

ANNUAL REPORT 2011-12



A journey from paddy to power



## BOARD OF DIRECTORS

<b>Mr. Balbir Singh Uppal</b>	Chairman & Managing Director
<b>Mr. Janak Raj Singh</b>	Joint Managing Director
<b>Mr. I.S.Gumber</b>	Executive Director
<b>Mrs. Vijay Luxmi</b>	Director
<b>Mr. Amarjit Singh</b>	Director
<b>Mr. Nirdosh Bali</b>	Director
<b>Mr. V.K. Mishra</b>	Director
<b>Mr. Kanwaljit Singh Jolly</b>	Director
<b>Mr. Vilas Unavane</b>	Director

## BANKERS

Punjab National Bank  
Syndicate Bank  
Axis Bank  
ICICI Bank

## STATUTORY AUDITORS

M/s S. Kumar Gupta & Associates, Chartered Accountants  
S.C.O. 35, 1<sup>st</sup> Floor, Madhya Marg,  
Sector – 26, Chandigarh.

## INTERNAL AUDITORS

M/s Saldi Rajiv & Associates, Chartered Accountants  
167, Ajit Nagar, Patiala-147001

## COMPANY SECRETARY

Mr. Ajay K. Ratra

## REGISTERED OFFICE:

S.C.O. 18-19, 1<sup>st</sup> Floor, Sector 9D,  
Madhya Marg, Chandigarh – 160017, India  
Tel.: +91-172-2740352, Fax: +91-172-2743057  
E-mail: corporate@lakshmigroup.in  
Website: www.lakshmigroup.in

## WORKS & ADMIN. OFFICE:

V.P.O. Khamanon,  
Ludhiana – Chandigarh National Highway,  
Khamanon 141801, Punjab, India.  
Tel.: +91-1628-661800, Fax: +91-1628-661805

## ZONAL OFFICE:

807, 8th Floor, Kailash Building, 26, K.G. Marg,  
Connaught Place, New Delhi – 110001 India,  
Tel: +91-11-66305281; Fax: +91-11-66305280

## REGISTRARS & SHARE TRANSFER AGENTS

M/s Beetal Financial & Computer  
Services (P) Ltd.  
Beetal House, 3<sup>rd</sup> Floor,  
99, Madangir, New Delhi - 110062

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# CHAIRMAN'S MESSAGE



Dear Shareholders,

It's indeed a pleasure for me to communicate with you not as a ritual but as a privileged member of our extended family of Lakshmi Shareholders. The financial year ended 30<sup>th</sup> September 2012 has shown reasonably good growth of 16.68% in sales. Profitability, could also be in proportion to growth, but for some of micro factors like, forex fluctuation, rising cost of utilities, interest rates & transportation. However, this is one of kind and rest assured all efforts are being taken to insulate your company in best possible manner. It's heartening to witness, good harvest of Pusa 1121 paddy, our one of premium product. We added about one million Sq. feet of new storage capacity which will contribute substantial saving in rentals. We are committed to accelerate growth, through exports, strengthening domestic network, publicity & improved distribution points, prominent displays & so on..

After all, we all take immense pride in fact that your company is reckoned as one of the best plants in the world in terms of technology and size. Besides, your Company has also been great source of confidence to farmers for fair pricing, qualitative support & our representatives are present at Mandi to hand hold process of procurement, transportation & storage.

After some initial hiccups Rice Industry is poised to take off! Signs of revival are already evident! The prices of rice have started moving northwards. Indian Quality is now well established & accepted as premium variety. Harvest has been steady. Recently, RBI has also signaled reduction in rate of interest, Inflation seems to be diminishing. Exports are picking up, in spite of Iran embargo, due to encouraging demand from Saudi Arabia, Yemen and Dubai etc. It will be icing on cake if China is also reportedly opening its doors for Indian Basmati.

We also hope to restart "green" power generation in the wake of upcoming long term agreement for sale of power to Punjab State. Hence, we are quite optimistic of improved performance in following year!

I am thus, happy to conclude, bright prospects in years to follow, which will be further ably supported by strengthening of Robust Internal Controls, Risk Management Techniques, own warehouses, additional state of art equipment and expanding export base! At the end, I would like to express my sincere gratitude to the 21000 plus strong family of our shareholders and all the other stakeholders, as well as the company's employees who have stood with the company all the times and worked really hard. Once again, my best wishes and regards to you all.

**Balbir Singh Uppal**  
Chairman and Managing Director

# NOTICE

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**Notice** is hereby given that 22<sup>nd</sup> Annual General Meeting (AGM) of the Shareholders of **Lakshmi Energy and Foods Limited** will be held on **Thursday, 28<sup>th</sup> March, 2013 at 11.00 A.M. at PHD Chamber of Commerce and Industry, PHD House, Sector 31A, Chandigarh**, to transact the following business:

## **Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 30<sup>th</sup> September, 2012 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend of Rs.0.20 per equity share on 6,31,90,000 equity shares of Rs.2/- each for the financial year 2011-12.
3. To appoint a director in place of Mr. I.S.Gumber who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. V.K.Mishra who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. Kanwaljit Singh Jolly who retires by rotation and, being eligible, offers himself for re-appointment.
6. To re-appoint M/s. S. Kumar Gupta & Associates, Chartered Accountants, Chandigarh, the retiring statutory auditors of the company to hold office as Auditors from the conclusion of this meeting until the conclusion of the next annual general meeting and to empower Board of directors to fix their remuneration.

## **Special Business:**

### **7. Appointment of Mr. Vilas P. Unavane as Director**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“Resolved that** pursuant to the provisions of Section 257 and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Vilas P. Unavane, who was appointed as an Additional Director pursuant to the provisions of section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company subject to retirement by rotation”.

### **8. Issuance of convertible warrants to Mr. Balbir Singh Uppal, an entity within the Promoters' Group on preferential basis**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**“Resolved that** pursuant to the provisions of section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulations), Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and all other applicable laws, provisions of the Memorandum & Articles of Association of the Company and subject to all such approvals, permissions and sanctions, as may be necessary or required; the consent of the Members of the Company be and is hereby given and the Board of Directors of the Company be and is hereby authorised to offer, issue and allot up to 67,80,000 warrants with an

entitlement to convert into/exchange with the equal number of Equity Shares of Rs.2/- each of the Company, at the option of the warrant holder(s) (hereinafter referred to as the convertible warrants), to Mr. Balbir Singh Uppal, an entity within the Promoters' Group/Persons Acting in Concert with the Promoters of the Company by way of private placement on preferential allotment basis, in one or more tranches, at the option of the warrant holder(s), within a period of 18 months from the date of allotment of such warrants as per the terms and conditions given in the Explanatory Statement annexed to this notice, which, inter alia, include the following:

- a. Issue of up to 33,00,000 warrants of Series-1 to Mr. Balbir Singh Uppal with an entitlement to convert into/exchange with the equal number of Equity Shares of Rs.2/- each of the Company, in one or more tranches, at the option of the warrant holder(s), within a period of 12 months from the date of issue of such convertible warrants.
- b. Issue of up to 34,80,000 warrants of Series-2 to Mr. Balbir Singh Uppal with an entitlement to convert into/exchange with the equal number of Equity Shares of Rs.2/- each of the Company, in one or more tranches, at the option of the warrant holder(s), within a period of 18 months from the date of issue of such convertible warrants.
- c. Entitlement in each series to the extent not exercised shall be lapsed and up-front amount paid on such warrants shall be forfeited.
- d. The relevant date for the purpose of determination of issue price of the resultant equity shares on conversion of warrants is 25<sup>th</sup> February 2013.
- e. In terms of the provisions of the ICDR Regulations, the minimum price for the resultant shares has been worked out at Rs.20.93 per share. The issue price of the resultant Equity Shares on conversion of warrants is fixed at Rs.21/- per share (rounded off figure of Rs.20.93/-)
- f. The resultant Equity Shares shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including as to dividend with the existing equity shares of the Company except that new equity shares will be subject to lock-in requirement in terms of the provisions of ICDR Regulations.

Resolved further that the Board of Directors of the Company be and is hereby authorised to reduce, change or modify the number of convertible warrants to be issued in Series-1 and Series-2, to finalise and modify the terms and conditions, quantum, pricing, timings and all other matters relating to the issue and allotment of the aforesaid preferential issue of convertible warrants and resultant equity shares, to take steps for listing thereof with Stock Exchanges, to agree to such conditions or modifications that may be imposed, required or suggested by the Securities & Exchange Board of India (the SEBI), Stock Exchange(s) or other authorities, or that may otherwise be deemed fit or proper by the Board without being required to seek any further consent or approval of the Company in General Meeting and to settle all questions or difficulties that may arise with regard to the aforesaid in such manner as it may determine in its absolute discretion and to take such steps and to do all such acts, deeds, matters and things as may be required, necessary, proper or expedient, to give effect to this Resolution.

Resolved further that the Board of Directors of the Company be and is hereby authorised to delegate all or any of the previously mentioned powers/authorities to any committee of Directors and/or officers or to any one or more directors and officers of the Company as it may deem fit and proper."

#### **9. Remuneration of Mr. Balbir Singh Uppal, Chairman & Managing Director of the Company**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:



**“Resolved that** pursuant to the provisions of section 198, 269, 309, 310, 311 and Schedule XIII of the Companies Act, 1956, and other applicable provisions, if any, including any statutory modifications or re-enactment thereof, and subject to the provisions of Memorandum and Articles of Association of the Company and subject to such approvals and sanctions, as may be required, approval of the Company be and is hereby accorded for payment of remuneration (as approved vide resolution no. 7 passed in the Annual General Meeting held on 27<sup>th</sup> March 2009) to Mr. Balbir Singh Uppal, Chairman & Managing Director of the Company, for the remaining tenure of his term as Managing Director, in view of inadequate profits of the company and terms and conditions would be as under:

1. Gross monthly remuneration not exceeding Rs. 10,00,000 (Rupees Ten Lacs only) whether paid as salary, allowance(s), perquisites or a combination thereof; and
2. Provided that the following perquisites will not be included in the aforesaid remuneration:
  - a. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961;
  - b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
  - c. Encashment of leave at the end of tenure.
3. Provided further that payment/re-imbursement of telephone and/or mobile phone(s) bills, conveyance, fuel expenses or other out of pocket expenses incurred in course of the official duties will not be included in the aforesaid remuneration.

FURTHER RESOLVED THAT consent of the shareholders of the Company be and is hereby also accorded that where in any financial year during the currency of tenure of Mr. Balbir Singh Uppal, Chairman & Managing Director, the Company has no profits or its profits are inadequate, then remuneration of Rs. 10,00,000 (Rupees Ten Lacs only) per month be paid to him as minimum remuneration subject to such necessary approval(s) as may be required under the act.

FURTHER RESOLVED THAT consent of the Company be and is hereby also accorded for applying to Central Government and/or other Statutory Authorities for condonation of such excess remuneration (paid to Mr. Balbir Singh Uppal) as may be determined according to profit during the year 2010-11, 2011-12 and thereafter.

FURTHER RESOLVED THAT the Board of Directors of the Company or any committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the government departments, as may be required in this regard.

FURTHER RESOLVED THAT the Board of Directors of the Company or any committee thereof be and is hereby also authorized to amend, alter, modify or otherwise vary the terms and conditions of appointment of Mr. Balbir Singh Uppal, Chairman & Managing Director, including the components of the above mentioned remuneration payable to him subject to the over all cap of Rs. 10,00,000 (Rupees Ten Lacs only) per month.”

#### **10. Remuneration of Mr. Janak Raj Singh, Joint Managing Director of the Company**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**“Resolved that** pursuant to the provisions of section 198, 269, 309, 310, 311 and Schedule XIII of the Companies Act, 1956, and other applicable provisions, if any, including any statutory modifications or re-enactment thereof, and

subject to the provisions of Memorandum and Articles of Association of the Company and subject to such approvals and sanctions, as may be required, approval of the Company be and is hereby accorded for the payment of remuneration (as approved vide resolution no. 7 passed in the Annual General Meeting held on 27<sup>th</sup> March 2010) to Mr. Janak Raj Singh, Joint Managing Director of the Company, for the remaining tenure of his term as Managing Director, in view of inadequate profits of the company and terms and conditions would be as under:

1. Gross monthly remuneration not exceeding Rs. 5,00,000 (Rupees Five Lacs only) whether paid as salary, allowance(s), perquisites or a combination thereof; and
2. Provided that the following perquisites will not be included in the aforesaid remuneration:
  - a. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961;
  - b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
  - c. Encashment of leave at the end of tenure.
3. Provided further that payment/re-imbursement of telephone and/or mobile phone(s) bills, conveyance, fuel expenses or other out of pocket expenses incurred in course of the official duties will not be included in the aforesaid remuneration.

FURTHER RESOLVED THAT consent of the shareholders of the Company be and is hereby also accorded that where in any financial year during the currency of tenure of Mr. Janak Raj Singh, Joint Managing Director, the Company has no profits or its profits are inadequate, then remuneration of 5,00,000 (Rupees Five Lacs only) per month be paid to him as minimum remuneration subject to such necessary approval(s) as may be required under the act.

FURTHER RESOLVED THAT consent of the Company be and is hereby also accorded for applying to Central Government and/or other Statutory Authorities for condonation of such excess remuneration (paid to Mr. Janak Raj Singh) as may be determined according to profit during the year 2010-11, 2011-12 and thereafter.

FURTHER RESOLVED THAT the Board of Directors of the Company or any committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the government departments, as may be required in this regard.

FURTHER RESOLVED THAT the Board of Directors of the Company or any committee thereof be and is hereby also authorized to amend, alter, modify or otherwise vary the terms and conditions of appointment of Mr. Janak Raj Singh, Joint Managing Director, including the components of the above mentioned remuneration payable to him subject to the over all cap of 5,00,000 (Rupees Five Lacs only) per month."

By Order of the Board  
For **Lakshmi Energy and Foods Limited**

**Place : Chandigarh**  
**Date : 22-02-2013**

**Sd/-**  
**(Ajay K. Ratra)**  
**Company Secretary**

**Notes:**

- A. Appointment of Proxy:** A Shareholder entitled to attend and vote at the annual general meeting may appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a shareholder of the company.

**Proxies, in order to be effective, the proxy form must be deposited and received at the registered office of the company not less than 48 hours before the scheduled time fixed for commencement of the annual general meeting.**

- B. Corporate Shareholders:** Corporate Shareholders intending to send their authorised representatives are requested to send a duly certified copy of the board resolution authorizing the representatives to attend and vote at the annual general meeting.
- C.** Shareholders / Proxies attending the meeting are requested to bring their admission slips alongwith their copy of Annual Report to the annual general meeting.
- D. Queries at the AGM:** Queries proposed to be raised at the annual general meeting may be sent to the company at its registered office at least 7 (seven) days prior to the date of annual general meeting to enable the management to compile the relevant information to reply the same in the annual general meeting.
- E. Book Closure:** The Register of Members of the company and Share Transfer Books of the company shall remain closed from 23<sup>rd</sup> March, 2013 to 28<sup>th</sup> March, 2013 (both days inclusive) for the purpose of payment of dividend and ensuing annual general meeting. The dividend, if declared, will be paid to those shareholders entitled thereto and whose names shall appear on the Register of Members of the company, or to their mandatees as on 28<sup>th</sup> March, 2013 subject to the provisions of Section 206A of the Companies Act, 1956, or any amendment or re-enactment thereof. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership as on closing hours of business on 22<sup>nd</sup> March, 2013 as per details to be furnished by National Securities Depository Limited ('NSDL') and Central Depository Service (India) Limited ('CDSL') for this purpose.
- F.** Shareholders are requested to notify any change in their address / mandate / bank details as furnished by them or by NSDL / CDSL to the company for the shares held in certificate form and in the dematerialized form respectively, immediately to the share transfer Agent of the company - M/s. Beetal Financial & Computer Services (P) Limited.
- G. Inspection of Documents:** Documents referred to in the Notice etc., are open for inspection at the registered office of the company at all working days except Saturdays between 11 A.M. and 2 P.M. up to the date of annual general meeting.
- H. Explanatory Statement:** Explanatory Statements as required under Section 173(2) of the Companies Act, 1956, in respect of Special Business under Item No. 7 to 10 are enclosed herewith.
- I.** The details pertaining to the directors being appointed and / or reappointed required to be provided pursuant to Clause 49 of the listing agreement with the stock exchanges are furnished in the statement on Corporate Governance, which is enclosed with the Directors' Report.
- J.** The company has implemented the "Green Initiative" as per Circular Nos. 17/2011 dated April 21, 2011 and 18/2011



dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/documents and annual report to shareholders, Henceforth, the email addresses indicated in your respective Depository Participant (DP) accounts (which will be periodically downloaded from NSDL/CDSL) will be deemed to be your registered email address for serving notices/documents including those covered under section 219 of the companies Act, 1956. The Notice of AGM and the copies of audited financial statements, directors' report, auditors' report etc. will also be displayed on the website [www.lakshmigroup.in](http://www.lakshmigroup.in) of the company and the other requirements of the aforesaid MCA circular will be duly complied with. Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company quoting their folio number(s).

### **Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956.**

Annexed to the Notice convening the 22<sup>nd</sup> Annual General Meeting.

#### **Item No.7**

Mr.Vilas P.Unavane is a well experienced professional in Corporate Sector. Mr. Unavane, LLB,AICWA,ACS, B.Com (Hons), has more than 34 years experience in the capacity of CEO/CFO/VP, in diversified verticals. He has been advising companies on Finance, Management and Company Law matters and has handled various assignments in Green Field Projects, Revival, Project/Cost Control, Business Development, Audit, Finance, JV, ERP etc.

Mr.Vilas P.Unavane was appointed as an Additional Director of the Company on 1st August, 2012. He will continue to serve the Board of the Company as an Independent Director.

Notice under section 257 of the Companies Act, 1956, proposing the appointment of Mr.Vilas P.Unavane as a Director has been duly received by the company along with a deposit of Rs. 500 in cash.

The details pertaining to Mr.Vilas P.Unavane as required to be provided pursuant to clause 49 of the listing agreement are furnished in the statement on Corporate Governance, which is enclosed with the Directors' Report.

The Board of Directors of your company recommend passing of the aforesaid Ordinary Resolution at Item No.7.

#### **Memorandum of concern/interest:**

None of the directors of the Company except Mr.Vilas P. Unavane may be deemed to be concerned or interested in the aforesaid resolution.

#### **Item No.8**

Your Company proposes to make a preferential issue of convertible warrants with an option/entitlement of conversion into/exchange with the equity shares of the Company in one or more tranches within a period of about 18 months from the date of issue/allotment of warrants. The proposal is subject to the approval of the Members of the Company and other statutory approvals, if any. Since your Company is a listed company, the proposed issue is in terms of the provisions of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulations), Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and other applicable provisions, if any. In terms of the provisions of the Companies Act, 1956, and the aforesaid ICDR

Regulations, the relevant disclosures/details are given below:

**Instrument and Numbers:** The Company is proposing to issue up to 67,80,000 convertible warrants in the following manner:

1. Up to 33,00,000 warrants of Series- I to Mr. Balbir Singh Uppal with an entitlement to convert into/exchange with the equal number of Equity Shares of Rs.2/- each of the Company, in one or more tranches, at the option of the warrant holder(s), within a period of 12 months from the date of issue of such convertible warrants.
2. Up to 34,80,000 warrants of Series-2 to Mr. Balbir Singh Uppal with an entitlement to convert into/exchange with the equal number of Equity Shares of Rs.2/- each of the Company, in one or more tranches, at the option of the warrant holder(s), within a period of 18 months from the date of issue of such convertible warrants.

The warrant holder(s) shall make the written request to the Company to exercise the entitlement and sent the same along with complete balance payment payable on the resultant shares. However, the warrant holder will not be entitled to convert into/exchange with the equity shares of the company exceeding 5% of the post conversion paid-up equity share capital of the issuer company or such other percentage as may be prescribed for creeping-in acquisition in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and other applicable provisions, if any, in any one financial year.

Entitlement to the extent not exercised shall be lapsed and up-front amount paid on such warrants shall be forfeited.

**Lock-in Period:** The convertible warrants issued on preferential basis shall be subject to such lock-in period as prescribed by ICDR Regulations. The resultant equity shares allotted on conversion of warrants shall also be subject such lock-in period as prescribed by ICDR Regulations from the respective dates of allotment of such equity shares; reduced to the extent such warrants have already been locked-in. Subject to the ICDR Regulations, convertible warrants and resultant equity shares may be transferred within the promoters group during the lock-in period.

**Relevant Date & Issue Price:** The relevant date for the purpose of determination of issue price of the resultant equity shares on conversion of warrants is 25<sup>th</sup> February 2013.

Minimum issue price of the resultant equity shares on conversion of warrants, calculated as per the pricing formula prescribed in ICDR Regulations (which is given below), is Rs.20.93 per share of face value of Rs.2/- each:-

- a) The average of weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date; or
- b) The average of weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date;

whichever is higher.

The issue price of the resultant Equity Shares on conversion of warrants is fixed at Rs.21/- per share (rounded off figure of Rs.20.93/-).

**Payment:** In terms of the provisions of the SEBI Guidelines, 25% of the issue price of the resultant equity shares shall be payable at the time of allotment of warrants. The up-front amount paid will be adjusted against the final payment required to