes of any of the above mentioned fibre and/or substance and to carryon the business of manufactures, knitters, processors, bleachers, dyers, ginners, spinners, cutting and stiteching, importers, exporters, buyers, sellers of and dealers in all kinds of yarns and fibres, whether synthetic, artificial and natural, nylon. polyster, acrylics, rayon, silk, linen, cotton, wool, jute and any other fibres or fibrous materials and their allied products and*

byproducts thereof wool combers, worsted spinners, and woollen spinners and to treat and utilise waste arising from any such manufacture, production or process.

2. To manufacture, and carry on the business of textile processing, and texturing of synthetics yarn and fibre making and combing, spinning, weaving, knitting, processing and doublers, flax hemp and jute spinners. cloth manufactures. wool merchants, wool combers, worsted spinners, woollen spinners, yarn merchants, worsted stuff manufactures, bleachers and dyers. dealers of vitriol, bleaching and dyeing materials, and using any kind of natural or synthetic fibres such as cotton, wool, hemp, jute, flex, nylon, polyester, silk and rayon.
3. To carry on the business of spinners, weavers, manufactures, ginners. balers and pressers of cotton, kapas, yarn, cotton waste, yarn waste, hemp, jute and other fibrous material and the business of buyers, sellers, dealers, exporters and importers of woollen, silken, cotton, hemp and other fibrous raw material used or required for the business as referred to in sub clauses (1) and (2) as above.

There are two directors in its Board of Directors as on 25.09.2007, namely:

Name	Designation
Shri Naveen Maheshwari	Director
Shri Subhash Sharma	Director

The authorized share capital of the Company as reflected in its Memorandum of Association, is Rs. 25,00,000/- (Rupees Twenty Five Lac Only) divided into 2,50,000 (Two Lac Fifty thousand) Equity Shares of Rs. 10/- (Rupees Ten Only).

Details of Equity Shareholders as on 25.09.2007:

Sl. No.	Name	No. of Shares held	% Holding (approx.)
1.	Shri Shekhar Agarwal	40000	16.33
2.	Smt Shashi Agarwal	25000	10.20
3.	Shri Shekhar Agarwal HUF	10000	4.08
4.	Ms. Shuchi Agarwal	20000	8.16
5.	Shri Shantanu Agarwal	25000	10.20
6.	Raghav Knits and Textiles Pvt. Ltd.	45000	18.37
8.	Essay Marketing Co. Limited	40000	16.33
9.	Agarwal Finestate Pvt. Limited	40000	16.33
10.	Others	20	0.01
	TOTAL	245020	100.00

Brief audited financials of **Jyoti Knits P.Ltd.** for the years ended March 31, 2005, 2006, 2007 are as follows:

	(Rs. in lacs)		
	2005	2006	2007
Total Income	4.18	5.42	10.76
Profit/(Loss) after Tax	3.27	(0.61)	1.05
Equity Share Capital(of Rs.10/- each)	24.50	24.50	24.50
Reserve & Surplus	123.27	122.67	123.72
Earning per Share	1.33	(0.25)	0.43
Book Value per Share	60.31	60.06	60.49

RAGHAV KNITS PRIVATE LIMITED

Raghav Knits Private Limited was incorporated as a private limited Company on the 31st day of December 1990. Its Company Identification No. is U748899DL1990PTC042554.

The registered office of the Company is situated at 40-41, Community Center New Friends Colony, New Delhi-110065.

The main objects of this Company, as set out in its Memorandum of Association, are:-

1. *To manufacture, and carry on business in knitted and otherwise and hosiery goods and garments of all kinds, sizes, shapes, types and varieties such as vests, underwears, handkerchieves, socks, brassiers, sweaters, shirts, mufflers, shawls, pullovers, jumpers jerking, sports-shirts, umbrellas hats, caps, embroideries stocknette, laces, tapes, ribbons, belts, mantles and towels, bed sheets, blankets, wrappers, dhoties. sarees, shirtings, suitings and clothing of all kinds end readymade garments, made from cotton, wool, silk, art silk, rayon, jute, terylene, nylon, polyester, ceshmilon and other natural or synthetic, and/or fibrous substance and/or wastes of any of the above mentioned fibre and/or substance and to carry on the business of manufactures knitters, processors, bleachers, dyers, ginners. spinners, cutting and stitching, importers. exporters, buyers, sellers of end dealers in all kinds of yarns and fibres, whether synthetic, artificial and natural. nylon, polyester, acrylics. rayon, silk, linen, cotton, wool, jute and any other fibres or fibrous materials, allied products and bye-products thereof and wool combers, worsted spinners and woollen spinners and to treat and utilise waste arising from any such manufacture, production or process.*
2. *To manufacture, conduct and carryon business of textile, processing. and texturising of synthetics yarn, fibre making, combing, spinning, weaving, knitting, processing and doublers of flax and hemp and jute spinners, cloth manufacturers, wool merchants, wool combers, worsted spinners, woollen spinners, yarn merchants, worsted stuff manufactures, bleachers and dyers, and dealers of vitriol, bleaching and dyeing materials, and using any kind of natural or synthetic fibres such as cotton, wool. hemp, jute, flex, nylon, polyester, silk and rayon,*
3. *To carry on the business of spinners, weavers, manufactures, ginners, balers and pressers of cotton, kapas, yarn, cotton waste, yarn waste, hernp, jute and other fibrous materials and the business of buyets, sellers, dealers, exporters and importers of woollen, silken, cotton, hemp and other fibrous and other raw materials used or required for the business as referred to in sub-clauses (1) and 2} above.*

The registered office of the Company is situated at 40-41, Community Center New Friends Colony, New Delhi-110065.

There are two (2) directors in its Board of Directors as on 25.09.2007,namely:

Name	Designation
Shri Naveen Maheshwari	Director
Shri Vimal Banka	Director

The authorized share capital of the Company, as reflected in its Memorandum of Association, is Rs. 25,00,000/- (Rupees Twenty Five Lac Only) divided into 2,50,000 (Two Lac Fifty thousand) Equity Shares.

Detail of Equity Shareholders as on 25.09.2007

Sl. No.	Name	No. of Shares Held	% Holding
1	Shri Shekhar Agarwal	40000	16.33
2	Smt Shashi Agarwal	35000	14.28
3	Shekhar Agarwal HUF	30000	12.24
4	Ms. Shuchi Agarwal	50000	20.41
5	Shri Shantanu Agarwal	50000	20.41
6	Mayur Knits Pvt. Ltd.	40000	16.33
7	Others	20	0.01
TOTAL		245020	100.00

Brief audited financials of **Raghav Knits & Textiles P.Ltd.** for the years ended March 31, 2005, 2006, 2007 are as follows:

	(Rs. in lacs)
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	2005	2006	2007
Total Income	3.40	5.61	5.07
Profit/(Loss) after Tax	0.98	(0.58)	(6.77)
Equity Share Capital(of Rs.10/- each)	24.50	24.50	24.50
Reserve & Surplus	73.74	73.16	66.39
Earning per Share	0.40	(0.24)	(2.76)
Book Value per Share	40.10	39.86	37.10

AGARWAL FINESTATE PRIVATE LIMITED

Agarwal Finestate Private Limited was incorporated as a private limited Company on the 21st Day of August 1995. Its Company Identification No. is U74899DL1995PTC071700.

The registered office of the Company is situated at 40-41, Community Center New Friends Colony, New Delhi-110065.

The main objects of this Company, as set out in its Memorandum of Association, are:-

1. *To acquire by itself for through promoters, develop, improve land & hereditaments and to erect and build thereon flats, houses, shops and other buildings and to hold occupy, exchange underlet, mortgage, sell or otherwise deal with the same and deal in real estate of all kinds.*
2. *To build, purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, building, structures, apartments houses, flats, rooms, huts or other accomodation and to turn the same into account develop the same, to lease, to let or dispose of the same in full or in part Or instalment basis, hire purchase basis or by outright sale or by any other mode of disposition and to build township, markets, cinemas, other building and conveniences thereon and to equip the same or any part thereof with all or any amenities or conveniences, drainage faci1itv electric teIegraphic telephonic, television installation and other Amenities of all kinds and to dispose of and deal with the same in any manner.*
3. *To acquire land/buildings as owners/lease Holders or otherwise by itself or through promoters to construct run cinema houses, commercial, residential, agricultural properties theatres, places and halls, lodging houses, guest houses, restaurants, parking places of all kinds.*
4. *To lav out develop. construct. build, erect, demolish, re-erect. after repair, remodel or do any other work in connection with any building or building scheme, roads highways, sewers. bridges canals, wells, springs, reserviors, embankment irrigations, reclamations, improvements. sanitary, water. gas. electric light, telephonic, telegraphic, and power supply works, or any other structural or architectural work of any kind and for such purpose to prepare estimates, designs, plans, specification or models therefore.*
5. *To carry on the business of town-planner. surveyors, valuers, appraisers, decontors, furnishers, furniture makers, dealers in cement, steel, iron, fuel, coke wood coal, timber for the business.*
6. *To carry on and undertake the business of finance, hire purchase.*

There are two directors in its Board of Directors as on 25.09.2007,namely:

Name	Designation
Shri Shekhar Agarwal	Director
Smt. Shashi Agarwal	Director

The authorized share capital of the Company, as reflected in its Memorandum of Association, is Rs. 1,00,00,000/- (Rupees One Crore Only) divided into 10,00,000 (Ten Lac) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Details of Equity Shareholders as on 25.09.2007:

Sl. No.	Name	No. of Shares held	% Holding
1.	Shri Shekhar Agarwal	100010	15.08
2.	Smt Shashi Agarwal	10010	15.08
3.	Shekhar Agarwal HUF	45000	6.79
4.	Ms. Shuchi Agarwal	95000	14.33
5.	Shri Shantanu Agarwal	100000	15.08
6.	Mayur Knits Pvt. Ltd.	20000	3.02
7.	Others	203000	30.62
	TOTAL	525700	100.00

Brief audited financials of **Agarwal Finestate P.Ltd.** for the years ended March 31, 2005, 2006, 2007 are as follows.

	<i>(Rs. in lac)</i>		
	2005	2006	2007
Total Income	2.86	0.66	0.94
Profit/(Loss) after Tax	(6.06)	(9.06)	(8.85)
Equity Share Capital(of Rs.10/- each)	64.80	66.30	66.30
Reserve & Surplus	36.52	33.46	24.60
Earning per Share	(0.94)	(1.40)	(1.34)
Book Value per Share	15.64	15.05	13.71

BMD PRIVATE LIMITED

BMD Private Limited was incorporated as a private limited Company on the 22nd Day of August 1997. Its Company Identification No. is.U18101RJ1996PTC012501

The registered office of the Company is situated at Village Mordi. Thesil- Ghatol, Bansawara, Rajasthan

The main objects of this Company, as set out in its Memorandum of Association, are:-

- i) To carry on the business of manufacturers, producers, importers, exporters, buyers, sellers and dealers in and as brokers, agents, stockists, distributors and suppliers of all kinds of automotive and home furnishing fabrics, made-ups, apparels and other products, goods, articles and things, as are made from or with cotton, nylon, silk, polyester, acrylic and other kinds of fiber, by whatever name called or made under any process, whether natural or artificial, and by mechanical or other means.***
- ii) To carry on the business of manufacturers, producers, combbers, bleachers, inishers, processors, dyers, spinners, weavers, knitwears, laminators, bales and pressers, importers, exporters, buyers, seller of and dealers in all kinds of Texturised yarns and fibers, whether natural, synthetic or artificial like nylon, polyester, acrylics, rayon, silk, artificial silk and any other fibres of fibsious materials including jute, hemp silk, cotton, wool, mesta, nylon, terene, terelyone, staple fibre or other synthetic fibre allied products, by products and substitutes for all or any of them and utilise any waste arising from any such manufacturer, production or process.***
- iii) Establishment, operation and maintenance of power generating stations and tie-lines, sub-stations and main transmission lines connected therewith.***
- iv) Operation and maintenance of such power generating stations, tie-lines, sub-stations and main transmission lines as are assigned to it b the competent government or governments.***

- v) *To manufacture, produce or otherwise engage in the manufacture or production of or deal in electrical KWH meters, magnets, electromagnets, power cables, industrial jewels, ammeters, voltmeters and other types of measuring instruments, electrical or non-electrical, die castings, screws, nuts and bolts, tungsten filaments, transformers of all types, circuit breakers, punched card machines, computers and calculators and their accessories, hoists, elevators, trolleys and coaches, railway engines, winches, power generators, magnetic separators, winders, air compressors, welding machines, fans of all types, switches and motors of all types, drills, electric grinders, air conditioners, refrigerators, washing machines, television and wireless apparatus, video cassette recorders, video cassette players, telecommunication equipment, radio receivers and transmitters, electronic instruments, diodes, transistors and allied items, watches and clocks.*
- vi) *To act as contractors for design, supply, fabrication, laying, installing and supplying of electrical transmission and distribution systems, sub-stations, installation of electrical equipment and panels, and to undertake turnkey or otherwise projects in Hydel, Thermal, Solar, Wind energy and any other energy source natural or otherwise for power generation and distributions systems, and to act as contractors for design and installation of railway electrification systems and electrical installation and to design and erect structures and towers, and undertake civil constructions of buildings, bridges, tanks, pipelines for sewerage, water, oil and gas and to undertake erection of structures connected with oil and gas drilling."*
- vii) *To carry on business of electrical engineers, electricians, contractors, manufacturers, constructors, suppliers of and dealers in electric and other appliances electric motors, fans, lamps, furnaces, household appliances, batteries cables, wire line, dry cell accumulators, lamps work and to generate, sell, accumulate, distribute and supply electricity for the purpose of light, heat, automotive power, and for all other purposes for which electrical energy can be employed, and the manufacture, and deal in all apparatus and thing connected with the generation, distribution, supply, accumulations, and employment of electricity including the terms electricity all power that may be directly or indirectly derived there from or may be incidentally hereafter discovered in dealing with electricity.*

There are 4 directors in its Board of Directors as on 25.09.2007, namely:

Name	Designation
Shri Shekhar Agarwal	Chairman
Shri Ravi Jhunjhunwala	Director
Shri J.C. Laddha	Director
Shri. R.S. Dugar	Director

The authorized share capital of the Company as reflected in its Memorandum of Association, is Rs. 13,20,00,000/- (Rupees Thirteen Crore Twenty Lac Only) divided into 1,32,00,000 (One Crore Thirty Two Lac) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Details of Equity Shareholders as on 25.09.2007:

Sl. No.	Name	No. of Shares held	% Holding
1.	RSWM LIMITED	6600000	50.00
2.	M.G. MARKETING & TRADING PVT. LTD.	3300000	25.00
3.	PANETTE LTD.	3300000	25.00
	TOTAL	13200000	100.00

Brief audited financials of BMD **PRIVATE LTD.** for the years ended March 31, 2005, 2006, 2007 are as follows:

	(Rs. in lacs)		
	2005	2006	2007
Total Income	6748	6911	8355
Profit/(Loss) after Tax	1175	1154	1180
Equity Share Capital(of Rs.10/-)	1320	1320	1320

each)			
Reserve & Surplus	3026	4030	5134
Earning per Share	8.90	8.74	8.94
Book Value per Share	32.93	40.53	48.89

The authorized share capital of the Company as on the Record Date is Rs.13,20,00,000/- (Rupees Thirteen Crore Twenty Lac Only) divided into 1,32,00,000 (One Crore Thirty Two Lac) equity shares of Rs.10/- (Rupees Ten Only) each.

SECTION VI- LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below there are no outstanding litigation suits, criminal or civil, involving economic offences or proceeds or tax liability against our company and our Directors that would have material adverse effect on our Business.

There are no overdue, defaults to the Financial Institutions/Banks, Re-Scheduling of loans to Banks/Financial Institutions by the Company. There are no pending offences of non-payment of statutory dues by the promoters of the Company.

There are no cases of litigation pending against the Company or against any other Company whose outcome could have a materially adverse effect on the position of the Company. There are no pending litigations against the promoters/directors in their personal capacities and also involving violation of statutory regulations or criminal offences. There are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and firms promoted by the promoters.

There are no outstanding litigation, defaults etc., pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956.

There is no litigation outstanding against the promoters/Directors in their personal capacity. The Company, its promoters and other companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI other than those mentioned above.

I. OUTSTANDING LITIGATIONS INVOLVING THE COMPANY

A. FILED AGAINST THE COMPANY

➤ LITIGATION INVOLVING CRIMINAL LAWS

State Vs. Vinay Kumar & ors.

The former employee of the company who was removed from his job has moved before the Ld. C.J.M., NOIDA seeking direction to the police for registering of FIR U/S 147,148,341,342,323,324,504,506/34 & 120-B IPC against Production Manager Sh. Vinay Kumar and other employees of the company. The same was allowed and the investigation is on, however, in the meanwhile stay of arrest has been granted by the Hon'ble High Court of Allahabad till the filing of charge sheet by the Police.

➤ LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS - NIL

➤ LITIGATION INVOLVING STATUTORY LAWS

Tax Disputes :

Sales Tax Cases of Maral Fashions:

Asstt. Year: 2001-02

There was a disputed demand of Rs. 3,80,586/- in the assessment order, under the Central Sales Tax Act on account of non-submission of statutory forms, against which the appeals were filed before Addl. Commissioner-I, Sales Tax, New Delhi ,where the 'C' forms were submitted and stay was granted. Now the hearing in the aforesaid case is fixed for 15.01.2008, where the entire disputed demand will be reduced to zero due to submission of all the pending statutory forms.

Asstt. Year: 2002-03

There was a disputed demand of Rs. 37,71,886/- in the assessment order, under the Central Sales Tax Act for the year 2002-03, which was on account of non-submission of statutory forms, as the same were pending. On receipt of the said pending 'C' forms, the appeals are filed before the Addl. Commissioner-I, Sales Tax, New Delhi, where the pending statutory forms were submitted and the case was remanded back to the assessing authority to take the pending 'C' forms on record, submitted before him, for which the hearing is now fixed for

08.01.2008. On consideration of the said 'C' forms (statutory forms), the entire disputed demand will be reduced to zero.

Asstt. Year: 2003-04

There was a disputed demand of Rs. 29,30,706.00 in the assessment order under the Central Sales Tax Act, for the year 2003-04, which was on account of non-submission of statutory forms, as the same were pending. On receipt of the said pending statutory forms ('C' forms), the appeals were preferred before the Addl. Commissioner-I, Sales Tax, New Delhi, where the pending statutory forms were submitted and the case was remanded back to the assessing authority to take the pending 'C' forms on record, submitted before him, for which the hearing is now fixed for 08.01.2008. On consideration of the said 'C' forms (statutory forms), the entire disputed demand will be reduced to zero.

Asstt. Year: 2004-05

There was a disputed demand of Rs.45,05,359.00 in the assessment order under the Central Sales Tax Act, for the year 2004-05, which was on account of non-submission of statutory forms, as the same were pending. On receipt of the said pending statutory forms ('C' forms), the appeals were preferred before the Addl. Commissioner-I, Sales Tax, New Delhi, where the pending statutory forms were submitted and the case was remanded back to the assessing authority to take the pending 'C' forms on record, submitted before him, for which the hearing is now fixed for 08.01.2008. On consideration of the said 'C' forms (statutory forms), the entire disputed demand will be reduced to zero.

Asstt. Year: 2005-06

That the dealer has filed an objection against a disputed demand of Rs.18,447.00 comprising of Rs.12,141/- as the tax, Rs.306/- as interest and Rs.6,000/- towards penalty against the default assessment order. The tax imposed by the VATO is mainly on account of tax imposed on the consignment sale and disallowance of tax credit claim on transitional stock. The matter is pending before the Appellate Tribunal and is fixed for hearing on 15.11.2007.

Provident Fund :

The notice for payment of Rs. 8,17,030/- for not complying with various provisions of Provident Fund Law and penalty thereupon has been received from RPFC NOIDA. The Reply has been filed to the notice and the same is pending adjudication. Further, documents are to be filed with the authority.

ESIC :

The matter for Non-Compliance is pending before The Dy. Director (ESIC) NOIDA for payment of Rs. 57,74,922/-. The Reply has been filed and documents are to be submitted with the authority. The next date fixed for hearing is 04.11.2007.

➤ **LITIGATION INVOLVING CIVIL LAWS**

M/s. Travel Services International Vs. Maral Fashions (A Division of Maral Overseas Ltd.)(For recovery of principal amount of Rs. 38,000/- and the interest thereupon)

M/s. Travel Services International has filed a civil suit for recovery of principal amount of Rs. 38,000/- and the interest thereupon. The said case is pending before the Ld. C.J. Delhi. The case is at the stage of Plaintiff's Evidence and the next date of hearing is 10.12.2007.

➤ **LITIGATION INVOLVING LABOUR LAWS**

1. **Rameshwar Singh Vs. Maral Overseas Ltd.**

Rameshwar Singh has filed a case for reinstatement and compensation before Industrial Tribunal / Labour Court, Jammu. Rejoinder is to be filed by the Workman. The case is pending and the next date of hearing is 14.11.2007

2. **Ram Chander Vs. Maral Overseas Ltd.**

Ram Chander had filed a case (**No. 355/05**) under Payment of Wages Act, 1936 for payment of wages before Dy. Labour Commissioner, NOIDA. The case stands settled.

3. **Pramod Kumar Vs. Maral Overseas Ltd.**

Pramod Kumar had filed a case (No 357/05) under Industrial Dispute Act 1947, for reinstatement of service with back wages against termination order of the Company before Dy. Labour Commissioner, NOIDA. Since, the workman and the management have not been able to reconcile, the matter has now been referred to Labour Court, Ghaziabad for adjudication. The notice for hearing is awaited from Labour Court.

4. Ajay Kumar Singh Vs. Maral Overseas Ltd.

Ajay Kumar Singh had filed a case (No. 291/05) under Payment of Wages Act, 1936 for payment of wages before Dy. Labour Commissioner, NOIDA. The case stands settled.

5. Dinesh Negi Vs. Maral Overseas Ltd.

Dinesh Negi had filed a case (No. 432/06) under Industrial Dispute Act 1947, for reinstatement of service with back wages against termination order of the Company before Dy. Labour Commissioner, NOIDA. Since, the workman and the management have not been able to reconcile, the matter has now been referred to Labour Court, Ghaziabad for adjudication. The notice for hearing is awaited from Labour Court.

6. Inder Singh Vs. Maral Overseas Ltd.

Inder Singh had filed a case (No. 498/06) under Payment of Wages Act, 1936 for payment of wages before Dy. Labour Commissioner, NOIDA. The case stands settled.

7. Dayanand Sharma Vs. Maral Overseas Ltd.

Dayanand Sharma had filed a case (No. 495/06) under Payment of Wages Act, 1936 for payment of wages before Dy. Labour Commissioner, NOIDA. The case stands settled.

8. Ajai Kumar Vs. Maral Overseas Ltd.

Ajai Kumar had filed a case (No. 1136/06) under Payment of Wages Act, 1936 for payment of wages before Dy. Labour Commissioner, NOIDA. The case stands settled.

9. Anup Kumar Vs. Maral Overseas Ltd.

Anup Kumar had filed a case (No. 586/06) under Payment of Wages Act, 1936 for payment of wages before Dy. Labour Commissioner, NOIDA. The case stands settled.

10. Keshav Pandit Vs. Maral Overseas Ltd.

Keshav Pandit had filed a case (No-222/07) under Industrial Dispute Act 1947, for reinstatement in service with back wages against termination order of the Company before Dy. Labour Commissioner, NOIDA. Since, the workman and the management have not been able to reconcile, the matter has now been referred to Labour Court, Ghaziabad for adjudication. The notice for hearing is awaited from Labour Court.

11. Ashok Pandey Vs. Maral Overseas Ltd.

Ashok Pandey had filed a case (No-221/07) under Industrial Dispute Act 1947, for reinstatement in service with back wages against termination order of the Company before Dy. Labour Commissioner, NOIDA. Since, the workman and the management have not been able to reconcile, the matter has now been referred to Labour Court, Ghaziabad for adjudication. The notice for hearing is awaited from Labour Court.

12. Ashok Jha Vs. Maral Overseas Ltd.

Ashok Jha had filed a case (No-341/07) under Industrial Dispute Act 1947, for reinstatement in service with back wages against termination order of the Company before Dy. Labour Commissioner, NOIDA. Since, the workman and the management have not been able to reconcile, the matter has now been referred to Labour Court, Ghaziabad for adjudication. The notice for hearing is awaited from Labour Court.

13. Pramod Kumar Vs. Maral Overseas Ltd.

Pramod Kumar had filed a case (No. 644/05) under Payment of Wages Act, 1936 for payment of wages before Dy. Labour Commissioner, NOIDA. The case stands settled.

14. Mahraj Ahmed & ors. Vs. Maral Overseas Ltd.

Mahraj Ahmed & ors. have filed a case (No. 926/06) under Payment of Wages Act, 1936 for payment of wages of Rs. 3,72,794/- before Dy. Labour Commissioner, NOIDA. The case is pending adjudication and the same is put for filing of documents from employer side. The next date of hearing is 02.11.2007

15. Rajiv Kr. Chauhan & ors. Vs. Maral Overseas Ltd.

Rajiv Kr. Chauhan & ors. have filed a case (No. 927/06) under Payment of Wages Act, 1936 for payment of wages of Rs. 3,83,052/- before Dy. Labour Commissioner, NOIDA. The case is pending adjudication and the same is put for filing of documents from employer side. The next date of hearing is 02.11.2007

16. Sushil Kr. Dubey & ors. Vs. Maral Overseas Ltd.

Sushil Kr. Dubey & ors. have filed a case (No. 928/06) under Payment of Wages Act, 1936 for payment of wages of Rs. 4,17,332/- before Dy. Labour Commissioner, NOIDA. The case is pending adjudication and the same is put for filing of documents from employer side. The next date of hearing is 02.11.2007

17. Harish Chand Panth & ors. Vs. Maral Overseas Ltd.

Harish Chand Panth & ors. have filed a case (No. 929/06) under Payment of Wages Act, 1936 for payment of wages of Rs. 3,42,358/- before Dy. Labour Commissioner, NOIDA. The case is pending adjudication and the same is put for filing of documents from employer side. The next date of hearing is 02.11.2007

18. Sarvar Alam & ors. Vs. Maral Overseas Ltd.

Sarvar Alam & ors. have filed a case (No. 930/06) under Payment of Wages Act, 1936 for payment of wages of Rs. 3,32,706/- before Dy. Labour Commissioner, NOIDA. The case is pending adjudication and the same is put for filing of documents from employer side. The next date of hearing is 02.11.2007

19. Dharmendra Saxena & ors. Vs. Maral Overseas Ltd.

Dharmendra Saxena & ors. have filed a case (No. 931/06) under Payment of Wages Act, 1936 for payment of wages of Rs. 2,76,651/- before Dy. Labour Commissioner, NOIDA. The case is pending adjudication and the same is put for filing of documents from employer side. The next date of hearing is 02.11.2007

20. Afsar Ahmed & ors. Vs. Maral Overseas Ltd.

Afsar Ahmed & ors. have filed a case (No. 1009/06) under Payment of Wages Act, 1936 for payment of wages of Rs. 3,59,936/- before Dy. Labour Commissioner, NOIDA. The case is pending adjudication and the same is put for filing of documents from employer side. The next date of hearing is 02.11.2007

21. Sakir Alam & ors. Vs. Maral Overseas Ltd.

Sakir Alam & ors. have filed a case (No. 1010/06) under Payment of Wages Act, 1936 for payment of wages of Rs. 3,17,318/- before Dy. Labour Commissioner, NOIDA. The case is pending adjudication and the same is put for filing of documents from employer side. The next date of hearing is 02.11.2007

22. Anup Kumar Vs. Maral Overseas Ltd.

Anup Kumar had filed a case (No. 584/06) under Industrial Dispute Act 1947, for reinstatement in service with back wages against termination order of the Company before Dy. Labour Commissioner, NOIDA. Since, the workman and the management have not been able to reconcile, the matter has now been referred to Labour Court, Ghaziabad for adjudication. The notice for hearing is awaited from Labour Court.

23. Chandra Pal Vs. Maral Overseas Ltd.

Chandra Pal has filed a case (No. 1256/07) under Payment of Wages Act, 1936 for payment of wages of Rs. 1,00,020/- before Dy. Labour Commissioner, NOIDA. The case is pending adjudication and the same is put for workmen evidence. The next date of hearing is 02/11/07.

24. Vijay Yadav Vs. Maral Overseas Ltd.

Vijay Yadav has filed a case (No. 1257/07) under Payment of Wages Act, 1936 for payment of wages of Rs. 72,070/-, before Dy. Labour Commissioner, NOIDA. The case is pending adjudication and the same is put for workmen evidence. The next date of hearing is 02/11/07.

25. Kishan Pal Vs. Maral Overseas Ltd.

Kishan Pal has filed a case (No. 1258/07) under Payment of Wages Act, 1936 for payment of wages of Rs. 72,070/- before Dy. Labour Commissioner, NOIDA. The case is pending adjudication and the same is put for workmen evidence. The next date of hearing is 02/11/07.

26. Ram Shankar Vs. Maral Overseas Ltd.

Ram Shankar has filed a case (No. 1259/07) under Payment of Wages Act, 1936 for payment of wages of Rs. 86,570/- before Dy. Labour Commissioner, NOIDA. The case is pending adjudication and the same is put for workmen evidence. The next date of hearing is 02/11/07.

27. Keshav Pandit Vs. Maral Overseas Ltd.

Keshav Pandit has filed a case (No-636/07) under Payment of Wages Act, 1936 for payment of wages of Rs.66,335/- before Dy. Labour Commissioner, NOIDA. The case is pending and is at the stage of filing of written statement. The next date of hearing is 02/11/07.

28. Rewaram Vs. Maral Overseas Ltd.

Rewaram has filed a case for reinstatement of service before the Labour Court, Khandwa (M.P.). The case is pending and is at the stage of Argument on Management's Application. The next date of hearing is 26/11/2007.

29. Narendra Vs. Maral Overseas Ltd.

Narendra has filed a case for reinstatement of service before the Labour Court, Khandwa (M.P.). The case is pending and is at the stage of Argument on Management's Application. The next date of hearing is 26/11/2007.

30. Onkar Vs. Maral Overseas Ltd.

Onkar has filed a case for reinstatement of service before the Labour Court, Khandwa (M.P.). The case is pending and is at the stage of Order by Court. The next date of hearing is 17/12/2007.

31. Navesh Vs. Maral Overseas Ltd.

Navesh has filed a case for reinstatement of service before the Labour Court, Khandwa (M.P.). The case is pending and is at the stage of Order by Court. The next date of hearing is 17/12/2007.

32. Guddu Vs. Maral Overseas Ltd.

Guddu has filed a case for reinstatement of service before the Labour Court, Khandwa (M.P.). The case is pending and is at the stage of Order by Court. The next date of hearing is 17/12/2007.

33. Shohrab Khan Vs. Maral Overseas Ltd.

Shohrab Khan has filed a case for reinstatement of service before the Labour Court, Khandwa (M.P.). The case is pending and is at the stage of Reply by Management. The next date of hearing is 17/12/2007.

34. Navin Vs. Maral Overseas Ltd.

Navin has filed a case for reinstatement of service before the Labour Court, Khandwa (M.P.). The case is pending and is at the stage of Reply by Management. The next date of hearing is 26/11/2007.

35. Shyam Lal Vs. Maral Overseas Ltd.

Shyam Lal has filed a case for reinstatement of service before the Labour Court, Khandwa (M.P.). The case is pending and is at the stage of Reply by Management. The next date of hearing is 26/11/2007.

36. Arun Joshi Vs. Maral Overseas Ltd.

Arun Joshi has filed a case for reinstatement of service before the Labour Court, Khandwa (M.P.). The case is pending and is at the stage of Reply by Management. The next date of hearing is 26/11/2007.

37. Narayan Singh Sisodia Vs. Maral Overseas Ltd.

Narayan Singh Sisodia has filed a case for reinstatement of service before the Labour Court, Khandwa (M.P.). The case is pending and is at the stage of Reply by Management. The next date of hearing is 26/11/2007.

38. Vidyawati & others Vs. Maral Overseas Ltd.

Vidyawati & others have filed a case for reinstatement of service before the Labour Court, Khandwa (M.P.). The case is pending and is at the stage of Argument on Management's Application. The next date of hearing is 17/12/2007.

39. Kaloo Bhai & others Vs. Maral Overseas Ltd.

Kaloo Bhai & others have filed a case for reinstatement of service. The case is pending in Hon'ble High Court (M.P.).

40. Shankar Kang & others Vs. Maral Overseas Ltd.

Shankar Kang & others have filed a case for reinstatement of service before the Labour Court, Khandwa (M.P.). The case is pending and is at the stage of Argument on Management's Application. The next date of hearing is 05/11/2007.

41. Ram Kewal Vs. Maral Overseas Ltd.

Ram Kewal has filed a case for reinstatement of service before the Labour Court, Khandwa (M.P.). The case is pending and is at the stage of Argument on Management's Application. The next date of hearing is 05/11/2007.

42. Vimalabhai Vs. Maral Overseas Ltd.

Vimalabhai has filed a case for reinstatement of service. The case is pending in Hon'ble High Court (M.P.).

43. Kailash Vs. Maral Overseas Ltd.

Kailash has filed a case for Compensation before the Labour Court, Khandwa (M.P.). The case is pending and is at the stage of filing of Written Statement by the Management. The next date of hearing is 26/11/2007.

44. Dinesh Kumar Vs. Maral Overseas Ltd.

Sh. Dinesh Kumar, Job Contractor engaged by the company for job work raised dispute for non payment of Rs. 18,00,000/- (Rupees Eighteen Lakhs Only) before City Magistrate, Noida. The matter was under conciliation, however, the matter could not be further preceded in absence of the Petitioner. In the meanwhile, the matter was sent by the office of District Magistrate, Gautam Budh Nagar before DLC, Noida for conciliation and report on the same. Here, before Dy. Labour Commissioner, too, the Petitioner Sh. Dinesh remained absent. In view of this the matter could not be taken up further hence, report to this effect is deemed to have been sent by the office of Dy. Labour Commissioner to the office of District Magistrate.

45. Workers Union Vs. Maral Overseas Ltd.

The matter was agitated by Worker Union before Additional Labour Commissioner (IR), Kanpur, UP for reinstatement of workmen with back wages. On the basis of the documents as adduced by both the parties, the matter has been dropped against the Company on merits with observation that the management followed due process of law. Therefore, the claim of the worker Union stands disposed off in view of facts available on record.

B. FILED BY THE COMPANY

• LITIGATION INVOLVING CRIMINAL LAWS

1. **Maral Overseas Ltd. Vs. B.B. Awasthi** (u/s. 138 of the Negotiable Instruments Act)
The Company has filed a criminal complaint case for the dishonor of the cheque of Rs. 50,000/- issued by B.B. Awasthi. The said case is pending before the Ld. Metropolitan Magistrate, New Delhi. Bailable warrants have been issued by the Ld. Metropolitan Magistrate, New Delhi and the next date of hearing is 05.02.2008.
2. **Maral Fashions Vs. Himanshu Kapoor** (u/s. 138 of the Negotiable Instruments Act)
The Company has filed a criminal complaint case for the dishonor of the cheque of Rs. 15,105/- issued by Himanshu Kapoor. The said case is pending before the Ld. Metropolitan Magistrate, New Delhi. Non bailable warrants have issued by the Ld. Metropolitan Magistrate, New Delhi and the next date of hearing is 26.11.2007.
3. **Maral Fashions Vs. M/s. A.B. Enterprises, Indore** (u/s. 138 of the Negotiable Instruments Act)
The Company has filed a criminal complaint case for the dishonor of the cheque of Rs. 6,83,129/- issued by M/s. A.B. Enterprises, Indore. The said case is pending before the Ld. Metropolitan Magistrate, New Delhi. The case is pending adjudication and the next date of hearing is 11.12.2007.
4. **Maral Fashions Vs. M/s. Sri Venkateswara Garments & anr.** (u/s. 138 of the Negotiable Instruments Act)

The Company has filed a criminal complaint case for the dishonor of the cheque of Rs. 1,50,000/-/- issued by M/s. Sri Venkateswara Garments. The said case is pending before the Ld. Metropolitan Magistrate, New Delhi. Bailable warrants have been issued by the Ld. Metropolitan Magistrate, New Delhi and the next date of hearing is 16.11.2007.

5. **Maral Fashions Vs. M/s. Sri Venkateswara Garments & anr.** (u/s. 138 of the Negotiable Instruments Act)
The Company has filed a criminal complaint case for the dishonor of the cheque of Rs. 22,000/-/- issued by M/s. Sri Venkateswara Garments. The said case is pending before the Ld. Metropolitan Magistrate, New Delhi. Bailable warrants have been issued by the Ld. Metropolitan Magistrate, New Delhi and the next date of hearing is 16.11.2007.
6. **Maral Fashions Vs. A.V.R. Mohan Rao, Proprietor of Sri Hanuman Junction** (u/s. 138 of the Negotiable Instruments Act)
The Company has filed a criminal complaint case for the dishonor of the cheque of Rs. 1,00,000/-/- issued by A.V.R. Mohan Rao, Proprietor of Sri Hanuman Junction. The said case is pending before the Ld. Metropolitan Magistrate, New Delhi. Bailable warrants have been issued by the Ld. Metropolitan Magistrate, New Delhi and the next date of hearing is 22.02.2008.
7. **Maral Fashions Vs. Magpie Trade Linkers** (For criminal breach of trust and cheating)
The Company has filed a criminal complaint case for the criminal breach of trust and cheating by not having either accounted for and/or not returning the goods lying in their custody worth approx. Rs. 5,58,078/-. The said case is pending before the Ld. Metropolitan Magistrate, New Delhi. The case is at the stage of Pre-summoning Evidence and the next date of hearing is 06.11.2007.

- **LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS** - NIL
- **LITIGATION INVOLVING STATUTORY LAWS** - NIL
- **LITIGATION INVOLVING CIVIL LAWS**

1. **Maral Fashions Vs. Upmarketing Distributors & anr.** (For recovery of principal amount of Rs. 1,92,672/- and the interest thereupon)
The Company has filed a civil suit for the recovery of principal amount of Rs. 1,92,672/- and the interest thereupon. The said case is pending before the Ld. A.D.J. Delhi. The case is at the stage of Defence Evidence and the next date of hearing is 19.11.2007.
2. **Maral Overseas Ltd. Vs. M/s. Jain Enterprises, Lucknow**
The Company has filed a civil suit for the recovery of principal amount of Rs. 80,663/- and the interest thereupon. The said case is pending before the Ld. City Judge, Jammu. The case is fixed for Ex-Parte Judgement. The next date of hearing is 30.11.2007
3. **Maral Overseas Ltd. Vs. M/s.Punj Collection, Jalandhar**
The Company has filed a civil recovery suit for recovery of principal amount of Rs. 66,463/- and the interest thereupon. The said case is pending before the Ld. A.D.J., Jammu. The case is fixed for Ex-Parte Judgement. The next date of hearing is 30.11.2007.
4. **Maral Overseas Ltd. Vs. Workers Union**
The Company has filed a Civil Revision Petition No 02/06 before Ld. Distt & Session Judge, Gautam Budh Nagar ,Noida, who vide Order dated February 6, 2006 restrained the Worker Union from carrying out any procession and dharna at the property/premises belonging to Maral Overseas Ltd. The matter has now been remanded back Ld. Civil Judge, Lower Division to dispose off the matter in issue on merits. Record is awaited for further proceeding.

- **LITIGATIONS INVOLVING LABOUR LAWS**

1. **Domestic Inquiry- Ram Vilash Verma**

Domestic Inquiry has already been concluded against Sh. Ram Vilash Verma and order of Inquiry Officer is awaited on the same.

2. **Domestic Inquiry- Ram Vinod**

The Domestic Inquiry is being conducted in being conducted in the matter of Sh. Ram Vinod, the same is at the stage of arguments.

3. Domestic Inquiry- Guddu Pandey

The Domestic Inquiry is being conducted in the matter of sh. Guddu Pandey and the same is at the stage of arguments.

4. Maral Overseas Ltd. Vs. Jila Textile Workers Mazdoor Union & Others

The Company has filed a case for stay against strike in April/June 2003 before Labour Court, Khandwa (M.P.). The case is pending and is at the stage of filing reply by Union. The next date of hearing is 26/11/2007.

5. Maral Overseas Ltd. Vs. Jila textile Workers Mazdoor Union & Others

The Company has filed a case for stay against strike in April/June 2003 before Labour Court, Khandwa (M.P.). The case is pending and is at the stage of filing reply by Union. The next date of hearing is 26/11/2007.

II Outstanding litigations involving any of the promoter/ Director of the Company

Other than above mentioned litigation involving the Statutory Laws, there is no other litigation pending against any of the Director/ Promoter of the Company under any of the following heads:

1. **LITIGATION INVOLVING CRIMINAL LAWS** - NIL
2. **LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS** - NIL
3. **LITIGATION INVOLVING CIVIL LAWS** - NIL
4. **LITIGATION INVOLVING LABOUR LAWS** - NIL

There is no litigation filed by any of the other Directors/Promoters of the company under any of the following heads:

1. LITIGATION INVOLVING CRIMINAL LAWS
2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS
3. LITIGATION INVOLVING STATUTORY LAWS
4. LITIGATION INVOLVING CIVIL LAWS
5. LITIGATION INVOLVING LABOUR LAWS

MATERIAL DEVELOPMENTS

Material developments after the date of the last balance sheet

Except as stated in the sections titled, "Management's Discussion and Analysis of Financial Statements and Results of Operations", "Financial Statements", "Capital Structure" on page [*], [*] and [*] respectively, of this Draft Letter of Offer, no material developments have taken place after 31st March 2007, the date of the latest balance sheet, that would materially adversely affect the performance or prospects of our Company.

GOVERNMENT AND OTHER APPROVALS

The Company has received all the necessary consents, licenses, permissions and approvals from the government and various government agencies required for its present business and no further approvals are required from any government authorities for us to continue our present and proposed activities. The important licenses and approvals procured/to be procured by the Company are as follows: -

1. The Company is duly incorporated under the Companies Act, 1956 and has been issued Certificate No. 55-34816 dated January 27, 1989 by Registrar of Companies, Delhi & Haryana.
2. The Permanent Account Number (PAN) of the Company is AACCM0230B.
3. The TDS Account Number of the Company is BPLMO 3544C.
4. IEC (Importer-Exporter Code) No. 0590023331, issued by the office of the Joint Director General of Foreign Trade, Ministry of Commerce, New Delhi on 28th February, 1991.
5. The Company has been granted ISO9001:2000 Systems & Services Certification by SGS United Kingdom Ltd vide Certificate No. SG06/1110 for the period from December 19 2006 to December 18 2009.
6. The Regional Provident Fund Commissioner, Madhya Pradesh has allotted Code No. MP/IND/8439.
7. The Employees' State Insurance Act, 1948 is not applicable to the Company.
8. Industrial approval amendment from Government of India, Ministry of Industry, Department of Industrial Policy & Promotion, New Delhi Government of India, on dated 02.06.1998.
9. Factory Registration License for Sarovar plant bearing no. 112/12404/KGN/2mi for Yarn, Knitting & Processing and no. 113/12405/KGN/2mi for Garment Division dated 24th November 2006, issued by the Chief Inspector of Factories, Indore, Madhya Pradesh and is valid upto 31st December 2007.
10. Factory Registration License for Noida plant bearing no. NDA 2673, issued by the Directorate of Factories and is valid upto 31st December 2007.
11. Certificate of Registration for a Dealer having only one place of Business in Madhya Pradesh with registration no. 052/SDW/KVD/2091/5 dated 25th Sept. 1991 issued under Rule 8 of Madhya Pradesh General Sales Tax Act, 1958, by the Sales Tax Office, Sendhwa, Madhya Pradesh.
12. Certificate of Registration with registration no. CST/SDW/KVD/792(CENTRAL) Dt. dated 04th October 1990 issued under Section 7 of The Central Sales Tax Act, 1956 and under Rule 5(1) of the Central Sales Tax (Registration & Turnover) Rules, 1957.
13. Allotment of Trader Identification Number (TIN) as 23562202091 under the Madhya Pradesh Commercial Tax Act, by the Sales Tax Department, Madhya Pradesh, which is issued in lieu of existing registration number 052/SDW/KVD/2091/5.
14. Allotment of Trader Identification Number (TIN) as 79652200002 under the Madhya Pradesh Professional Tax (Employer) Act, by the Sales Tax Department, Madhya Pradesh, which is issued in lieu of existing registration number 02040002E
15. Tin registration for Jammu is Tin 01561070367 and CST No is 5070357.
16. Central Excise Registration Certificate with registration no. AACCM0230BXM001 under Rule 9 of The Central Excise Rules, 2001 dated 25th November,2002 issued by The Assistant Commissioner Of Central Excise, Division-1, C.G.O. Complex, Indore (M.P.) for manufacturing of excisable goods Cotton Yarn, at the Company's premises situated at Maral Sarovar, A.B. Road, P.O. Nimrani, Khalbujurg, Disst. Khargone, (M.P.).

17. Certificate of Registration with Registration No.AACCM0230BST008 under Section 69 of The Finance Act,1994 dated 11th May 2005 issued by The Superintendent of Central Excise, Service Tax, Range, Indore (M.P.) for payment of service tax on services of Goods Transport by Road and Business auxiliary Service (Commission Agent).
18. Consent letter bearing reference no. 9615/TS/MPPCB/2006 dated 8th December 2006 & 9613/TS/MPPCB/2006 dated 8th December 2006 issued by the Zonal officer, Madhya Pradesh Pollution Control Board, Paryawaran parisar, E-5 Area Colony, Bhopal, under the provisions of Air (Prevention and Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974 to establish/operate/ renew facilities for Spinning, Knitting, Dyeing & Garments manufacturing mill at P.O. Maral Sarovar A.B.Road, Nimrani Distt- Khargone **Valid up to 31st December 2007.**
19. Letter no. 549/HOPCB/HSMD-IND-33ii/2007 Bhopal Dated 03-03-2007 for Authorisation under Hazardous wastes (Management & Handling) Rules, 1989 and Hazardous waste (M & H) amendment Rules 2000 and 2003 to operate/renew the authorization to operate a facility for collection, reception, treatment, transport, storage and disposal of hazardous waste **valid up to 08th December 2008.**
20. The Company has its Registration under Contract Labour (Regulation & Abolition) Act, 1970, vide no. 52/KGL/93 for Yarn, Knitting & Processing, dated 19/11/1993 and for Garment Division the registration no. is 21/KGN/2005, dated 22/07/2005.
21. The Working Condition & other facilities provided to the contract workers are according to the local law and common for both on-roll & contract workers.

Other miscellaneous Permissions/ Consents/ Registrations/ Approvals/ Licenses/ Arrangements

1. Licence to Import and storage of 1252.5 KL of Class "B & C" Petroleum at the premises of the Company situated at VPO Maral Sarovar, A. B. Road, Nimrani Khargone Madhya Pradesh issued by Deputy Controller of Explosive, Bhopal, vide its letter no. P/HQ/MP/15/961 (P193164) dated 03.04.2007 **valid up to 31st December 2009**
2. Certificate (No. SG06/1110 dated 19th December 2006) of recognition of Organization's Quality System which complies with ISO9001:2000 awarded by M/s SGS United Kingdom Ltd.

Besides the above there are no pending approvals to be applied for by the Company.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Pursuant to the resolutions passed by the Board of Directors of the Company at its meetings held on July 30, 2007 and October 30, 2007 it has been decided to make this offer to the Equity Shareholders of the Company with a right to renounce.

Consent of Lenders

The agreements in respect of some of the debt taken by us contain certain covenants *inter-alia* for altering our share capital and for our expansions and diversifications plans. We have approached these lenders for getting their consents.

Prohibition by SEBI

Neither we, nor our Directors or the Promoter Group Companies, or companies with which our Directors are associated with as directors or promoters, have been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI. Further, none of the directors or person(s) in control of the Promoters (as applicable) have been prohibited from accessing the capital market under any order or direction passed by SEBI.

Eligibility for the Issue

The Company is an existing company registered under the Indian Companies Act, 1956 whose Equity Shares are listed on the BSE, NSE and CSE. It is eligible to offer this Issue in terms of Clause 2.4.1(iv) of the SEBI DIP Guidelines. The Company, its Promoter, its Directors or any of the Company's associates or group companies are currently not prohibited from accessing the capital market under any order or direction passed by SEBI. Further the Promoter, their relatives (as per Act), the Company, group companies, associate companies are not detained as willful defaulters by RBI / Government authorities.

Disclaimer Clause

AS REQUIRED, A COPY OF THIS LETTER OF OFFER HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI). IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS 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 LETTER OF OFFER. THE LEAD MANAGERS, CHARTERED CAPITAL AND INVESTMENT LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURE AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGERS CHARTERED CAPITAL AND INVESTMENT LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 24 2007 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO 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 COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY;

WE CONFIRM THAT:

a) THE LETTER OF OFFER FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;

c) THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE; AND

d) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;

The filing of this Letter of Offer does not, however, absolve the Company from any liabilities under Section 63 or Section 68 of the 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 Managers any irregularities or lapses in this Letter of Offer.

Caution

The Company and the Lead Managers 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 Managers 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 Letter of Offer with SEBI.

Disclaimer with respect to jurisdiction

This 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 New Delhi, India only.

This Letter of Offer has been prepared under the provisions of Indian Law and the applicable rules and regulations thereunder. The distribution of the Letter of Offer and the Issue of Equity Shares on a Rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons in whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in New Delhi, India only.

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 this Letter of Offer has been filed with SEBI for observations and SEBI has given its observations.

Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

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

Will be inserted upon receipt of in-principle approval from BSE.

Disclaimer Clause of the NSE

Will be inserted upon receipt of in-principle approval from NSE.

Disclaimer Clause of the CSE

The company will not approach the CSE for listing of its Equity Shares offered through the proposed rights issue and has already applied for voluntary delisting of its securities from CSE on October 17, 2003.

Filing

This Draft Letter of Offer was filed with SEBI, Corporation Finance Department, Division of Issues and Listing, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051. The Draft Letter of Offer has been filed with the Designated Stock Exchange as per the requirements of the law and also with NSE. All the legal requirements applicable till the date of filing the Letter of Offer with the Stock Exchanges have been complied with.

Dematerialised Dealing

The Company has agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and its Equity Shares bear the ISIN No. INE882A01013.

Listing

The existing Equity Shares are listed on the BSE, NSE (and CSE where the Company has applied for voluntary delisting of its securities on October 17, 2003). The Company has made applications to the BSE and NSE for permission to deal in and for an official quotation in respect of the Equity Shares being offered in terms of this Letter of Offer. 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, within 42 days from the Issue Closing Date, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of this Letter of Offer. If such money is not paid within 8 days after the Company becomes liable to repay it, then the Company and every Director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay the money with interest as prescribed under the Section 73 of the Companies Act, 1956.

Consents

Consents in writing of the Auditors, Lead Managers, Legal Advisors, Registrar to the Issue and Banker to the Company to act in their respective capacities have been obtained and filed with SEBI, along with a copy of the Letter of Offer and such consents have not been withdrawn up to the time of delivery of this Draft Letter of Offer for registration with the stock exchanges.

The Auditors of the Company have given their written consent for the inclusion of their Report in the form and content as appearing in this Letter of Offer and such consents and reports have not been withdrawn up to the time of delivery of this Letter of Offer for registration with the stock exchanges.

Doogar & Associates, Auditors have given their written consent for inclusion of income tax benefits in the form and content as appearing in this Letter of Offer, accruing to the Company and its members.

To the best of our knowledge there are no other consents required for making this Issue. However, should the need arise, necessary consents shall be obtained by us.

Expert Opinion, if any

Save and except as indicated elsewhere in this Letter of Offer, no other expert opinion has been obtained by the Company.

Fees Payable to the Lead Managers to the Issue

The fees payable to the Lead Managers to the Issue are set out in the Memorandum of Understanding entered into by the Company with Chartered Capital and Investment Limited, copies of which are available for inspection at the Registered Office of the Company.

Fees Payable to the Registrars to the Issue

The fee payable to the Registrars to the Issue is as set out in the relevant documents, copies of which are kept open for inspection at the Registered Office of the Company.

Underwriting commission, brokerage and selling commission

No underwriting commission, brokerage and selling commission will be paid for this Issue.

Other Expenses of the Issue

The other expenses of the Issue payable by the Company including printing and distribution expenses, publicity, listing fees, stamp duty and other expenses are estimated at Rs. 25 Lacs (around [*]% of the total Issue size) and will be met out of the proceeds of the Issue. The following table provides a break-up of estimated issue expenses:

The expenses for this Rights Issue are estimated at Rs. 25 lacs, the break-up whereof is as follows:

Particulars	Rs. in Lacs
Lead Managers Fees	5
Advertising and Marketing Expenses (Approximate)	4
Printing & Stationery and Postage Expenses (Approximate)	7

Others Associated Expenses (Approximate)	9
Total	25

Particulars	Rs. in Lacs	% of the Issue Expenses	% of total Issue Size
Lead Managers Fees	5	20	[*]
Advertising and Marketing Expenses (Approximate)	4	16	[*]
Printing & Stationery and Postage Expenses (Approximate)	7	28	[*]
Others Associated Expenses (Approximate)	9	36	[*]
Total	25	100	100

Previous Issues by the other Group Companies during last three years

There have been no previous Issues by the other Group Companies during last three years.

Promise v. Performance

Maral Overseas Limited

Maral made a public issue to their shareholders in 1991.

The issue comprised of 49, 50,000 equity shares of Rs. 10/- each for cash at a par aggregating to Rs. 495 lacs.

Objects of the issue

The issue was made with the object of raising a part of the finance required for setting up the project and for meeting the expenses of that issue.

The objects of the issue as stated had been successfully achieved. No projections were made in the offer document.

Listed Ventures of the Promoter

Two of the Promoter Companies are listed as under :

- HEG Limited is listed on BSE, NSE, CSE and MP Stock Exchange.
- RSWM Limited is listed on BSE, NSE and CSE.

Promise vis-à-vis performance - Last one Issue of Group / Associate Companies

Outstanding Debentures or Bonds and Redeemable Preference Shares and Other Instruments issued by MOL Outstanding as on the Letter of Offer Date and Terms of Issue

There are no Outstanding Debentures or Bonds and Redeemable Preference Shares issued by Maral Overseas Limited as on the date of this Letter of Offer.

Stock Market Data for Equity Shares of Maral Overseas Limited

The stock market data as provided by Bombay Stock Exchange Limited is mentioned hereunder :

Year	High				Low			
	Date	Rate in Rs.	No. of Shares Traded	Net Turnover (Rs. in Lacs)	Date	Rate in Rs.	No. of Shares Traded	Net Turnover (Rs. in Lacs)
2004-05	03.01.2005	49.90	76045	38.13	23.06.2004	16.75	900	0.15
2005-06	13.09.2005	59.75	674166	401.86	24.03.2006	27.25	30380	8.26

2006-07	08.05.2006	37.60	338172	122.67	28.03.2007	15.95	32408	5.19
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The Average Price for the preceding three years were as under :

(Rs.)

Year	2005	2006	2007
Average Price	29.78	42.29	21.89

The share prices for the preceding six months were as under:

High					Low			
Year	Date	Rate in Rs.	No. of Shares Traded	Net Turnover (Rs. in Lacs)	Date	Rate in Rs.	No. of Shares Traded	Net Turnover (Rs. in Lacs)
May-07	04.05.2007	17.45	26493	4.62	31.05.2007	16.50	8441	1.40
June-07	28.06.2007	17.45	24340	4.28	21.06.2007	15.60	6699	1.06
July-07	16.07.2007	17.50	10997	1.93	27.07.2007	16.25	11876	1.94
August-07	14.08.2007	16.20	6301	1.02	24.08.2007	14.55	1675	0.24
Sep-07	03.09.2007	18.90	165328	29.78	24.09.2007	17.50	31811	5.60
Oct-07	03.10.2007	18.75	300117	58.52	22.10.2007	15.75	1961	0.31

The market price immediately on 31st July, 2007 i.e. after the date on which the Board of Directors approved the Rights Issue and 1st October, 2007 i.e. after the date on which the shareholders approved the Rights Issue was Rs. 16.50 and Rs. 17.55 respectively.

Information as per Clause 6.48.1 of SEBI DIP Guidelines 2000

Working results of the Company from 1st April, 2006 till 30th September, 2006:

(Rs. in Lacs)

Sl. No.	Particulars	Amount
1	Net Sales/Income from Operations	15109
2	Other Income	191
3	Gross Profit Before Depreciation & Taxation	(316)
4	Depreciation	1025
5	Provision for Tax	57
6	Estimated Net Profit	(1398)

Information as per Clause 6.48.3 of SEBI DIP Guidelines 2000

Week Ended	Weekend Price	High Price	Date of High Price	Low Price	Date of Low Price
05.10.2007	17.50	18.75	03.10.2007	17.55	01.10.2007
12.10.2007	16.55	16.90	09.10.2007	16.55	10.10.2007
19.10.2007	16.00	16.70	16.10.2007	16.00	19.10.2007
26.10.2007	16.25	16.40	24.10.2007	15.75	22.10.2007

Mechanism evolved for Redressal of Investor Grievances

The Company has a **Shareholders/Investors. Grievance Committee** to specifically look into all the matters relating to shareholders grievance i.e. non-receipt of shares after transfer, non-receipt of balance sheet, non receipt of declared dividends etc.

The composition of the Committee is as under :

	Name of the Director	Designation	Category
1	Dr. Kamal Gupta	Chairman	Independent-Non- Executive
2	Mr. D.N. Davar	Member	Independent-Non- Executive

	Name of the Director	Designation	Category
3	Mr. Shekhar Agarwal	Member	Promoter- Executive

Mr. Rajat Prothi, Company Secretary is the Secretary to the Committee.

The Company received 14 complaints/ queries during the financial year 2006-2007, which were resolved/ replied to the satisfaction of the shareholders within the due time. No complaint was pending as on 31st March 2007. The Company had received 2 complaints during the quarter ended 30th June 2007, which were resolved within the due time. No complaint was pending as on 30th June 2007. The Company had received 3 complaints during the quarter ended 30th September 2007, which were resolved within the due time. No complaint was pending as on 30th September 2007.

The Company also has a **Share Transfer Committee**. The Committee has been constituted for approval/refusal of registration of share transfer/ transmission, issue of duplicate share certificates, split, consolidation, rematerialisation of shares etc. The meetings of the Committee take place at regular intervals. The Board of Directors has also delegated the authority to approve the share transfers to Mr. Shekhar Agarwal, Managing Director and Mr. P.S. Puri, Chief Financial Officer who attend and approve the share transfer requests on a fortnightly basis.

The composition of the Committee is as under:

	Name of the Director	Designation	Category
1	Mr. Shekhar Agarwal	Chairman	Promoter- Executive
2	Dr. Kamal Gupta	Member	Independent-Non- Executive

Disposal of Investor Grievances

The company estimates that the average time required by it or the Registrar to the Issue for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the company or the Registrar will seek to redress these complaints as expeditiously as possible. The Company has appointed Mr. Rajat Prothi, Company Secretary, as Compliance Officer who deals with various regulatory authorities with respect to implementation / compliance of various laws, rules, regulations and other directives issued by SEBI / Stock Exchanges and matters related to investor complaints. Registrar to the Issue will also handle the investors' grievances related to the Issue in co-ordination with Compliance Officer of the Company. All grievances relating to the Present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name of the applicant, address, number of Equity Shares applied for, amount paid on application and bank and branch. The Company would monitor the work of the Registrar to ensure that the investors grievances are settled expeditiously and satisfactorily.

As per the agreement entered with Registrar to the Issue, the following investors. grievances would be handled by it upto 12 months after the closure of the Issue :

Type of Investors' Grievance	Time Taken for Reply (No. of Days)
Non-receipt of Refund Order	7
Non-receipt of Share Certificates	7
Transfer of Shares	30
Change of Address	15
Correction of Address	7

Mechanism evolved for Redressal of Investor Grievances for listed Group Companies HEG Limited

The Company estimates that the average time required by it or the Registrar for the redressal of routine investor grievances is seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the company or the Registrar seek to redress these

complaints as expeditiously as possible. The Company has appointed Mr. R.G. Purwar, Company Secretary, as Compliance Officer who deals with various regulatory authorities with respect to implementation / compliance of various laws, rules, regulations and other directives issued by SEBI / Stock Exchanges and matters related to investor complaints. The registrar also handles the investors' grievances in co-ordination with Compliance Officer of the Company. All grievances are addressed to the Registrar with a copy to the Compliance Officer. The Company monitors the work of the Registrar to ensure that the investors grievances are settled expeditiously and satisfactorily.

RSWM Limited

The Company estimates that the average time required by it or the Registrar for the redressal of routine investor grievances is seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the company or the Registrar seek to redress these complaints as expeditiously as possible. The Company has appointed Mr. Surender Gupta, Company Secretary, as Compliance Officer who deals with various regulatory authorities with respect to implementation / compliance of various laws, rules, regulations and other directives issued by SEBI / Stock Exchanges and matters related to investor complaints. The registrar also handles the investors' grievances in co-ordination with Compliance Officer of the Company. All grievances are addressed to the Registrar with a copy to the Compliance Officer. The Company monitors the work of the Registrar to ensure that the investors grievances are settled expeditiously and satisfactorily.

Change if any to the Auditor during last 3 years and reasons thereof

There has been no change in Auditors of our Company during the last 3 years.

Capitalization of Reserves or Profits (during last five years)

There has not been any capitalization of Reserves or Profits during the last five years.

Revaluation of Assets

None of the assets of the Company have been revalued during the last five years.

SECTION VII- ISSUE RELATED INFORMATION

TERMS OF THE ISSUE & ISSUE PROCEDURE

The Equity Shares, now being issued, are subject to the terms and conditions contained in this Draft Letter of Offer, the enclosed Composite Application Form (CAF), the Memorandum and Articles of Association of the Company, the provisions of the Act, guidelines 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.

Authority for the Issue

This Issue is being made pursuant to the resolutions passed by the Board of Directors of the Company at its meetings held on July 30, 2007 and October 30, 2007 and the special resolution passed by the shareholders at the AGM of the Company held on September 29, 2007.

Basis for the Issue

The Equity 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 in respect of the shares held in the electronic form and on the Register of Members of the Company in respect of shares held in the physical form at the close of business hours on the Record Date i.e. [*] fixed in consultation with BSE.

Face Value

Each Equity Share shall have the face value of Rs. 10/-.

Issue Price

Each Equity Share is being offered at a price of Rs. [*].

Terms of Payment

The entire Issue Price of Rs. [*] per Share is payable on application only.

Rights Entitlement Ratio

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of one Equity Share for every two Equity Shares held as on the Record Date.

Fractional Entitlements

If the shareholding of any of the equity shareholders is not in the multiples of two then the fractional entitlement of such shareholders shall be rounded off to the next higher integer, subject to the minimum entitlement of 1 equity share. The equity shares needed for rounding off will be adjusted from the promoters entitlement.

Joint-holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to provisions contained in the Articles of Association of the Company.

Ranking of the Equity Shares

The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividends with the existing Equity Shares of the Company.

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 applicant's bank account are mandatory for printing on the refund orders. Bank account particulars 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.

Notices

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper in Indore with wide circulation and/or, will be sent by post to the registered holders of the Equity Shares from time to time.

Market Lot

The Equity Shares of the Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialized mode is one. In case of holding in physical form, the Company would issue to the allottees one certificate for the Equity Shares allotted to one folio (Consolidated Certificate). In respect of the Consolidated Certificate, the Company will, upon receipt of a request from the Equity Shareholder, split such Consolidated Certificate into smaller denomination within one week's time from the request of the Equity Shareholder. The Company shall not charge any fee for splitting the Consolidated Certificate.

Nomination Facility

In terms of Section 109A of the Act, nomination facility is available in case of Equity Shares. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. A sole Equity Shareholder or first Equity Shareholder, along with other joint Equity Shareholders being individual(s) 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 Equity Shares. A Person, being a nominee, becoming entitled to the Equity 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 Equity 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 Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. 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 the Company. The applicant 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 the Company, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective DP of the applicant would prevail.

If the applicants want to change their nomination, they are requested to inform their respective DP.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the issue, the entire subscription shall be refunded to the applicants within forty two days from the date of closure of the issue.

If there is delay in the refund of subscription by more than 8 days after the company becomes liable to pay the subscription amount (i.e. forty two days after closure of the issue), the company will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

If after considering the number of shares applied for in the issue the subscription level received remains below the prescribed minimum of 90% of the issue size then the issue will be understood to be undersubscribed. The undersubscribed portion can be applied for only after the closure of the Issue. The Promoter Group has undertaken that in the event the issue is undersubscribed, it will subscribe to such unsubscribed portion, either collectively or through any one of more of them, to ensure that the Issue is successful. This acquisition of additional Equity Shares, if allotted to the one or more constituents of the Promoter Group shall be in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code and will be exempt from the applicability of Regulations 11 and 12 of Takeover Code. This disclosure is made in terms of the requirement of Regulation 3(1)(b)(ii) of the Takeover Code.

Further this acquisition will not result in change of control of management of our Company.

The above is subject to the terms mentioned under the section entitled "Basis of Allotment" on page [*] of this Draft Letter of Offer.

Offer to Non-Resident Equity Shareholders/Applicants

As per Regulation 6 of notification No. FEMA 20/200-RB dated May 3, 2000 the RBI has given general permission to Indian companies to issue rights shares to non-resident shareholders including additional shares. Applications received from NRIs and non-residents for allotment of Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange

Management Act, 1999 (FEMA) in the matter of refund of application moneys, allotment of Equity Shares, issue of letter of allotment. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Equity Shares, payment of dividend etc. to the non-resident shareholders. The rights shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original shares against which rights shares are issued.

By virtue of 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, OCBs shall not be eligible to subscribe to the Equity Shares. 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. Thus, OCBs desiring to participate in this Issue must obtain prior approval from the RBI. On providing such approval to the Company at its registered office, the OCB shall receive the Letter of Offer and the CAF.

Letter of Offer and CAF shall only be dispatched to non-resident Equity Shareholders with registered address in India.

Procedure for Application

The CAF would be printed in black ink for all shareholders. An additional separate advise for non-resident shareholders will be provided. In case the original CAF is not received by the applicant or is misplaced by the applicant, the applicant may request the Registrar to the Issue, MAS Services Limited, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. Non-resident shareholders can obtain a copy of the CAF from the Registrar to the Issue, MAS Services Limited from their office located at AB-4, Safdarjung Enclave, New Delhi-110029, India by furnishing the registered folio number, DP ID number, Client ID number and their full name and address.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares offered, either in full or in part by filling Part A of the enclosed CAF and submit the same along with the Application Money payable to the Bankers to the Issue or any of the branches as mentioned on the reverse of the CAF 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 thereof in this regard. **Applicants at centers not covered by the branches of collecting banks can send their CAF together with the cheque /demand draft, net of bank and postal charges, payable at New Delhi 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. The applications received through registered post shall be dealt with by the Registrar to the Issue in the normal course.

Option available to the Equity Shareholders

The Composite Application Form clearly indicates the number of Equity Shares that the Equity Shareholder is entitled to. If the Equity Shareholder applies for an investment in Equity Shares, then he can :

- Apply for his entitlement in part;
- Apply for his entitlement in part and renounce the other part;
- Apply for his entitlement in full;
- Apply for his entitlement in full and apply for additional Equity Shares.

Renounees for Equity Shares can apply for the Equity Shares renounced to them and also apply for additional Equity Shares.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares you are entitled to, provided that you have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s).

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional shares in Part A of the CAF. Applications for additional Equity Shares shall be considered and allotment shall be in the manner prescribed under the section entitled "Basis of Allotment" on page [*] of this Draft Letter of Offer. The renounees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account shall be opened for the purpose.

Where the number of additional Equity 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 you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons subject to the approval of the Board. Such renounees can

only be Indian Nationals (including minor through their natural/legal guardian)/limited companies incorporated under and governed by the Act, statutory corporations/institutions, trusts (registered under the Indian Trust Act), societies (registered under the Societies Registration Act, 1860 or any other applicable laws) provided that such trust/society is authorized under its constitution/bye laws to hold equity shares in a company and cannot be a partnership firm, foreign nationals or nominees of any of them (unless approved by RBI or other relevant authorities) or to any person situated or having jurisdiction where the offering in terms of this Draft Letter of Offer could be illegal or require compliance with securities laws of such jurisdiction or any other persons not approved by the Board.

Any renunciation from Resident Indian Shareholder(s) to Non-Resident Indian(s) or from Non-Resident Indian Shareholder(s) to other Non-Resident Indian(s) or from Non-Resident Indian Shareholder(s) to Resident Indian(s) is subject to the renouncer(s)/renounee(s) obtaining the approval of the FIPB and/ or necessary permission of the RBI under the Foreign Exchange Management Act, 1999 (FEMA) and other applicable laws and such permissions should be attached to the CAF.

Applications not accompanied by the aforesaid approval are liable to be rejected. By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (OCBs) have been de-recognized 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 of the Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of renounees shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

Your attention is drawn to the fact that the Company shall not allot and/or register any Equity Shares in favour of :

- More than three persons including joint holders
- Partnership firm(s) or their nominee(s)
- Minors
- Hindu Undivided Family
- Any Trust or Society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its Constitutions to hold Equity Shares of a Company)

The 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 to renounee(s) without assigning any reason thereof.

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 enclosed 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 the Company of the person(s) applying for Equity Shares in Part C to receive allotment of such Equity Shares. The renounees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part A must not be used by the renounee(s) as this will render the application invalid. Renounee(s) will also have no further right to renounce any shares in favour of any other person.

PROCEDURE FOR RENUNCIATION

To renounce the whole offer in favour of one renounee

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 renounees, all joint renounees must sign this part of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more renounees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of split forms 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 split forms. On receipt of the required number of split forms 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 Equity Shares, does not agree with the specimen registered with the Company, the application is liable to be rejected.

Renounee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the Application Form and submit the entire Application Form to the Bankers to the Issue on or before the Issue Closing Date along with the application money.

Change and/ or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, 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.

Please note that :

- Part A of the CAF must not be used by any person(s) other than those in whose favour this Issue has been made. If used, this will render the application invalid.
- Request by the applicant for the Split Application Form should reach the Registrars on or before [*].
- Only the person to whom this Draft Letter of Offer has been addressed to and not the renounee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split again.
- Split form(s) will be sent to the applicant(s) by post at the applicant.s risk.

How to Apply

Resident Equity Shareholders

Applications should be made on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by the Company at any offices except in the case of postal applications as per instructions given elsewhere in the Draft Letter of Offer.

The CAF consists of four parts :

Part A : Form for accepting the Equity Shares offered and for applying for additional Equity Shares

Part B : Form for renunciation

Part C : Form for application for renounees

Part D : Form for request for split application forms

Non-resident Equity Shareholders

Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares shall, inter alia, be subject to the conditions as may be imposed from time to time by RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/ certificates/ payment of dividends etc.

Draft Letter of Offer and CAF shall only be dispatched to non-resident Equity Shareholders with registered address in India. The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Option	Option Available	Action Required
A	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign)
B	Accept your entitlement in full and apply for additional Equity Shares.	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign).
C	Accept only a part of your entitlement of the Equity Shares offered to you (without renouncing the balance).	Fill and sign Part A of the CAF.
D	Renounce your entitlement in full to one person (Joint renounees not exceeding three are considered as one renounee).	Fill in and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand over the entire CAF to the renounee. The renounees must fill in and sign Part C of the CAF (All joint renounees must sign).
E	1. Accept a part of your entitlement and renounce the balance to one or more renounee(s). OR 2. Renounce your entitlement to all the Equity Shares offered to you to more than one renounee.	Fill in and sign Part D (all joint holders must sign) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Forms. Splitting will be permitted only once.

		<p>On receipt of the Split Form take action as indicated below :</p> <p>i. For the Equity Shares you wish to accept, if any, fill in and sign Part A of one split CAF (only for option 1).</p> <p>ii. For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand over the split CAFs to the renounees.</p> <p>iii. Each of the renounees should fill in and sign Part C for the Equity Shares accepted by them.</p>
F	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the renounees must fill in and sign Part C.

Applications for Equity Share should be made only on the CAF, which are provided by the Company. The CAF should be completed in all respects as explained under the head .INSTRUCTIONS. indicated on the reverse of the CAF before submission to the Banker to the Issue at its collecting branches mentioned on the reverse of the CAF on or before the closure of the subscription list. Non Resident Shareholders/Renounee should forward their applications to Banker to the Issue as mentioned in the CAF for Non-Resident Equity Shareholders. No part of the CAF should be detached under any circumstances. Applicants must provide information in the CAF as to their Savings / Current / NRE / NRO / FCNR bank account and the name of the bank with whom such account is held to enable the Registrar to print the said details in the refund orders after the name of the payees.

For Applicants Residing at places other than Designated Bank Collecting Branches

Applicants residing at places other than the cities where the Bank collection centres have been opened should send their completed CAF by registered post/speed post to the Registrars to the Issue, MAS Services Limited, along with demand drafts, net of bank and postal charges, payable in favour of "MOL- Rights Issue" in case of Resident shareholders and Non Resident shareholders applying on Non-repatriable basis and in favour of "MOL- Rights Issue- NR" in case of non-resident shareholders applying on a repatriable basis and crossed .A/c Payee only. so that the same are received on or before closure of the Issue i.e. [*]. In such case the demand draft in case of Resident shareholders, should be payable at New Delhi and in case of Non-resident shareholders, should be payable at New Delhi.

The Company will not be liable for any postal delays and applications received through mail after the closure of the Issue are liable to be rejected and returned to the applicants. Applications by mail should not be sent in any other manner except as mentioned below :

All application forms duly completed together with cash/ cheque/demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF along with application money must not be sent to the Company or the Lead Manager to the Issue or the Registrar to the Issue except as mentioned above.

The applicants are requested to strictly adhere to these instructions. Failure to do so could result in the application being liable to be rejected with the Company, the Lead Manager and the Registrar not having any liabilities to such applicants.

Availability of Duplicate CAF

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID No. and his/ her full name and address to the Registrar to the Issue. 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. Thus in case the original and duplicate CAFs are lodged for subscription, allotment will be made on the basis of the duplicate CAF and the original CAF will be ignored.

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 a demand draft net of bank and postal charges, drawn in favour of "MOL- Rights Issue" in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of "MOL- Rights Issue- NR" payable at New Delhi, in case of non-resident shareholders applying on repatriable basis and send the same by

registered post directly to the Registrar to the Issue so as to reach them on or before the closure of the Issue. In such case the demand draft should be payable at New Delhi. The envelope should be superscribed " Maral Overseas Limited-Rights Issue" in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of "Maral Overseas Limited- Rights Issue-NR" in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars :

1. Name of Issuer, being Maral Overseas Limited
2. Name and address of the Equity Shareholder including joint holders
3. Registered Folio No./ DP ID No. and Client ID No.
4. Number of shares held as on Record Date.
5. Certificate numbers and Distinctive Nos., if held in physical form.
6. Number of Rights Equity Shares entitled.
7. Number of Rights Equity Shares applied for.
8. Number of additional Equity Shares applied for, if any.
9. Total number of Equity Shares applied for.
10. Total amount paid on application
11. Particulars of cheque/draft
12. Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order.
13. PAN/GIR number, Income Tax Circle/Ward/District, photocopy of the PAN card/ PAN communication / Form 60 / Form 61 declaration where the application is for Equity Shares of a total value of Rs.50,000 or more for the applicant and for each applicant in case of joint names.
14. Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company.

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 applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications. The Company shall refund such application amount to the applicant without any interest thereon.

Last Date of Application

The last date for submission of the duly filled in CAF is [*]. The Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 60 (sixty) days from the Issue Opening Date.

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/ Committee of Directors, the offer contained in this Draft Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the section entitled "Basis of Allotment".

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

Mode of Payment for Resident Equity Shareholders/ Applicants

All cheques / drafts accompanying the CAF should be drawn in favour of "MOL- Rights Issue" and marked "A/c Payee only". Applicants residing at places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their applications together with Demand Draft of amount net of bank and postal charges, for the full application amount favouring "MOL- Rights Issue" and marked "A/c Payee only" payable at New Delhi 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.

Mode of payment for Non-Resident Equity Shareholders/ Applicants

As regards the application by non-resident equity shareholders, the following further conditions shall apply:

Payment by non-residents must be made by demand draft / cheque payable at New Delhi or funds remitted from abroad in any of the following ways :

Application with repatriation benefits

Payment by NRIs/ FIIs/ foreign investors must be made by demand draft/cheque payable at New Delhi or funds remitted from abroad in any of the following ways :

- By Indian Rupee drafts purchased from abroad and payable at New Delhi or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque / draft on a Non-Resident External Account (NRE) or FCNR Account maintained in New Delhi; or
- By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in New Delhi; or
- FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- All cheques/drafts submitted by non-residents applying on repatriable basis should be drawn in favour of "MOL- Rights Issue- NR" payable at New Delhi and crossed "A/c Payee only" for the amount payable.

A separate cheque or bank draft must accompany each application form. Applicants 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. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of NR who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. The Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the applicant's Bankers.

Application without repatriation benefits

As far as non-residents holding shares on non-repatriation basis is 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 New Delhi or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at New Delhi. In such cases, the allotment of Equity Shares will be on non-repatriation basis.

All cheques/drafts submitted by non-residents applying on non-repatriation basis should be drawn in favour of "MOL – Rights Issue" payable at New Delhi and must be crossed "A/c Payee only" for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

Note :

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
- In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity 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 CAF 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 with immediate effect. Hence, payment through Stockinvest would not be accepted in this Issue.

Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority:

1. 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 Equity Shares renounced in their favour, in full or in part.

2. Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date in consultation with the Designated Stock Exchange.
3. Allotment to the renounees who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares provided there is an under-subscribed portion after making full allotment in (1) and (2) above. The allotment of such additional Equity Shares will be made on a proportionate basis at the sole discretion of the Board/Committee of Directors but in consultation with the Designated Stock Exchange.
4. Allotment to any other person as the Board/Committee of Directors may in its absolute discretion deem fit provided there is surplus available after making full allotment under (1), (2) and (3) above.

After taking into account allotment to be made under (1) and (2) above, if there is any unsubscribed portion, the same shall be deemed to be unsubscribed for the purpose of regulation 3(1)(b) of the Takeover Code which would be available for allocation under (3) and (4) above. The Promoter Group will subscribe to unsubscribed portion if the Issue does not have subscription to the extent of 90% of the Issue size, after considering the above allotment, to ensure that the Issue is successful.

This acquisition of additional Equity Shares, if allotted, to the Promoter Group shall be in terms of proviso to regulation 3(1)(b)(ii) of the Takeover Code and will be exempt from the applicability of regulation 11 and 12 of Takeover Code. This disclosure is made in terms of the requirement of Regulation 3(1)(b) of the Takeover Code. Further this acquisition will not result in change of control of management of the Company.

After such allotments to the the Promoter Group, including the application for rights/renunciation and additional equity shares, any further additional Equity Shares (which remain unsubscribed after meeting the minimum subscription clause) shall be disposed off by the Board or Committee of the Board authorised in this behalf by the Board of the Company, in such manner as they think most beneficial to the Company and the decision of the Board or committee of the Board of the Company in this regard shall be final and binding. In the event of over-subscription, allotment will be made within the overall size of the issue.

Allotment to Promoter Group of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A of the Listing Agreement and the other applicable laws prevailing at that time.

Underwriting

The present Issue is not underwritten.

Impersonation

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

“Any person who:

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

Allotment / Refund

The Company will issue and dispatch letters of allotment/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of six weeks from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under Section 73 of the Act.

In case of those shareholders who have opted to receive their Right Entitlement Shares in dematerialized form by using electronic credit under the depository system, an advice regarding the credit of the Equity Shares shall be given separately.

In case the Company issues letters 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 Act or other applicable provisions, if any. Allottees are requested to preserve such letters of allotment, which would be exchanged later for the share certificates. For more information, please refer to the section entitled. Letters of Allotment / Share Certificates/Demat Credit. on page no. [*] of this Draft Letter of Offer.

Applicants having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, the Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by .Under Certificate of Posting., and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post. Such cheques or pay orders will be payable at par at all the centers where the applications were originally accepted and will be marked "A/c payee" and would be drawn in the name of the sole/first applicant. Adequate funds would be made available to the Registrar to the Issue for the dispatch of such letters of allotment/share certificates/ demat credit and refund orders. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter (refund advice) through .Under Certificate of Posting. intimating them about the mode of credit of refund.

As regards allotment/ refund to non-residents, the following further conditions shall apply :

In case of non-residents, who remit their application monies from funds held in NRE/ FCNR accounts, refunds and/ or payment of interest/ dividend and other disbursement, if any, shall be credited to such accounts, details of which should be furnished in the CAF. Subject to the approval of the RBI, in case of non-residents, who remit their application monies through Indian Rupee draft purchased from abroad, refund and/ or payment of dividend/ interest and any other disbursement, shall be credited to such accounts (details of which should be furnished in the CAF) and will be made net of bank charges/ commission in US Dollars, at the rate of exchange prevailing at such time. The Company will not be responsible for any loss on account of exchange fluctuations for converting the Indian Rupee amount into US Dollars. The share certificate(s) will be sent by registered post at the Indian address of the non-resident applicant.

Mode of Making Refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. **ECS** . Payment of refund would be done through ECS for applicants having an account at any of the 15 centres where clearing houses for ECS are managed by the Reserve Bank of India, namely Ahmedabad, Bangalore, Bhubneshwar, New Delhi, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, Kolkata, Patna and Thiruvanthapuram.
This mode of payment of refunds would be subject to availability of complete bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf, from the depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 15 centers named herein above, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or RTGS.
2. **Direct Credit** . Applicants having their bank account with the Refund Banker, i.e. Punjab National Bank shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to the eligible applicant's bank account with the Refund Banker.
3. **RTGS**. Applicants having a bank account at any of the 15 centers detailed above, and whose application amount exceeds Rs. 1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the CAF, the refund shall be made through the ECS or direct credit, if eligibility disclosed.

Please note that only applicants having a bank account at any of the 15 centers where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in 1, 2 & 3 hereinabove. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, the refund orders would be dispatched .Under Certificate of Posting. for refund orders of value upto Rs. 1,500 and through speed post / registered post for refund orders of above Rs. 1,500.

Letters of Allotment / Share Certificates / Demat Credit

Letter(s) of allotment/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within 6 (six) weeks, from the date of closure of the subscription list. In case the Company issues letters of allotment, the relative share certificates will be dispatched within three months from the date of allotment. Allottees are requested to preserve such letters of allotment (if any) to be exchanged later for share certificates. Export of letters of allotment (if any)/ share certificates/ demat credit to non-resident allottees will be subject to the approval of RBI.

Option to receive Equity Shares in Dematerialized Form

Applicants to the Equity Shares of the Company issued through this Issue shall be allotted the securities in dematerialized (electronic) form at the option of the applicant. The Company has signed the following tripartite agreements to enable the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates:

1. Agreement dated November 16, 1999 with CDSL and MCS Ltd.
2. Agreement dated November 16, 1999 with NSDL and MCS Ltd.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a depository participant. The CAF shall contain space for indicating number of shares applied for in demat and physical form or both. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applications, which do not accurately contain this information, will be given the securities in physical form. No separate applications for securities in physical and/or dematerialized form should be made. If such applications are made, the application for physical securities will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, will be allotted in physical shares.

The Equity Shares of the Company offered through this Draft letter of offer will be listed on the BSE and NSE.

Procedure for availing the facility for allotment of Equity 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 exhibited 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 with the Company). In case of Investors having various folios in the Company 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 of the Company 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 Equity Shares pursuant to this Issue 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 Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of the Company 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.

Responsibility for correctness of information (including applicant.s age and other details) filled in the CAF vis-à-vis such information with the applicant.s depository participant, would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant.s depository participant.

If incomplete / incorrect beneficiary account details are given in the CAF the applicant will get Equity Shares in physical form.

The Equity Shares pursuant to this Issue allotted to investors opting for 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 him the confirmation of the credit of such Equity Shares to the applicant.s depository account.

Renouncees will also have to provide the necessary details about their beneficiary account for allotment of securities in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

Utilization of Proceeds

Subscription received against this Issue will be kept in a separate bank account(s) and the Company would not have access to such funds unless it has received minimum subscription of 90%, of the Issue and the necessary approvals of the Designated Stock Exchange, to use the amount of subscription.

General instructions for applicants

Please read the instructions printed on the enclosed CAF carefully.

1. Application should be made on the printed CAF, provided by the Company except as mentioned under the head Application on Plain Paper 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 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 applicants, details of occupation, address, and father's / husband's name must be filled in block letters.

2. The CAF together with 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. Applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorized by the Company for collecting applications, will have to make payment by Demand Draft payable at New Delhi of amount net of bank and postal charges, and send their application forms 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.
3. PAN/ GIR Number: Applications for a total value of Rs. 50,000 or more, i.e. where the total number of securities applied for multiplied by the Issue price, is Rs. 50,000 or more the applicant or in the case of application in joint names, each of the applicants, should mention his/ her PAN number allotted under the Income-Tax Act, 1961 and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN (PAN Communication) along with the application for the purpose of verification of the number. Applicants who do not have PAN are required to provide a declaration in Form 60 / Form 61 prescribed under the I. T. Act along with the application. **Application Forms without this photocopy/ PAN Communication/ declaration will be considered incomplete and are liable to be rejected.**
4. Bank Account Details: It is mandatory for applicants 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.
5. Payment by cash: The payment against the application should not be effected in cash if the amount to be paid is Rs. 20,000 or more. 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. Payment against the application if made in cash, subject to conditions as mentioned above, should be made only to the Bankers to the Issue.
6. Signatures should be either in English or Hindi or in any other language specified in the Eight 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 the Company or depositories.
7. 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 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 the Company, 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.
8. 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 Company. Further, in case of joint applicants who are renounees, the number of applicants should not exceed three. 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.
9. Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity 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 Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-Resident 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.
10. 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. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to the Secretarial Department, Maral Overseas Limited, Bhilwara Towers, A-12, Sector-1, Noida-201301 (Uttar Pradesh), Tel.: +91 120 2541810, 4390300 Fax: +91 120 2531648, 2531745, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
11. Split forms cannot be re-split.
12. Only the person or persons to whom Equity Shares have been offered and not renounee(s) shall be entitled to obtain split forms.
13. Applicants must write their CAF number at the back of the cheque / demand draft.
14. Only one mode of payment per application should be used. The payment must be either in cash or 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.
15. 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 cheques / demand drafts/money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (5) above)
 16. 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.

Grounds for Technical Rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following :

1. Amount paid does not tally with the amount payable for;
2. Bank account details (for refund) are not given;
3. Age of first applicant not given;
4. PAN photocopy/ PAN Communication/ Form 60 / Form 61 declaration not given if Application is for Rs. 50,000 or more;
5. In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
6. If the signature of the existing shareholder does not match with the one given on the Application Form and for renounees if the signature does not match with the records available with their depositories;
7. If the Applicant desires to have shares in electronic form, but the Application Form does not have the Applicant's depository account details;
8. Application Forms are not submitted by the Applicants within the time prescribed as per the Application Form and the Draft Letter of Offer;
9. Applications not duly signed by the sole/joint Applicants;
10. Applications by OCBs unless accompanied by specific approval from the RBI permitting the OCBs to invest in the Issue;
11. Applications accompanied by Stockinvest;
12. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
13. Applications by US persons;
14. Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided.

Disposal of Application and Application Money

No acknowledgment will be issued for the application moneys received by the Company. However, the Bankers to the Issue/Registrar to the Issue 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 Equity Shares allotted, will be refunded to the applicant within six weeks from the close of the Issue in accordance with section 73 of the Act.

For further instruction, please read the Composite Application Form (CAF) carefully.

Utilization of Issue Proceeds

The Board of Directors declares that:

1. The funds received against this Issue will be transferred to a separate bank account as per sub-section (3) of Section 73 of the Act.
2. Details of all moneys utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such moneys has been utilized.
3. Details of all such unutilized moneys out of the Issue, if any, shall be disclosed under an appropriate head in the balance sheet of the Company indicating the form in which such unutilized moneys have been invested.

The funds received against this Issue will be kept in a separate bank account and the Company will not have any access to such funds unless it satisfies the Designated Stock Exchange with suitable documentary evidence that the minimum subscription of 90% of the Issue has been received by the Company.

Undertakings by the Company

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 Exchanges where the securities are to be listed will be taken within seven working days of finalization of basis of allotment.
3. The funds required for dispatch of refund orders/ allotment letters/ certificates by registered post shall be made available to the Registrar to the Issue.
4. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.
5. No further issue of securities affecting equity capital of the Company shall be made till the securities issued/ offered through the Issue are listed or till the application moneys are refunded on account of non-listing, under-subscription etc.
6. The Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to 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.
7. 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.

Important

Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying Composite Application Form (CAF) are an integral part of the conditions of this Draft Letter of Offer 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 Split Application Forms 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 "Maral Overseas Limited - Rights Issue" on the envelope) to the Registrar to the Issue at the following address : MAS Services Limited, AB-4, Safdarjung Enclave, New Delhi-110029.

It is to be specifically noted that this Issue of Equity Shares is subject to the section entitled "Risk Factors" beginning on page [*] of this Draft Letter of Offer.

The Issue will not be kept open for more than 30 days unless extended, in which case it will be kept open for a maximum of 60 days.

SECTION VIII- MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act, 1956 and SEBI Guidelines, the main provisions of the Articles of Association of the Company are set forth below:

TABLE 'A' EXCLUDED

1. The Regulations contained in the Table 'A' in the First Schedule to the Companies Act, 1956 shall not apply to this Company but the regulations for the management of the Company and for observance of the members and their representatives shall, subject to any exercise of the statutory powers of Company in reference to the repeal or alterations of or additions to its regulations by special resolution as prescribed by the said Companies Act, 1956 be such as are contained in these articles.

INTERPRETATION

2. In these articles unless there be something in the subject or context inconsistent therewith the following words or expressions shall have the following meanings :-

"The Company" means MARAL OVERSEAS LIMITED

"The Act" means the Companies Act, 1956 and includes any statutory modification or re-enactment thereof for the time being in force.

"Board of Directors" or "The Board" means all the Directors of the Company, for the time being, taking and shall include Managing Director or Joint Managing Director but shall not include any employee designated as "Executive Director" or Works Director or by any other word prefixed to the word "Director".

"The Managing Director" means the Managing Director or Managing Directors of the Company for the time being.

"Month" means calendar month.

"These presents" means the Memorandum of Association and these Articles of Association as originally framed or the regulations of the Company for the time being in force. "Seal" means the Common Seal of the Company for the time being.

"Ordinary Resolution" and "Special Resolution" shall have the meanings assigned to them respectively by Section 189 of the Act.

"Paid up" includes credited as paid-up.

"In writing" and "Written" shall include printing, lithography or part printing and part lithography and any other mode or modes of representing or reproducing words in visible form.

The words imparting "singular number" shall include the plural number also.

The words imparting "masculine gender" shall include the feminine gender also.

The words imparting "person" shall include corporation. "The Office" means the Registered Office of the Company for the time being.

The word "debenture" include debenture-stock.

Subject as aforesaid and except where the subject or context, otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Companies Act as in force at the date on which these regulations become binding on the Company.

The marginal notes hereto shall not affect the construction hereof.

CAPITAL

3. The Authorised Share Capital of the Company is Rs. 55,00,00,000/- (Rupees Fifty Five Crore only) divided into 4,00,00,000 Equity Shares of Rs.10/- (Rupees Ten only) each aggregating to

Rs. 40,00,00,000/- (Rupees Forty Crore only) and 15,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each (Rupees Hundred only) aggregating to Rs. 15,00,00,000/- (Rupees Fifteen Crore only). The Company shall have the power to increase, consolidate, sub-divide, reduce or otherwise alter its share capital subject to the provisions of the Act."

SHARES AND CERTIFICATES

4. The shares in the capital shall be numbered progressively according to their several denominations. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

5. The Board shall observe the restriction as to allotment of shares to the public contained in Section 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

6. (1) Subject to the Provisions of the Act, where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in that Company made for the first time after its formation (which ever is earlier) the Board decides to increase the capital of the Company by the issue of new shares, then subject to any directions to the contrary which may be given by the Company in General Meeting and subject only to those directions, such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the capital paid upon those shares at that date and such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given, that he declines to accept the shares offered, the Board may dispose of them in such manner as it thinks most beneficial to the Company.

(2) Notwithstanding anything contained in clause (1) hereof the further shares therein referred to, may be offered to any persons whether or not those persons include the persons referred to in clause (1) in any manner whatsoever :

(a) If a special resolution to that effect is passed by the Company in general meeting or;

(b) Where no such special resolution is passed, if votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who being entitled so to do, vote in person or, where proxies as allowed, by proxies exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board in this behalf that the proposal is most beneficial to the Company.

(3) Nothing in clause (1) and (2) of this Article shall apply to the increase of the subscribed capital caused by exercise of option attached to debentures issued or loans raised by the Company or to subscribe for shares in the Company in the cases permitted by sub-clause (b) of sub-section (3) of Section 81 of the Act.

7. Subject to the provisions of these Articles and of the Act, the shares shall be under the control of Directors, who may allot or otherwise dispose of the same on such terms and

conditions and at such times as the Directors think fit and (subject to the provisions of Sections 78 and 79 of the Act) either at a premium or at par or discount.

Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in General Meeting.

8. Any application signed by or on behalf of any applicant for shares in the Company, followed by an allotment of any share herein shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is on the Register of members shall for the purpose of these Articles be a member.

9. (1) The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, 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.

(2) Every member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for time being, remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall, from time to time, in accordance with the Company's regulations, require or fix for the payment thereof.

10. Except as required by law or order of a court of competent jurisdiction, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound or compelled in any way to recognise (even when having notice thereof) any benami, equitable, contingent future or partial interest in any share or any interest in any fractional part of a share (except only by these presents or by law otherwise provided) or any other rights in respect of any share, except in an absolute right to the entirety thereof in the registered holder.

11. Save as permitted by the Act, the funds of the Company may be employed in the purchase of its own shares or for subscription in the Company of its own shares and to deal in and to buy/sell/resell or cancel its shares or lent on the security of, shares of the Company and the Company may give directly or indirectly any financial assistance, whether by way of loan, guarantee, the provisions of security or otherwise, for the purpose of or in connection with any purchase of or subscription for shares in the Company of which it may, for the time being, be a subsidiary.

12. The certificates of titles to shares and duplicate thereof when necessary shall be issued under the seal of the Company.

13. Every member shall be entitled to one or more certificates in marketable lot for all the shares registered in his name. Every certificate of shares shall specify the number and distinctive numbers of the shares in respect of which it is issued and the amount paid up thereon.

14. If any certificate be worn out or defaced, then, upon production thereof to the Directors, they may order the same to be cancelled and may issue a new certificate in lieu thereof and if any certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the directors and on such indemnity as the directors deem adequate being given, a new certificate in lieu thereof shall be issued to the registered holder of the shares to which such lost or destroyed certificate shall relate, "Provided that no fee shall be charged for sub-division or consolidation of shares into lots of the market unit of trading or for issue of share certificates in replacement of

those that are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised."

15. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditional) for any shares or debentures in the Company, or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in the Company, but so that the commission shall not exceed in the case of shares five per cent of the price at which the shares are issued, and in the case of debentures two and a half per cent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also pay on any issue of shares or debentures such brokerage as may be lawful and reasonable.

15A. 'DEMATERIALISATION OF SECURITIES'

1. For the purpose of this Article :-

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository.

'Depository' means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a Depository under the Securities and Exchange Board of India Act, 1992; and

'SEBI' means the Securities and Exchange Board of India.

2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise/ rematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder.

3. All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B and 187C of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

4. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

5. Notwithstanding anything to the contrary contained in the Act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

6. Nothing contained in Section 108 of the Companies Act, 1956 or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of who are entered as beneficial owners in the records of a depository.

7. Notwithstanding anything 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.

8. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

9. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

CALLS

16. The Director may, from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotments, thereof made payable at fixed times and each member shall pay the amount of every call so made by him to the person and at the time and place appointed by the Directors. A call may be made payable by instalments.

17. A call be deemed to have been made at the time when the resolution of the directors authorising such call was passed, not less than fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call be paid.

18. The Board may, from time to time and at its discretion extend the time fixed for the payment of any call and may extend such time as to call of any of the members who for residence at distance or other cause, the Board may deem fairly entitle to such extension; but no member shall be entitled to such extension save as a matter of grace and favour.

19. If any member fails to pay any call, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time, be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover from any such member and the Board shall be at liberty to waive payment of such interest either wholly or in part.

20. If by the terms of issue of any shares or otherwise any amount is made payable on allotment or at any fixed date or instalments at fixed times, whether on account of the amount of the share or by way of premium every such amount or instalment shall be payable as if it were a call duly made by the Directors and on which due notice had been given and all provisions herein contained in respect of calls shall relate to such amount or instalment accordingly.

21. On the trial or hearing of any action or suit brought by the Company against any shareholder or his representatives to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is or was when the claim arose on the Register of shareholders of the Company as a holder or

one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the directors who made any call, nor that a quorum of directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter but the proof of matters aforesaid shall be conclusive evidence of the debt.

22. The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the money so paid in advance, or so much there of as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as the members paying such sum in advance and the Directors agree upon Moneys so paid in excess of the amount of calls shall not rank for dividends or participate in profits. The directors may at any time repay the amount so advanced upon giving to such member three months notice in writing.

JOINT HOLDERS

23. Where two or more persons are registered as holders of any shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to the following and other provisions contained in these Articles:

- (a) Shares may be registered in the name of any person, Company or other body corporate but not more than three persons shall be registered jointly as members in respect of any shares.
- (b) The certificate of shares registered in the names of two or more persons shall be delivered to the person first named on the Register.
- (c) The joint holders of a share shall be jointly and severally liable to any calls in respect thereof.
- (d) If any shares stand in the names of two or more persons the person first named in the register shall as regards receipt of share certificates, dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meetings, and the transfer of the shares, be deemed the sole holder thereof but the joint holders of share shall be severally as well as jointly liable for the payment of all installment and calls due in respect of such share and for all incidents thereof according to the Company's regulations.
- (e) In the case of the death anyone or more of the persons named in the register of members as the joint holders of any share, the survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.
- (f) If there be joint registered holders of any shares any one of such persons may vote at any meeting either personally or by proxy in respect of such shares, as if he were solely entitled thereto, provided that if more than one of such joint holders be present at any meeting either personally or proxy, then one of the said persons so present whose name stands higher on the register of members shall alone be entitled to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present, at the meeting. Several executors or administrators of a deceased member in whose

names shares stand shall for the purpose of these articles be deemed joint holders thereof.

- (g) A document or notice may be served or given by the Company on or to joint holders of a share by serving or giving the document or notice on or to the joint holder named first in the register of members in respect of the shares.

FORFEITURE AND LIEN

24. If any member fails to pay any call or instalment on or before the day appointed for the payment of the same, the directors may at any time thereafter during such time as the call or 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 incurred by the Company by reason of such non-payment.

25. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment of at or before the time and at the place appointed the shares in respect of which such call was made or instalment is payable shall liable to be forfeited.

26. If the requisition of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may at any time thereafter before payment of all calls, instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

27. When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to notice or to make such entry so aforesaid.

28. Any share so forfeited shall be deemed to be property of the Company and the directors may sell or otherwise dispose of the same in such manner as they think fit.

29. The Directors may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of annul the forfeiture thereof on such conditions as they think fit.

30. Any member whose shares have been forfeited shall notwithstanding such forfeiture be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture together with interest thereon, from the time of forfeiture until payment, at 12 (Twelve) percent per annum, and Directors may enforce the payment thereof, without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligation to do so.

31. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

32. A duly verified declaration in writing that the declarant is a director or secretary of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposal thereof shall constitute a good title to such shares and the person to whom the shares are sold shall be registered as the holder of such shares and shall not be bound to see to the application of the purchase money nor shall his title to such shares be affected by any irregularity or invalidity in the proceeding in reference to such forfeiture, sale or disposal.

33. The Company shall have first and paramount lien upon all the share (not being fully paid up) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such shares solely or jointly with any other person to the Company whether the period for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article hereof is to have full effect and lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registrations of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

34. For the purpose of enforcing such lien, the directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until notice be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell, have been served on such member, his executors or administrators or his committee curators bonis or other legal curator and default shall have been made by him or them in the payment of moneys called in respect of such shares for seven days after such notice.

35. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and residue, if any, shall (subject to like lien for sums not presently payable, as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

36. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the directors 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 nor 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 damages, only and against the Company, exclusively.

37. Upon any sale, re-allotment or otherwise disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative share shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto distinguishing it or them in such manner as they may think fit from the old certificate or certificate.

INCREASE, REDUCTION AND ALTERATION IN AUTHORISED, ISSUED AND SUBSCRIBED CAPITAL

38. The Company may from time to time in general meeting by special resolution alter the conditions of its memorandum by increase of authorised share capital by creation of new shares of such amount as it thinks expedient.

39. Except so far as may be otherwise provided by the conditions of issue or by those, any capital raised by the creation of new shares shall be considered part of the original capital herein contained with reference to the payments of calls and instalments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

40. The Company may, (subject to the provisions of Sections 100 to 105 of the Act), from time to time, by Special Resolution reduce its share capital or any capital Redemption Reserve Account or Share Premium Account in any way authorised by law and in particular may payoff any paid up share capital upon the footing that it may be called up again or otherwise, and may, if and so far as is necessary, alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.

41. The Company may in general meeting subject to provisions of the Act, alter the conditions of Memorandum of Association as follows :

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
- (b) Subdivide its shares any of them into shares of smaller amount than originally fixed by the Memorandum of Association subject nevertheless to the Provisions of the Act and of these Articles.
- (c) Cancel shares which, at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the share so cancelled.

42. The right conferred upon the holders of shares of any class issued with preferred or other right shall not, unless otherwise expressly provided by the term of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith, but in no respect in priority thereto.

MODIFICATION OF CLASS RIGHTS

43. If at any time the capital by reason, of the issue of preference shares or otherwise is divided into different class of shares all or any of the right and privileges attached to each class may, subject to the Provisions of Section 106 and 107 of Act, be modified, abrogated or dealt with subject to :

- (a) The consent of the holders of not less than three fourth of the issued shares of that class, or
- (b) The sanction of special resolution passed at a separate meeting of the holders of the issued shares of that class. To every such separate meeting, provision herein contained as

to general meeting shall mutatis mutandis apply.

44. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any agreement or resolution passed to the Registrar of Company.

TRANSFER AND TRANSMISSION OF SHARES

45. (a) The instrument of transfer of any shares in the Company shall be executed both by the transferee and the transferor and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the register of members in respect thereof.

(b) The Company shall not register a transfer of shares in or debentures of the Company, unless proper instrument of transfer duly stamped and executed by or on behalf of the transferor and transferee and specifying the name, address and occupation, if any of transferee has been delivered to the Company along with the certificate relating to the shares or debentures or if no such certificate is in existence along with the letter of allotment of shares or debentures provided that where on an application made in writing to the Company by transferee and bearing the stamps required for an instrument of transfer, it is provided to the satisfaction of the Board of Directors that instrument of transfer signed by or on behalf of the transferor and transferee has been lost, the Company may register the transfer on such terms as to indemnity or otherwise as the Board may think fit.

(c) An application for the registration of the transfer of any shares to be made either by the transferor or by the transferee, provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee in accordance with Section 110 of the Act.

(d) For the purpose of sub-clause (c) notice to the transferee shall be deemed to have been duly given if despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered in the ordinary course of post.

(e) Nothing in sub-clause (d) shall prejudice any power of the Board of Directors to register as a shareholder any person to whom the right to any share has been transmitted by the operation of law.

(f) Nothing in this article shall prejudice the power of the Board of Directors to refuse to register the transfer of any share to a transferee whether a member or not.

46. Subject to the provision of section 154 of the Act, the Board shall have power on giving not less than seven days' previous notice by advertisement in a newspaper circulating in the district in which the registered office of the Company is situated to close the transfer books, the register of members or register of debenture holders at such times and for such period or periods, not exceeding in the aggregate forty five days in each year, as it may seem expedient.

47. Subject to the provisions of Section 111A, the Board without assigning any reason for such refusal may within two months from the date on which the instrument of transfer was delivered to the Company, refuse to register any transfer of a share upon which the Company has lien and in the case of a share not fully paid up, may refuse to register a transfer to a transferee to whom the Board does not approve, provided that registration of a transfer of fully paid-up shares shall not be generally refused and in particular 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 having a lien on shares and that where any transfer is refused the President of the Stock Exchange with whom the company's shares are enlisted will be taken into confidence as to the reason therefor.

48. The executors or administrators or holders of a succession certificate or the legal representatives of a deceased not being one or two or more joint holders shall be only persons recognised by the Company as having any title to the shares registered in the name of such member and the Company shall not be bound to recognise such executors, administrators or holders of succession certificate or the legal representatives unless they shall have first obtained Probate or Letters of administration or succession certificate or the legal representation as the case may be, from a duly constituted court in the Union of India, provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letter of Administration or Succession Certificate upon such terms as to indemnity or otherwise as the Board, in its absolute discretion may think necessary and under the next Article register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.

49. Subject of the provisions of the preceding two Articles, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by transfer in accordance with the Articles may, with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he purports to act under these Articles or of his title as the Board think sufficient either be registered himself as the holder of shares or elect to have some person nominated by him and approved by the Board registered as such holder, provided nevertheless that if such person shall elect to have his nominee registered, he shall testify the election by executing favour of his nominee an instrument of transfer in accordance with provisions herein contained and until he does so he shall not be freed from any liability in respect of the shares

49A. Notwithstanding anything contained in Articles elsewhere, every holder of shares in, or holder of debentures of the Company may, at any time, nominate, in the manner prescribed by Section 109A & B of the Companies Act, 1956 as amended, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.

50. The person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were a registered holder of shares except that he shall not before being registered as a member in respect of the shares, be entitled in respect of it, to exercise any right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if notice is not complied with within sixty days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of the share until the requirements of the notice have been complied with.

51. Every instrument of transfer which is registered shall remain in the custody of the Company until destroyed by order of the Board.

52. No fee shall be payable to the Company in respect of the transfer or transmission of any shares in the Company.

53. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares notwithstanding that the Company may have had notice of such equitable right, title or interest to prohibiting registration.

54. If a dispute in relation to transfer/transmission is pending the right for bonus issue, rights issue or dividend payments shall be kept in abeyance till the title of shares in accordance with the provision of Section 206A of the Act.

55. Subject to the provisions of Sections 58A, 292 and 293 of the Act and of these Articles, the Board may, from time to time and at its discretion, by a resolution passed at a meeting of the board, accept deposits from members, either in advance of calls or otherwise and raise or borrow or secure the payment of any sum or sums of money for the Company.

56. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit and in particular by resolution passed at meeting of the Board (and not by circular resolution) by the issue of debentures or debentures-stock of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being and debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

57. Any debentures, debenture-stock or other securities may be issued at discount, premium or otherwise and subject to the provisions of the Act, may be issued on condition that they shall be convertible into shares of any denomination and with any privileges or conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.

58. If any uncalled capital of the Company is included in or charged by any mortgage or other securities, the directors may subject to the provisions of the Act and these presents make calls on members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

59. The Company shall comply with all the provisions of the Act, in respect of the mortgages or charges created by the Company and the registration thereof and the transfer of the debentures of the Company and the register required to be kept in respect of such mortgages, charges and debentures.

60. If the directors or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the Company, the directors may execute or cause to be executed any mortgage, charges or securities over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

RESERVE AND DEPRECIATION FUNDS

61. The Directors may, subject to the Companies (Transfer of Profits to Reserves) Rules, 1975, as amended from time to time, before recommending any dividend set apart any and such portion of the profits of the Company as they think fit as a Reserve Fund to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company for equilization of dividends or for repairing, improving and maintaining any of the property of the Company and for such other purposes of the Company as the directors in their absolute discretion think conducive to the interest of the Company and may invest the several sums or

set aside upon such investments (other than shares of the Company) as they think fit and from time to time, deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the Reserve Fund into such special funds as they think fit, with full power to transfer the whole or any portion of a Reserve Fund to another Reserve Fund or a division of a Reserve Fund and also with full power to employ the Reserve Funds or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same.

62. The Directors may, from time to time before recommending any dividend, set apart any and such portion of the profits of the Company, as they think fit, as a depreciation fund applicable at the discretion of the directors for providing against any depreciation in the investments of the Company or for rebuilding, restoring, replacing or for altering any part of the buildings, work, plant, machinery or other property of the Company, destroyed or damaged by fire, flood, storm, tempest, earthquake, accident, riot, wear and tear or any other means whatsoever and for repairing, altering and keeping in good condition the property of the Company or for extending and enlarging the building, machinery and property of the Company with full power to employ the assets constituting such depreciation fund in the business of the Company and that without being bound to keep the same separate from the other assets.

63. All moneys carried to any reserve fund and depreciation fund respectively shall nevertheless remain and be profits of the Company applicable subject to, due provisions being made for accrual loss or depreciation, for the payment of dividend and such moneys and all the other moneys of the Company may be invested by the directors in or upon such investments or securities as they may select or may be used as working capital or may be kept at any bank on deposit or otherwise as the directors may from time to time think proper.

GENERAL MEETINGS

64. (1) In addition to any other meetings, annual general meetings, of the Company shall be held at such intervals as are specified in Section 166 (1) of the Act, and subject to the provisions of Section 166 (2) of the Act, at such times and places as may be determined by the Board.

(2) Each such general meeting shall be called Annual General Meeting. Every Annual General Meeting shall be called for a time during business hours on a day that is not a public holiday and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situated.

65. All other meetings of the Company other than those referred to in the preceding clause shall be called Extraordinary General Meetings.

66. The Directors may, whenever they think fit and they shall, on the requisition of the holders of not less than one-tenth of such of the paid up capital of the Company which at that date carries right of voting in regard to the matter in respect of which the requisition is made, forthwith proceed to convene an Extraordinary General Meeting of the Company and in the case of such requisition the provision of Section 169 of the Act shall apply.

67. Twenty-one days, notice at least of every General Meeting, Annual or Extraordinary and by whomsoever called, specifying the day, place and hour of meeting and the general nature of the

business to be transacted thereat shall be given in the manner hereinafter provided to such persons as are under these Articles or the Act entitled to receive notice from the Company provided that in the case of an annual general meeting with consent in writing of all the members entitled to vote thereat and in the case of any other meeting with consent of the members holding not less than 95% (Ninty five per cent) of such part of the paid-up capital of the Company as gives a right to vote at the meeting, a meeting may be convened by shorter notice. In the case of an Annual General Meeting, if any business other than (i) the consideration of the accounts, balance sheets and reports of the Board and Auditors, (ii) the declaration of dividend (iii) the appointment of directors in place of those retiring, (iv) the appointment of and fixing of the remuneration of Auditors, is to be transacted and in the case of any other meeting in any event, there shall be annexed to the notice of the meeting a statement setting out all the material facts concerning each such item of business, including in particular the nature and extent of the interest, if any, therein of every director and manager (if any). Where any such item of business relates to or affects any other Company the extent of shareholding interest in that other Company of every director and Manager, if any, of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than twenty per cent of the paid up share capital of that other Company. Where any item of business consists of the accord of approval to any documents by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

68. The accidental omission to give any such notice to or the non-receipt of notice by any of the members or persons entitle to receive the same shall not invalidate the proceedings at any such meeting.

69. Five members present in person shall be a quorum for a General meeting. A corporation being a member shall be deemed to be present if it is represented, in accordance with Section 187 of the Act. The President of India or Governor of a State shall be deemed to personally present if he is represented in accordance with Section 187 A of the Act.

70. If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved but in any other case the meeting shall stand adjourned to the same day in the next succeeding week which is not a public holiday, at the same time and place or to such other day and such other time and place as the Board may determine and if at such adjourned meeting a quorum is not present at the expiration of half an hour, from time to time, appointed for holding the meeting, the members present shall be a quorum and may transact the business for which the meeting was called.

71. The Chairman (if any) of the Board shall be entitled to take the chair at every General Meeting, whether annual or extraordinary, if there be no such Chairman of the Board or at any meeting he shall not be present within 15 minutes of the time appointed for holding such meeting or shall decline to take the chair then any other Director present thereat shall be entitled to take the chair and the members present shall elect another Director as Chairman and if no Director be present or if all the Directors present decline to take the chair, then the members present shall elect one of their members to be Chairman.

72. The election of the Chairman, if necessary, shall be carried out in accordance with Section 175 of the Act.

73. No business shall be discussed at any General Meeting except election of a Chairman while

the chair is vacant.

74. The Chairman with the consent of the meeting may, and shall if so directed by the meeting, adjourn any meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Subject to the provisions of the Act, it shall not be necessary to give any notice of an adjournment or of the date, the time or the place of the adjourned meeting or of the business to be transacted thereat.

75. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) ordered by the Chairman or demanded by at least five members having the right to vote on the resolution and present in persons or by proxy or by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid-up which is not less than one-tenth of the total sum paid-up on all the shares conferring that right and unless a poll is so demanded, a declaration by the Chairman that a resolution has on a show of hands, been carried or carried unanimously or by a particular majority or lost, and an entry to that effect in the minutes book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.

76. In the case of an equality of votes the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.

77. If poll is demanded as aforesaid the same shall subject to Article 73 be taken at such time (not later than forty-eight hours from the time when the demand was made) and place and either by open voting or by ballot as the Chairman shall direct and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the persons who made the demand.

78. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from the office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.

79. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith.

80. The demand for a poll, except on the questions of the election of the Chairman and of adjournment, shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

81. No member shall be entitled to vote either personally or by proxy for another member at any General Meeting of a class of share-holders either upon a show of hands or upon poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has any right of lien and has

exercised the same.

82. (a) On a show of hands, every holder of equity shares entitled to vote and present in person or by proxy shall have one vote and on a poll the voting right of every holder of equity share whether present in person or by proxy, shall be in proportion in his share of the paid-up equity capital of the Company.

(b) The voting rights of the holders of redeemable cumulative preference shares shall be in accordance with Section 87 of the Act.

83. On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy, or other person entitled to vote for him, as the case may be, need not, if he votes, use of all his votes or cast in the same way all the votes he use.

84. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on a poll, vote by proxy; if any member be a minor the vote in respect of his shares shall be by his guardian or anyone of his guardians, if more than one.

85. (1) Subject to the provisions of these Articles vote may be given either personally or by proxy. A corporation being a member may vote by representative duly authorised in accordance with section 187 of the Act, and such representative shall be entitled to speak, demand a poll, vote, appoint a proxy and in all other respects exercise the rights of a member and shall be reckoned as a member for all purposes.

(2) Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or under the hand of its committee or guardian may appoint such proxy.

The proxy, so appointed shall not have any right to speak at the meetings.

(3) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed on 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 at which the person named in the instrument proposes to vote, and in default the instruments of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

(4) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in either of the forms set out in Schedule IX of the Act.

(5) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

86. (1) No objection shall be made to the validity of any vote, except at meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll.

(2) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

87. Subject to the provisions of Section 193 of the Act, the Company shall cause to be kept minutes of all proceedings of general meetings which shall contain a fair and correct summary of the proceedings there at and a book containing such minutes shall be kept at the registered office of the Company and shall be open during business hours, for such periods not being less in the aggregate than two hours, in each day, as the directors may determine for the inspection of any member without charge. The minutes aforesaid shall be kept by making within 30 days of conclusion of every such meeting concerned entries thereof in the said book which shall have its pages consecutively numbered. Each page of the book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of the Chairman to sign as aforesaid within that period, by a director duly authorised by the Board for that purpose. In no case shall the minutes be attached to any such book by pasting or otherwise.

DIRECTORS

88. Subject to Sections 252 and 259 of the Act, the number of Directors shall not be less than three or more than twelve.

89. The first Directors of the Company shall be :

1. Shri Om Prakash Rupramka
2. Shri Shekhar Agrawal
3. Shri Ravi Jhunjunwala

90. Subject to Section 313 of the Act, the Board of Directors of the Company may appoint an alternate director to act for any director (hereinafter in this Article called "the original director") during his absence for a period not less than three months, from the state in which the meetings of the Board are ordinarily held.

91. The Directors shall have power, at any time and from time to time, appoint any qualified person to be a director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date upto which the director in whose place he is appointed have held office, if it had not been vacated as aforesaid but he shall than be eligible for re-election.

92. The Directors also have power, at any time and from time to time, to appoint any other qualified person to be director as an addition to the Board so that the total number of directors shall not at any time exceed maximum fixed above. Any person so appointed as an addition to the Board shall retain his office only upto the date of the next Annual General Meeting, but shall be eligible for re-election at such meeting.

93. The Company may agree with any financial institution, Company or any other authority, person, state, or institution that in consideration of any loan or financial assistance of any kind whatsoever which may be rendered by it, it shall have power to nominate such number of directors on the Board of Directors of the Company as may be agreed and from time to time, remove and re-appoint them and to fill in vacancy caused by such directors otherwise ceasing to hold office. Such nominated directors shall not be required to hold any qualification shares and shall not be liable to retire by rotation. The director appointed under this Article is hereinafter referred to as "Institutional Director".

94. Any Trust Deed for securing debentures or debenture-stock may, if so arranged, provide for the appointment from time to time by the trustees thereof or by the holders of the debentures or debentures-stock of some person to be a director of the Company and may empower such trustees or holders of debentures or debenture-stock, from time, to time remove any director so appointed. A director appointed under this Article is herein referred to as a "Debenture Director" and the term "Debenture Director" means a Director for the time being in office under this Article. A debenture director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The trust deed may contain such ancillary provisions as may be arranged between the Company and the trustees and all such provisions herein contained.

95. No share qualifications will be necessary for being appointed as or holding the office of a director of the Company.

96. The fee payable to Directors for attending a meeting of the Board or Committee thereof shall be Rs. 2000/- for each meeting or such as may be decided by the Board of Directors within the limits as prescribed/may be prescribed by the law in this behalf from time to time.

97. The Directors may, subject to limitation provided by the Act, allow and pay to any Director who is not a resident of the place where the registered Office for the time being of the Company is situated or where the meeting of the Board is held and who shall come to place for the purpose of attending a meeting of the Board or Committee thereof such sum as the directors may consider fair compensation for traveling expenses, in addition to his fees for attending such meeting as above specified.

98. Subject to the provisions of the Act and these Articles, if any directors be called upon to perform extra service or special exertions or efforts (which expression shall include work done by a director as a member of any committee formed by the directors) the Board may arrange with such director for such special remuneration or such wise as services or special exertions or efforts by a fixed sum or other extra may be either in addition to or in substitution for his remuneration above provided.

99. The continuing directors may act notwithstanding any vacancy in their body but so that if the numbers falls below the minimum number fixed the directors shall not except in emergencies or for the purpose of filling up vacancies or for summoning general meeting of the Company act as long as number is below the minimum.

100. The office of a Director shall ipso facto be vacated on happening of any of the event provided for in Section 283 of Act.

101. Subject to the provisions of section 297 of the Act, a director, shall not be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such director or a firm in which such firm or relative is a partner or with any other partner in such firm or with a private Company of which such director is a member or director, be avoided, nor shall director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such director holding office or Qf the fiduciary relation thereby established.

102. Every director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice renewable in last month of each financial year as provided for in Section 299 (2) (b) of the Act, that director is a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of the concern or interest in relation to any contract or arrangement so made and after such general notice shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or the firm provided that such general notice is given at a meeting of the Board of Directors or the director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given. Provided that this Article will not apply to any contract or arrangement entered into or to be entered into between the Company and any other Company where any of the directors of the Company or two or more of them together holds or hold not more than 2% (two percent) of the paid up share capital in the other Company.

103. A director of a Company may be or become a director of any Company promoted by the Company or in which he may be interested as vendor, member or otherwise and no such director may be accountable for any benefit received as director or member of such Company.

104. Subject to provisions of Section 300 of the Act, no director shall as a director take part in the discussion of or vote at any contract or arrangement in which he is in any way whether directly or indirectly concerned or interested nor shall his presence be counted for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to the exceptions provided for in Section 300 of the Act.

105. Except as otherwise provided by these articles all the directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

ROTATION OF DIRECTORS

106. At the first annual general meeting of the Company, all the directors (except those who are not liable to retire by rotation) and at the annual general meeting of the Company in every subsequent year one-third of such of the directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three the number nearest to one-third shall retire from office.

107. Subject to section 256 of the Act, the Directors to retire by rotation under the last preceding Article at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became directors on the same day, those who are to retire shall in default of and subject to any agreement among themselves, be determined by lot.

108. A retiring director shall be eligible for re-election.

109. Subject to provisions of the Act, the Company at the General Meeting at which a director retires in manner aforesaid may fill up the vacated office by electing a person thereto.

110. (a) If the place of the retiring director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the

next week at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.

(b) If at the adjourned meeting also, the place of the retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the director shall be deemed to have been re-appointed at the adjourned meeting, unless:

- (i) At that meeting or at the previous meeting a resolution for the re-appointment of such directors has been put to the meeting and lost; or
- (ii) The retiring director has, by a notice in writing addressed to the Company or the Board expressed his unwillingness to be so re-appointed; or
- (iii) He is not qualified for appointment; or
- (iv) A resolution whether special or ordinary is required for the appointment or re-appointment by virtue of any provisions of the Act; or
- (v) The provision to sub-section (2) of the Section 263 of the Act is applicable to the case.

111. Subject to the provisions of Section 252, 258 and 259 of the Act, the Company may, by ordinary resolution, from time to time, increase or reduce the number of directors and may alter their qualifications and the Company may (subject to the provisions of Section 284 of the Act) remove any director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as the director in whose place he is appointed would have held the same if he had not been so removed.

112. (a) No person, not being a retiring director, shall be eligible for election to the office of director at any General Meeting unless he or some other member intending to propose him has at least fourteen clear days before the meeting, left at the office a notice in writing under his hand signifying his candidature for the office of director or the intention of such member to propose him as a candidate for that office and he or the proposer has deposited with the Company Rs. 500/- (Rs. Five hundred) as a security alongwith the notice as required under Section 257 of the Companies Act, 1956.

(b) On the receipt of the notice referred to in Clause (a) of this Article the Company shall inform its members of the candidature of a person for the office of director or the intention of a member to propose such person as a candidate for that office, by serving individual notice on the members not less than seven days before the meeting provided that it shall not be necessary for the Company to serve individual notice upon the member if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the district in which the registered office of the Company is situated of which one is published in the English language and the other in the regional language.

113. (a) Every director (including a person deemed to be a director by virtue of the explanation of sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company shall, within twenty days of his appointment to or as the case may be relinquishment of any of the above office in any other body corporate disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.

(b) Every director and every person deemed to be a director of the Company by virtue of sub-section (10) of Section 307 of the Act, and every manager shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of the Section.

PROCEEDINGS OF DIRECTORS

114. (1) Subject to the provisions of Section 285 of the Act, the Meetings of directors Board of Directors may meet for the despatch of business, adjourn and otherwise regulate its meeting as it thinks fit.

(2) Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one), or two directors, whichever is higher provided that where at any time the number of interested directors exceeds or is equal to two-thirds of the total strength the number of directors who are not interested shall be the quorum during such time provided such number is not less than two.

115. If a meeting of the Board could not be held for want of quorum, then the meeting shall stand adjourned to such other time, date and place as may be fixed by the directors present not being later than fifteen days from the date originally fixed for the meeting.

116. The Chairman, if any, or the Managing Director of his own motion or the Secretary of the Company shall upon the request in writing of two directors of the Company or if directed by the Managing Director or Chairman, if any, convene a meeting of the Board by giving a notice in writing to every director for time being in India and at his usual address in India to every other director.

117. The directors may, from time to time, elect from among their number, a Chairman of the Board and determine the period for which he is to hold office. If at meeting of the Board the Chairman is not present within five minutes after the time appointed for holding the same, directors present may chose one of their members to be Chairman of the meeting.

118. Questions arising at any meeting of the Board shall be decided by a majority of votes and in case of equality of votes, the Chairman shall have a second or casting vote.

119. A meeting of the Board for the time being at which quorum is present shall be competent to exercise all or any of the authorities powers and discretions which by or under the Act or the Articles of the Company are for time being vested in or exercisable by the Board generally.

120. Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of their powers to a committee of directors consisting of such director or directors or one or more directors and a member or members of the Company as it thinks fit or to the Managing Directors, the Manager or any other principal officer of the Company or a branch office or to the one or more of them together and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part and either as to persons or purposes but every Committee of the Board. All acts done by such committee of the Board in conformity to any resolution that may from time to time be imposed on it by the Board, all

acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointment but not otherwise, shall have the like force and effect as if done by the Board provided that such delegation shall not be in respect of matters enumerated in sub-clauses (a), (b), (c), (d) or (e) of Clause (1) (as modified by explanations II thereof) of Section 292 save and except that the said powers may be delegated only to the extent permitted by and subject to restrictions and limitations contained in clause (2), (3) and (4) of Section 292 of the Act.

121. The meetings and proceedings of any such committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the directors so far as the same applicable thereof and are not superceded by any regulations made by the directors under the last preceding article.

122. A resolution shall be deemed to have been duly passed by the Board or a Committee thereof by circulation, if the resolution has been circulated in draft, together with the necessary papers, if any, to all the directors or to all the members of the Committee, then in India (not being less in ' number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other directors or members of the Committee at their usual address in India and has been approved by all such Directors or members of the Committee as are then in India or by a majority of such of the directors as are entitled to vote on the resolution.

123. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such director or persons acting as aforesaid or that they or any of them were disqualified or had vacated office or that the appointment of any of them has been terminated by virtue of any provisions contained in the Act or in these Articles as valid as if every such person has been duly appointed was qualified to be a director and had not vacated his office or his appointment had been terminated provided that nothing in this Article shall be deemed to give validity to acts done by a director after his appointment has been shown to the Company to be invalid or to have terminated.

124. The Company shall cause minutes to be duly entered in a book or books provided for the purpose:

- (i) Of the name of the Directors present at such meeting of the Board; and of any committee of the Board;
- (ii) Of all orders made by the Board and Committee of Board;
- (iii) Of all resolution and proceedings of the meetings of the Board and Committees of the Board; and
- (iv) In the case of each resolution passed at a meeting of the Board or Committees of the Board the names of those directors, if any, dissenting from or not concurring in the resolution. Every such book shall be maintained and the minutes entered therein and signed in the manner laid down by Section 193 of the Act and the minutes so entered and signed shall be received as conclusive evidence of the proceedings recorded therein.

POWERS OF THE BOARD

125. Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things the

Company is authorised to exercise and do provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or in other statute or by the Memorandum of the Company or by these Articles or otherwise to be exercised or done by the Company in General meeting provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other Act or in the Memorandum of Association of the Company or these Articles or any regulations not inconsistent therewith and duly made thereunder including regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if those regulations had not been made.

126. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by the Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the directors shall have the following powers, that is to say power:-

(1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.

(2) To pay and charge to the capital account of the Company any commission or interest lawfully payable under the provisions of Section 76 and 208 of the Act.

(3) Subject to Sections 292, 297 and 360 of the Act, to purchase or otherwise acquire for the Company property, rights or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit and if any such purchase or other acquisition to accept such title as the directors may believe or may be advised to be advised to be reasonably satisfactory.

(4) At their discretion and subject to the provisions of the Act to pay for property, rights or privileges acquired by or services rendered of the Company either wholly or partly in shares, bonds, debentures, mortgages or other securities of the Company and any such shares may be issued either fully as paid-up or with such amount credited as paid-up thereon as may be agreed. upon and any such either specifically charged upon all or any part of the Company and its uncalled capital or not so charged.

(5) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.

(6) To accept from any member, so far as may be permissible by law, surrender of his shares or any part thereof, on such terms and conditions as shall be agreed upon.

(7) To appoint any person to accept and hold in trust for the Company any property, belonging the Company or in which it is interested or any other purposes and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustees.

(8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company and to refer any differences to arbitration either according to Indian law or according to any foreign law and either in

India or abroad, and observe, perform or challenge any award made thereon.

(9) To act on behalf of the Company in all matters relating to bankrupts or insolvents.

(10) To make and give receipts, release and other discharges for moneys payable to the Company and for the claims and demands of the Company.

(11) Subject to the provisions of Section 292, 293 (1) (a), 295, 369, 372(A) and 373 of the Act, to invest and deal with any moneys of the Company, upon such security (not being shares of this Company), or without security and in such manner as they may think fit and from time to time to vary or realise such investments save as provided in Section 49 of the Act, all investment shall be made and held in the company's own name.

(12) To execute in the name and on behalf of the Company in favour of any director or other person who may incur or be about to incur any personal liability whether as principal or surety for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

(13) To determine, from time to time, who shall be entitled to sign, on the Company's behalf bills, notes, receipts, release, contracts and documents and to give the necessary authority for such purpose.

(14) To distribute by way of bonus amongst the staff of the Company, a share in profits of the Company and to give to any officer or other person employed by the Company a commission on the profit of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.

(15) To provide for the welfare of directors, ex-directors or employees or ex-employees of the Company and the wives, widows and families or the dependants or connection of such persons by building or contributing to the building of houses, dwelling or chawls or by grants of money, pension, gratuities, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident and other association, institutions, funds or trusts and providing or subscribing or contributing towards places of interest and recreation, hospitals and dispensaries, medical and other attendance and other assistance subject to the limits laid down by Section 293 and 293-A of the Act as amended by the Companies (Amendment) Act, 1960 as the Board shall think fit and subject to provisions of the Act to subscribe or contribute or otherwise to assist or to guarantee moneys to charitable, benevolent, religious, scientific, national or other institutions, bodies and objects which shall have any moral or other claim to support or and by the Company, either by reason of locality of operation or of public and general utility or otherwise.

(16) Subject to the provisions of the Act, to appoint and at their discretion, remove or suspend such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may, from time to time, think fit and to determine their power and duties and fix their salaries or emoluments or remuneration and to require security in such instances and of such amount as they may think fit and from time to time, to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit.

(17) To comply with the requirements of any local law which in their opinion it shall, in the interest of the Company, be necessary or expedient to comply with.

(18) From time to time and at any time, to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Board and to fix their remuneration.

(19) Subject to Section 292 of the Act, from time to time and at any time, to delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board and to authorise any member for the time being of any such local Board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and an such appointment or delegation may be made on such terms and subject to such conditions as the Board thinks fit and may at any time remove any person so appointed and may annul or vary such delegation.

(20) At any time and from time to time by power of attorney under the Seal of the Company, to appoint any person or persons to be attorney of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may, from time to time, think fit and any such appointment may (if the Board think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any Company or the shareholders, directors, director nominees or managers of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such power for the protection or convenience of persons dealing with such attorneys as the Board may think fit and may contain powers enabling any such delegate or attorneys as aforesaid to subdelegate all or any of the powers, authorities and discretions for the time being vested in them.

(21) Subject to Sections 294, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

(22) Subject to Section 293 of the Act, to sell, lease or otherwise dispose anyone of the properties or undertaking of Company.

(23) Subject to the provisions of Companies Act, 1956, the Board may pay such remuneration to Chairman/Vice Chairman of the Board upon such conditions as they think fit.

APPOINTMENT AND POWERS OF MANAGING DIRECTORS

127. (1) Subject to the provisions of the Act, the Board may appoint or reappoint one or more of their number as Managing Director or Managing Directors at such conditions as they think fit provided that the appointments or reappointment in any case shall not exceed five years.

(2) A Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, but he shall be reckoned as a Director for the purpose of fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors of the Company, and he shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any clause.

(3) Subject to the provisions of the Act and the general supervisions and control of the Board, any Managing Director or Managing Directors shall have the general direction, management and superintendence of the business of the Company with power to do all acts, matters and things deemed necessary, proper or expedient for carrying on the business and concerns of the Company, including power to appoint, suspend and dismiss officers, staff and workmen of the Company, to make and sign all contracts and receipts and to draw, accept, endorse and negotiate on behalf of the Company all such Bills of Exchanges, Promissory Notes, Hundies, Cheques, Drafts, Government Promissory Notes, or other Government papers and other instruments as shall be necessary, proper or expedient for carrying on the business of the Company and to operate on the Bank accounts of the Company and to represent the Company in all suits and all other legal proceedings and to engage Solicitors, Advocates and other Agents and to sign the necessary papers, documents and instruments of authority, to appoint agents or other attorneys and to delegate to them such powers as the Managing Director or Managing Directors may deem fit and at pleasure, such powers to revoke and generally to exercise all such powers and authorities as are not by the Companies Act, 1956 for the time being in force or by these Articles expressly directed to be exercised by the Board of Directors or by the Company in General Meeting.

(4) The Managing Director or Managing Directors shall not exercise the powers:

(a) make calls on shareholders in respect of money unpaid on their shares in the Company.

(b) issued debentures,

and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, shall also not exercise the powers to -

(c) borrow moneys, otherwise than on debentures,

(d) invest the funds of the Company, and

(e) make loans,

(5) The Company shall not appoint or employ, or continue the appointment of employment of a person as its Managing or whole-time Director who-

(a) is an undischarged insolvent, or has at any time been adjudged an insolvent

(b) suspends, or has at any time suspended payment to his creditors, or makes, or has at any time made a composition with them; or

(c) is, or has at any time been, convicted by a Court of an offence involving moral turpitude.

128. Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the

Company under these Articles, receive such remuneration as may, from time to time, approved by the Company.

129. Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in Section 292 thereof the Board may, from time to time, entrust to and confer upon the Managing Director or Managing Directors for the time being such of the powers exercisable under these presents by such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think fit; and they may confer such powers, either all or any of the powers of the directors in that behalf and may from time to time revoke withdraw, alter or vary all or any of such powers.

130. Subject to the provisions of the Act, the Managing Director or Managing Directors, shall not, while he or they continue to hold that office, be subject to retirement by rotation in accordance with Article 106 hereof.

131. The Board shall provide a common seal for the purpose of the Company and shall have powers, from time to time, to destroy the same and substitute a new seal in place thereof. The Board shall provide for the safe custody of the seal for the time being and the seal shall never be used except by the authority of the Board or a Committee of the previously given and in the presence of director of the Company or some other person appointed by the directors for the purpose.

The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act for use in any territory, district or place outside India.

132. Every Deed or other instruments to which the Seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney be signed by one director and the secretary or some other person appointed by the Board for the purpose, provided nevertheless that certificate of shares may be sealed in accordance with the provisions of the Companies (Issue of Share certificates) Rules, 1960 or the statutory modification or re-enactment thereof for the time being in force.

DIVIDENDS

133. Subject to the rights of member entitled to shares (if any) with preferential or special rights attached thereto the profits of the Company which shall, from time to time, be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the equity shares of the Company but so that a partly paid-up share shall only entitle the holder with respect thereto to such proportion of the distribution upon a fully paid-up share as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid-up in advance of call upon the footing that the same shall carry interest such capital shall not, whilst carrying interest confer a right to participate in profits.

134. The Company in General Meeting may declare a dividend to be paid to the members according to the rights and interest in the profits and may fix the time for payment.

135. No largest dividend shall be declared than is recommended by Directors but the Company in general meeting may declare a smaller dividend.

136. No dividend shall be payable except out of the profits of the Company of the year or of any other year remaining undistributed.

137. Where any assets, business or property is bought by the Company as from a past date upon the terms that the Company shall from that date take the profits and bear the losses thereof such profits and losses as the case may be shall, at the discretion of the Directors, be so credited or debited wholly or in part to the Profit and Loss Account and in that case the amounts so credited or debited shall for the purpose of ascertaining the fund available for dividend be treated as a profit or loss arising from the business of the Company and available for dividend accordingly. If any shares or securities are purchased with dividend or interest such dividend or interest when paid may at the discretion of the directors be treated as revenue and it shall not be obligatory to capitalise the same or any part thereof.

138. The amount of the net profits of the Company as shown in audited annual Account shall be conclusive.

139. The Directors may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.

140. Subject to Section 207 of the Act the Directors may retain dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

141. No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any member all sums of money so due from shareholder to the Company.

142. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer, and pending registration of transfer for the dividend shall be dealt with as required under Section 206A of the Companies Act, 1956.

143. Unless otherwise directed any dividend may be paid by cheque or warrant or by a pay slip or receipt having the force of a cheque or warrant, sent through the post to the registered address of the member or person entitled or in case of joint holders to that one of them first named in the Register of Members in respect of the joint holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means. If several persons are registered as joint-holders of any shares, anyone of them can give effectual receipt for any dividends or other moneys payable in respect thereof. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provisions of Section 205-A of the Act and rules made there under in respect of any unclaimed or unpaid dividend.

CAPITALISATION

144. Any General Meeting may resolve that any money's, investments or other assets forming part of the undivided profits of the Company standing to the credit of any reserve or reserves or any capital redemption reserve fund or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full unissued shares, of the Company which shall be called liability on any issued shares and that such distribution or payment shall be accepted by such capitalised sum provided that any sum standing to the credit of a share premium account or a capital redemption reserve fund may for the purpose of this Article only be applied in the paying up of unissued shares to be issued to

members of the Company as fully paid bonus shares.

145. A general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investment representing the same or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.

146. For the purpose of giving effect to any resolution under the preceding two Articles the Board may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates.

147. The directors shall cause to be kept proper books of accounts on accrual basis and according to double entry system of accounting as required under Section 209 of the Act with respect to :-

(a) All sums of money received and expended by the Company and the matter in respect of which the receipt and expenditure take place:

(b) all sales and purchases of goods by the Company;

(c) the assets and liabilities of the Company.

148. The books of accounts shall be kept at the office or subject to the proviso to Section 209 of the Act at such other place as the directors think fit and shall be open to inspection by the directors during the business hours.

149. The directors shall, from time to time, determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of the members not being directors and no member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the directors.

150. The directors shall, from time to time, in accordance with Sections 210, 212, 215, 217 and 221 of the Act cause to be prepared and to be laid before the Company in General Meeting such Profit and Loss Accounts, Balance Sheet and reports as referred to in those Sections.

151. A copy of every such Profit and Loss Account and Balance Sheet (including Auditor's Report and every other document required by law to be annexed or attached to the Balance Sheet) shall, at least twenty one days before the meeting at which the same are to be laid before the members, be sent to the members of the Company, to holders of debentures issued by the Company (not being debentures which ex-facie are payable to the bearer thereof), to trustees for the holders of such debentures and to all persons entitled to receive notice of Annual General Meetings of the Company.

AUDIT

152. Auditors shall be appointed and their rights and duties regulated in accordance with Section 224 and 233 and of the Act.

153. Every account of the Company when audited and approved by Annual General Meeting shall be conclusive except as regard any error discovered therein within three months next after the approval thereof. When any such error is discovered within that period the accounts

shall forthwith be corrected and henceforth shall be conclusive.

154. (1) A document or notice may be served or given by the Company on any member or an officer thereof either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any within India supplied by him to the Company for serving documents or notices on him.

(2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in case of a notice of meeting at the expiration of forty eight hours after the letter containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post.

155. A document or notice advertised in a newspaper circulating in the neighbourhood of the office shall be deemed duly served or sent on the day on which the advertisement appears on or to every member who has no registered address in India and has not supplied to the Company any address within India for the service of documents on him or the sending of notice to him.

156. A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to him by name or by the title or representative of the deceased or assignee of the insolvent by any like description, at the address (if any) in India supplied for the purpose by the person claiming to be so entitled of (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

157. Documents or notices of every General Meeting shall be served or given in same manner herein before authorised on or to (a) every member (b) every person entitled to a share in consequence of the death or insolvency of a member and (c) the auditor or auditors for the time being of the Company.

158. Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any share, previously to his name and address being entered on the register of Members, shall have been duly served on the person from whom he derives his title to such share.

159. Any document or notice to be served or given by the Company may be signed by a director or some person duly authorised by the Board for such purpose and the signature may be written, printed or lithographed.

160. All documents or notices to be served or given by members on or to the Company or any officer thereof shall be served or given by sending them to the Company or officer at the office by post under a certificate of posting or by registered posting or by leaving at the office.

AUTHENTICATION OF DOCUMENTS

161. Save as otherwise expressly provided in the Act, or these Articles documents or proceedings requiring authentication by the Company may be signed by a Director or an authorised officer or the Company and need not be under its seal.

WINDING UP

162. The liquidator on any winding-up (whether voluntary, under supervision of the court or compulsory) may, with the sanction of a special resolution but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the Company in trustees upon such trusts for the benefit of the contributories as the liquidators, with the like sanction, shall think fit.

INDEMNITY AND RESPONSIBILITY

163. Subject to the provisions of Section 201 of the Act, every Director, manager, officer or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as auditor shall be indemnified out of the funds of the Company against all claims and it shall be the duty of the directors to pay all costs charges, losses and damages which any such persons may incur or become liable to, by reason of any contract entered into or act or thing done, about the execution or discharge of his duties or supposed duties except such if any, as he shall incur or sustain through or by his own wilful act, neglect or default including expenses and in particular and so not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Manager, Officer or Auditor in proceedings defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

164. Subject to the provisions of the Act, no director, Auditor or other officer of the Company shall be liable for the act, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the title to any property acquired by order of the director for or on behalf of the Company or for the insufficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the bankruptcy, insolvency or tortious act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

165. No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the Company and which in opinion of the Directors it would be inexpedient in the interest of the Company to disclose.

SECTION IX- OTHER INFORMATION

MATERIAL CONTRACTS & DOCUMENTS FOR INSPECTION

The Contracts referred to in para (A) below which are or may be deemed material, have been entered into by the Company. The contracts together with the documents referred to in paragraph (B) below, copies of all of which have been attached to the copy of this Draft Letter of Offer may be inspected at the Corporate Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day from the date of this Draft Letter of Offer until the closing of the subscription list.

A. MATERIAL CONTRACTS

1. Copy of Memorandum of Understanding dated August 9, 2007 between Maral and Chartered Capital and Investment Limited (Lead Manager), Lead Manager to the Issue.
2. Copy of Memorandum of Understanding dated November 5, 2007 between Maral and (Registrar), Registrar to the Issue.

B. DOCUMENTS FOR INSPECTION

1. Memorandum of Articles and Articles of Association of MOL.
2. Certificate of Incorporation of the Company dated January 27, 1989.
3. Certificate of Commencement of Business of the Company dated 7th February, 1989.
4. Shareholders Resolution passed at the Annual General Meeting held on September 29, 2007 appointing M/s. Doogar & Associates and M/s. Ashim & Associates, as statutory auditors for the financial year 2007 - 2008.
5. Copy of the Board Resolutions dated July 30, 2007 and October 30, 2007 and for the proposed Rights Issue.
6. Copy of Resolution under section 81 and other relevant provisions of Companies Act, 1956 dated September 29, 2007 passed at the Annual General Meeting of the company authorizing present issue of equity shares.
7. Consents of the Directors, Auditors, Lead Manager to the Issue, Legal Advisor to the Issue, Bankers to the Issue, Bankers to the Company and Registrars to the Issue, to include their names in the Letter of Offer to act in their respective capacities.
8. Appointment of Company Secretary as Compliance Officer.
9. The Report of the Auditors, M/s. Doogar & Associates and M/s. Ashim & Associates, as set out herein dated November 15, 2007 in relation to the restated financials of the Company for the last five financial years.
10. Letter dated November 15, 2007 from the Auditors of the Company confirming Tax Benefits as mentioned in this Draft Letter of Offer.
11. Copies of Annual report of the Company for the year ended March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006 and March 31, 2007.
12. Copies of listing applications made to BSE and NSE for permission to list the Equity Shares offered through this Draft Letter of Offer and for an official quotation of the Equity Shares of the Company.

13. Copies of in-principle listing permission received from BSE vide their letter no. [*] dated [*].
14. Copies of in-principle listing permission received from NSE vide their letter no. [*]dated [*].
15. Letter No. [*]dated [*] issued by SEBI for the Issue.
16. Due Diligence Certificate dated November 24, 2007 issued by Chartered Capital and Investment Limited.
17. Copy of tripartite agreement dated November 16 1999 between the Company, National Securities Depository Limited (NSDL) and Registrar to the Company.
18. Copy of tripartite agreement dated November 16 1999 between the Company, Central Depository Services (India) Limited (CDSL) and Registrar to the Company.
19. Copy of Agreements in respect of the registered office of the Company.
20. Copy of Agreements in respect of the other properties/offices of the Company.
21. Complaints received from investors in respect of the draft letter of offer filed with SEBI and Company's & the Lead Managers responses to them.
22. Copies of contracts with Managing Director and Whole Time Director.
23. Copy of the Court orders dated May 10, 1999 and May 14, 1999 for amalgamation of Asian Knitwears Ltd. with Maral.
24. Copies of the offer documents of the previous Public Issue made in 1991.

Any of the contracts or documents mentioned in this 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 shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, 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, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Mr. Lakshmi Niwas Jhunjhunwala
(Chairman Emeritus)

Mr. Ravi Jhunjhunwala
(Chairman)

Mr. Shekhar Agarwal
(Managing Director)

Dr. Kamal Gupta
(Director)

Mr. Priya Shankar Dasgupta
(Director)

Mr. Dharmendar Nath Davar
(Director)

Mr. Rajat Prothi
(Compliance Officer and Company Secretary)

Place: Noida (U.P.)

Date: October 30, 2007