LETTER OF OFFER
Dated July 18, 2008
For Equity Shareholders of the Company only

JK Tyre & Industries Limited

An existing company within the meaning of the Companies Act, 1956, our Company was originally incorporated on February 14, 1951 under the Indian Companies Act, 1913, as J. K. Industries Private Limited, and the name of our Company was changed to J.K. Industries Limited, with effect from May 24, 1974 consequent upon conversion into a public limited company. The name of our Company was subsequently changed to JK Tyre & Industries Limited with effect from April 2, 2007.

Registered Office: 7, Council House Street, Kolkata 700 001, West Bengal, India; **Corporate and Administrative Office:** 3, Bahadur Shah Zafar Marg, New Delhi 110 002, India. **Tel. No.** +91 11 2331 1112. **Fax No.** +91 11 2332 2059. **Contact Person**: Mr. P. K. Rustagi, Company Secretary and Compliance Officer. **E-mail:** investorjktyre@jkmail.com **Website:** www.jktyre.com

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY

LETTER OF OFFER

ISSUE OF 1,02,64,836 EQUITY SHARES OF RS. 10 EACH AT A PREMIUM OF RS. 75 PER EQUITY SHARE AGGREGATING Rs. 87,25,11,060 TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF ONE (1) EQUITY SHARE FOR EVERY THREE (3) EQUITY SHARES HELD ON THE RECORD DATE I.E. JULY 14, 2008 ("ISSUE"). THE ISSUE PRICE FOR EQUITY SHARES IS 8.5 TIMES OF THE FACE VALUE OF THE EQUITY SHARE.

GENERAL RISKS

Investments in equity and equity related securities involve a high degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of the Issuer and this Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this document. **Investors are advised to refer to the section titled "Risk Factors" beginning on page ix of this Letter of Offer before making an investment in this Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The existing Equity Shares of our Company are listed on the Bombay Stock Exchange Limited ("BSE"), the National Stock Exchange of India Limited ("NSE") and the Calcutta Stock Exchange Association Limited ("CSE"). Our Company has received "in-principle" approvals from the BSE, the NSE and the CSE for listing the Equity Shares arising from this Issue vide letters dated January 21, 2008, January 23, 2008 and January 29, 2008 respectively. The BSE is the Designated Stock Exchange for the purposes of this Issue.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
AMBIT Acumen at work	Alankit®
Ambit Corporate Finance Private Limited Ambit House 449, Senapati Bapat Marg, Lower Parel Mumbai 400 013 Tel: +91 22 3982 1819 Fax: +91 22 3982 3020 Email: rightissues@ambitpte.com Website: www.ambitpte.com Contact Person: Mr. Chitrang Gandhi/Mr. Sundeep Parate Registration No.: INM000010585	**Alankit Assignments Limited** Alankit House 2E/21, Jhandewalan Extension New Delhi 110 055 Tel.: +91 11 2354 1234 Fax: +91 11 2355 2001 Email: info@alankit.com Website: www.alankit.com Contact Person: Mr. Mahesh Jairath Registration No.: INR000002532

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
August 4, 2008	August 18, 2008	September 2, 2008

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SECTION I - GENERAL

DEFINITION, ABBREVIATIONS AND TECHNICAL TERMS

Unless the context otherwise indicates, the following terms have the following meanings in this Letter of Offer. All references to “JK Tyre”, the “Company” and the “Issuer” or the terms “we”, “us” and “our” unless the context otherwise indicates or implies are to JK Tyre & Industries Limited, a public limited company under the Indian Companies Act, 1913 having its registered office at 7, Council House Street, Kolkata 700 001, West Bengal, India.

Conventional/General Terms

Term	Description
Act / Companies Act	The Companies Act, 1956, as amended from time to time
Air Act	The Air (Prevention and Control of Pollution) Act, 1981, as amended from time to time
CENVAT	The Central Value Added Tax
CESTAT	The Customs, Excise, Service Tax Appellate Tribunal
CLRA	The Contract Labour (Regulation and Abolition) Act, 1970, as amended from time to time
Competition Act	The Competition Act, 2002, as amended from time to time
Criminal Procedure Code	The Criminal Procedure Code, 1973, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
EPS	Earnings per share
ESI	Employees State Insurance Act, 1948, as amended from time to time
IT Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	The generally accepted accounting principles in India
Industrial Policy	The industrial policy and guidelines issued thereunder by the Ministry of Commerce and Industry, Government of India, from time to time
IPC	The Indian Penal Code, 1860, as amended from time to time
MODVAT	The Modified Value Added Tax
NAV	Net asset value
NRE Account	Non-Resident External Rupee Account
NRO Account	Non-Resident Ordinary Rupee Account
PAT	Profit after tax
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended from time to time
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
Securities Act	The United States Securities Act of 1933, as amended from time to time
Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
Water Act	The Water (Prevention and Control of Pollution) Act, 1974, as amended from time to time
Wealth Tax Act	The Wealth Tax Act, 1957, as amended from time to time

Issue Related Terms

Term	Description
Ambit	Ambit Corporate Finance Private Limited, a company incorporated under the laws of India and having its registered office at Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, India.
Articles/Articles of Association	The articles of association of our Company
Auditor	The statutory auditor of our Company, M/s Lodha & Co.
Bankers to the Issue	Axis Bank Limited and IDBI Bank Limited
CAF/Application Form	Composite Application Form
Consolidated Certificate	Means in case of physical certificates, our Company would issue one certificate for the Equity Shares allotted to one folio
Designated Stock Exchange	The Bombay Stock Exchange Limited
Draft Letter of Offer	The Draft Letter of Offer dated December 27, 2007 filed with SEBI for its comments
Equity Share(s) or Share(s)	The equity share(s) of our Company having a face value of Rs. 10 unless otherwise specified in the context thereof
Equity Shareholder	A holder of Equity Shares
Financial Year/Fiscal/FY	Means any period of twelve months ended September 30 of that particular year, unless otherwise stated
Group Companies	All the companies, firms, ventures promoted by the Promoters included in the section titled "Our Group Companies" beginning on page 132 of this Letter of Offer.
Issue	Issue of 1,02,64,836 Equity Shares of Rs. 10 each at a premium of Rs. 75 per Equity Share aggregating Rs. 87.25 crore to the Equity Shareholders on rights basis in the ratio of 1 Equity Share for every 3 Equity Shares held on the Record Date i.e. July 14, 2008.
Issue Closing Date	September 2, 2008
Issue Opening Date	August 4, 2008
Issue Price	Rs. 85 per Equity Share
Investor(s)	The holder(s) of Equity Shares of our Company on the Record Date, i.e. July 14, , 2008 and Renouncees
Lead Manager	Ambit Corporate Finance Private Limited
Letter of Offer	This Letter of Offer dated July 18, 2008 filed with the Stock Exchanges after incorporating SEBI comments on the Draft Letter of Offer
Memorandum/Memorandum of Association	The memorandum of association of our Company
Ordinary Share	The equity share(s) of our Company having a face value of Rs. 10 unless otherwise specified in the context thereof
Promoters	Mr. Hari Shankar Singhania, Mr. Bharat Hari Singhania, Dr. Raghupati Singhania, Mr. Vikrampati Singhania and Ashim Investment Company Limited
Promoter Group	All individuals and other entities named as promoter group entities in the section titled "Our Promoters" beginning on page 127 of this Letter of Offer.
Record Date	July 14, 2008
Registrar to the Issue or Registrar	Alankit Assignments Limited
Renouncee	Any person who has acquired Rights Entitlement from any Equity Shareholder
Rights Entitlement	The number of Equity Shares that an Equity Shareholder is entitled to in proportion to his/her shareholding in our Company as on the Record Date
Stock Exchange(s)	The BSE, the NSE and the CSE where the Equity Shares of our Company are presently listed

Company/Industry Related Terms

Term	Description
ADV	Animal drawn vehicle
Ashim Investment Company Limited	Ashim Investment Company Limited, a company incorporated under the laws of India and having its registered office at Link House, 3, Bahadur Shah Zafar Marg, New Delhi 110 002
ATMA	Automotive Tyre Manufacturers' Association
Board / Board of Directors	The Board of Directors of our Company
Chairman	Mr. Hari Shankar Singhania, a resident of India
CPKM	Cost per kilometer
Director	Director in the Board of Directors of our Company
HASETRI	Hari Shankar Singhania Elastomer and Tyre Research Institute
IDBI	IDBI Bank Limited
JK Agri	JK Agri Genetics Limited, a company incorporated under the laws of India and having its registered office at 7, Council House Street, Kolkata 700 001, West Bengal
JK Lakshmi	JK Lakshmi Cement Limited, a company incorporated under the laws of India and having its registered office at Jaykaypuram, Basantgarh, District Sirohi 307 019, Rajasthan
JK Paper	JK Paper Limited, a company incorporated under the laws of India and having its registered office at P.O. Central Pulp Mills, Fort Songadh, District Tapi 394 660, Gujarat
JK Sugar	JK Sugar Limited, a company incorporated under the laws of India and having its registered office at 7, Council House Street, Kolkata 700 001, West Bengal
LCV	Light commercial vehicle
LIC	Life Insurance Corporation of India
MUV	Multi utility vehicle
NATRIP	National Automobile Testing and R&D Infrastructure Project
Netflier	Netflier Finco Limited (earlier known as Netflier Technologies Limited), a company incorporated under the laws of India and having its registered office at Link House, 3, Bahadur Shah Zafar Marg, New Delhi 110 002
NTC Fabric	Nylon tyre cord fabric
OEM	Original equipment manufacturer
OTR	Off the road tyre
PBR	Poly butadiene rubber
SBR	Styrene butadiene rubber
SIAM	Society of Indian Automobile Manufacturers
Subsidiary(ies)	(a) J.K. Asia Pacific Limited; (b) J.K. Asia Pacific (S) Pte Limited; (c) J.K. International Limited; (d) Empresas Tornel, S.A de C.V.; (e) Compaňia Hulera Tornel, S.A. de C.V.; (f) General de Inmuebles Industries, S.A. de C.V.; (g) Hules y Procesos Tornel, S.A. de C.V.; (h) Compaňia Inmobiliaria Norida, S.A. de C.V.; (i) Compaňia Hulera Tacuba, S.A. de C.V.; (j) Gintor Administración, S.A. de C.V.; and (k) Comercializadora America Universal, S.A. de C.V.
Tornel	Empresas Tornel, S.A de C.V., a company incorporated under the laws of Mexico and having its office at Santa Lucia, No. 311, Col. Santa Cruz Acayucan, C.P. 02770.
Tornel Group	Tornel and its seven subsidiaries namely, Compaňia Hulera Tornel, S.A. de C.V, General de Inmuebles Industries, S.A. de C.V, Hules y Procesos Tornel, S.A. de C.V., Compaňia Inmobiliaria Norida, S.A. de C.V., Compaňia Hulera Tacuba, S.A. de C.V., Gintor Administración, S.A. de C.V. and Comercializadora America Universal, S.A. de C.V.

Abbreviations

Term	Description
ADR	American depository receipt
AGM	Annual General Meeting
AMIE	The Associate Memberships of the Institution of Engineers
AO	Assessing Officer
AS	Accounting Standards, as issued by the Institute of Chartered Accountants of India
ASSOCHAM	The Associated Chambers of Commerce and Industry of India
Bn	Billion
BSE	The Bombay Stock Exchange Limited
CA	Chartered Accountant
CAGR	Compounded annual growth rate
CDSL	Central Depository Services (India) Limited
CIBIL	Credit Information Bureaue (India) Limited
CII	The Confederation of Indian Industry
CIN	Corporate identification number
CSE	The Calcutta Stock Exchange Association Limited
CSO	Central Statistical Organization
DER	Debt-equity ratio
DP	Depository Participant
EGM	Extraordinary General Meeting
EPCG	Export promotion capital goods
ERP	Enterprise Resource Planning
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FERA	Foreign Exchange Regulation Act, 1973, as amended from time to time
FI	Financial Institutions
FIE	Fellow of the Institution of Engineers
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
FV	Face value
GDP	Gross Domestic Product
GDR	Global depository receipt
GOI	Government of India
HUF	Hindu Undivided Family
HP	Horsepower
ICAI	The Institute of Chartered Accountants of India
INR	Indian national rupee
ITAT	Income Tax Appellate Tribunal
JV	Joint venture
LPG	Liquefied Petroleum Gas
KL	Kilo litre
KM	Kilometer
KMPH	Kilometer per hour
KVA	Kilovolt Amperes
KW	Kilowatts
LIBOR	London Interbank Offered Rate
MAT	Minimum alternative tax
Mn	Million

Term	Description
MNC	Multi national corporation
Mt	Million Tonnes
MoU	Memorandum of Understanding
MTPA	Million tonnes per annum
NR	Non Resident
NRI(s)	Non Resident Indian(s)
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Body
OECD	Organization for Economic Co-operation and Development
p.a.	Per annum
QS	Quality System
R&D	Research and development
RBI	The Reserve Bank of India
ROC	Registrar of Companies, State of West Bengal, located at Nizam Palace, 2nd MSO Building, 234/4, 2nd floor, Acharya Jagdish Chandra Bose Road, Kolkata 700 020, West Bengal
RONW	Return on net worth
RTGS	Real time gross settlement
SCB	Scheduled Commercial Banks
SCN	Show cause notice
SEBI	Securities and Exchange Board of India
STT	Securities Transaction Tax
STUs	State Transport Undertakings
TCSI	Tire Customer Satisfaction Index
Tpa	Tonnes per annum
UK	United Kingdom
UTI	Unit Trust of India
VRS	Voluntary Retirement Scheme
w.e.f.	With effect from

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial data in this Letter of Offer is derived from our Company's standalone financial statements and has been prepared in accordance with Indian GAAP and the SEBI Guidelines. Our fiscal year commences on October 1 and ends on September 30, so all references to a particular fiscal year are to the twelve-month period ended September 30 of that year.

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

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parentheses represent negative figures.

In this Letter of Offer, all references to "Rupees", "Rs." or "INR" refer to Indian Rupees, the official currency of India; 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" mean "100 thousand" and the word "million" means "10 lakh" and the word "crore" means "10 million" or "100 lakhs" and the word "billion" means "1,000 million" or "100 crore". Any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Currency of Presentation

All references to "India" contained in this Letter of Offer are to the Republic of India, all references to the "US" or the "U.S." or the "USA", or the "United States" are to the United States of America, and all references to "UK" or the "U.K." are to the United Kingdom. All references to "Rupees", "INR" or "Rs." are to Indian Rupees, the official currency of the Republic of India, all references to "US$" are to United States Dollars, the official currency of the United States of America, all references to "GBP" or "£" are to Great Britain Pounds, the official currency of the United Kingdom, all references to "EURO" or "€" are to the official currency of the European Union, all references to "HK$" are to the Hong Kong Dollar, the official currency of Hong Kong and all references to Peso $ are to the Peso $, the official currency of Mexico.

This Letter of Offer contains certain conversions of Singapore$, GBP, HK$ and Peso $ into INR that have been presented solely to comply with requirements of clause 6.9.7.1 of the SEBI Guidelines. For instance, all financial information in relation to the Tornel Group has been converted from the Peso $ into INR. These conversions should not be construed as representations that those Singapore$, GBP, HK$ and Peso $ could have been, or could be, converted into INR, as the case may be, at any particular date, at the rates stated below or any other rate. Following rates have been used in this Letter of Offer, for the purpose of conversion of Singapore$, GBP, HK$ and Peso $ into INR, unless specified otherwise.

Currency	2004-05		2005-06		2006-07	
	Closing Rate(INR)	Average Rate(INR)	Closing Rate(INR)	Average Rate(INR)	Closing Rate(INR)	Average Rate(INR)
1 Singapore$	26.02	26.66	28.93	28.23	26.74	27.80
1 GBP*	82.67	82.42	80.03	77.80	85.57	86.18

Currency	2004-05		2005-06		2006-07	
	Closing Rate(INR)	Average Rate(INR)	Closing Rate(INR)	Average Rate(INR)	Closing Rate(INR)	Average Rate(INR)
1 HK$	5.67	5.79	5.89	5.86	5.12	5.44
1 Peso $	4.18	4.03	4.08	4.15	3.61	3.84

**Closing and average rate of GBP for the financial year ended March 31, 2008 was Rs. 79.70 and Rs. 80.63 respectively.*

Industry and Market Data

Market and industry data used in this Letter of Offer has generally been obtained or derived from industry publication and sources.

Unless stated otherwise, market and industry data used throughout this Letter of Offer has been obtained from various industry sources including the following publications:

- Automotive Tyre Manufacturers' Association (www.atmaindia.org);
- Society of Indian Automobile Manufacturers (www.siamindia.com);
- National Automotive Testing and R&D Infrastructure Project (www.natrip.in);
- Capitaline Databases;
- Crisil Research: Tyres: Annual Review (September 2006);
- Crisil Research: Tyres: Update (April 2007); and
- Crisil Research: Tyres: Monthly (June 2007).

These publications typically state that the information contained therein has been obtained from various sources believed to be reliable but it has not been independently verified by us or its accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made based on such information. Although we believe that the market and industry data used in this Letter of Offer is reliable, it has not been independently verified by us. Similarly, whilst we believe that our internal reports are reliable, they have not been verified by any independent sources. The data used in these sources may be reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. The extent to which the market and industry data is presented in this Letter of Offer depends on the readers' familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Certain information in the section titled "Industry Overview" beginning on page 56 of this Letter of Offer has been obtained from CRISIL Limited which has issued the following disclaimer:

CRISIL Limited has used due care and caution in preparing this report. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of this report may be published or reproduced in any form without CRISIL's prior written approval. CRISIL is not liable for investment decisions which may be based on the views expressed in this report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Rating Division, which may, in its regular operations, obtain information of a confidential nature that is not available to CRISIL Research.

FORWARD LOOKING STATEMENTS

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

All forward looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from our Company’s expectations include but are not limited to:

- cost of raw materials, particularly natural rubber and petroleum based raw materials;
- effective functioning and operation of our manufacturing facilities;
- increasing competition in or other factors affecting the industry segments in which our Company operates;
- changes in laws and regulations relating to the industry in which our Company operates;
- fluctuations in operating costs and impact on the financial results;
- our Company’s ability to meet its capital expenditure requirements and/or increase in capital expenditure;
- successful operation of our distribution network and dealerships in the replacement market;
- changes in technology in future;
- changes in political and social conditions, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- the performance of the financial markets in India and globally; and
- any adverse outcome in the legal proceedings in which our Company or subsidiaries or Promoters is involved.

For a further discussion of factors that could cause our Company’s actual results to differ, see the sections titled “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages ix, 66 and 207 respectively of this 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 nor the Lead Manager 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/Stock Exchanges requirements, our Company and Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II - RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Prospective investors should carefully consider the risks described below, in addition to the other information contained in this Letter of Offer, before making any investment decision relating to the Equity Shares.

To obtain a complete understanding, you should read this section in conjunction with the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages 66 and 207 of this Letter of Offer as well as other financial information contained in this Letter of Offer. The occurrence of one or some combination of the following events could have a material adverse effect on our business, results of operation, financial condition and prospects and cause the market price of our Equity Shares to fall. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

Internal Risk Factors

1. ***Increase in the cost of raw materials, particularly natural rubber and petroleum based raw materials, have put pressure on our margins and could have a material adverse impact on our financial condition and results of operations.***

   Tyre production requires raw materials, including natural rubber and petroleum-based raw materials, such as tyre cord fabric, carbon black, synthetic rubber and process oils. Raw materials constituted approximately 69.02% of our Company's net sales for Fiscal 2007 and approximately 62.67% of our Company's net sales for six month period ended March 31, 2008. Petroleum-based raw materials and natural rubber constituted approximately 41% and 37%, respectively, of our Company's raw material cost in Fiscal 2007 and approximately 40% and 36% respectively for the six month period ended March 31, 2008. In the past two years, these cost increases have escalated rapidly and have been the single most important factor affecting our operating profit. Any increase in the cost of the raw materials can impact our profit margins if we are unable to pass on the increased cost on to our customers.

   Furthermore, a major part of our raw materials are procured under short term or medium term contracts with provisions for price revision in the intervening period. With price escalation in natural rubber or petroleum products, it has not been possible to pass on the increases to the consumers/ customers in the same proportion in the past due to a highly competitive market resulting into lower operating margins. The situation however may not remain same at all the times which may result in an increase in the price of our products which may adversely affect our business, financial condition and results of operations.

2. ***Our business is dependent on our manufacturing facilities. The loss or shutdown of operations at any of our manufacturing facilities or any accidents or damages to our manufacturing equipment and plant and machinery may have a material adverse effect on our business, financial condition and results of operations.***

   Our manufacturing facilities are subject to operating risks, such as the breakdown or accidents or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, continued loss of services of our external contractors and industrial accidents. Our manufacturing facilities are also subject to operating risk arising from compliance with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results.

   Though, we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any political or country risks described elsewhere herein.

3. ***Our products are subject to continued pricing pressure, which may materially adversely affect our business.***

Pricing pressure has generally been a characteristic of the tyre industry especially in the OEM market. Our costs have increased due to continued increase in cost of raw materials. Any failures to obtain adequate and timely price increases or any adverse changes to the terms of sale of our products could materially adversely affect our sales and profit margins. Whilst, we are trying to improve our operating efficiencies and reduce expenditures to off set these pricing pressures in order to maintain our profit margins, there is no assurance that we will be able to offset these pricing pressures through improved operating efficiencies and reduced expenditures.

4. ***Our operating expenses could increase significantly if the price of coal or other energy sources increases.***

Our manufacturing facilities rely principally on coal as well as electrical power and oil to some extent. Our Company's total expenditure on coal in terms of net sales for Fiscal 2007 amounted to 1.11%. Additionally, the average rate of coal per MT has increased from Rs. 2,258 in Fiscal 2003 to Rs. 2,921 in Fiscal 2007. High demand and limited availability of coal, electrical power and oil have resulted in significant increase in energy costs in the past several years, which in turn have increased our operating expenses and transportation costs. Our product costs are affected by the availability and price of coal and our distribution costs are affected by availability and price of oil and diesel. Since we hire a fleet of trucks to deliver tyres to our customers, the current high price of oil and diesel or any further increases in the price of oil and diesel may cause us to incur increased costs in hiring these trucks. Increasing energy costs would increase our production costs which may have an adverse effect on our business, financial condition, results of operations and cash flows.

5. ***We face significant competition and our market share could decline.***

Tyres are sold under highly competitive conditions in India and throughout the world. We compete with other tyre manufacturers on the basis of, among others, product design, performance, price, reputation, warranty terms, customer service and consumer convenience.

In India, we have six major competitors: MRF Limited, Apollo Tyres Limited, Goodyear, CEAT Limited, Birla Tyres and Bridgestone who are trying to maintain or improve their market share. Other global tyre manufacturers have entered or may enter the Indian market either directly or through joint ventures or partnerships. Moreover, an increasingly competitive threat comes from tyre manufacturers from other countries, such as China, whose imported low-cost tyres have increased price competition in the Indian market. Additionally, increasing penetration of commercial vehicle radial tyres in the Indian market may attract global manufacturers to enter the domestic market, which will lead to increased competition for radial tyres.

Some of our competitors in particular many international companies may have greater resources than those available to us. Any failure on our part to compete in terms of pricing or providing quality products could have a material adverse effect on our financial condition and results of operations. Our ability to compete successfully will depend, in significant part, on our ability to run our business efficiently. If we are unable to compete successfully, our market share may decline, materially adversely affecting our results of operations and financial condition.

6. ***We depend on our relationships with our suppliers of raw materials and a disruption of these relationships or of our suppliers' operations could have an adverse effect on our business and results of operations.***

There are a limited number of suppliers who supply us with raw materials and accordingly, we are dependent on such suppliers. Our business depends on developing and maintaining productive relationships with these suppliers. In particular, we rely on our top three suppliers. Although in most cases we have long term relationships with these suppliers, our contracts are short term in nature, and there can be no assurance that these suppliers will continue to supply products to us on favorable terms, or at all. Furthermore, in the event that any of our suppliers have any disruptions in their business for any reason whatsoever the operations of these suppliers can adversely affect the working of our manufacturing facilities.

7. ***As a manufacturing business, our success depends on the smooth supply and transportation of our products from our suppliers to our plants and from our plants to our customers, which are subject to various uncertainties and risks.***

We are dependent on third party transportation providers for the supply and delivery of raw materials to our manufacturing facilities and for delivery from our manufacturing facilities to our customers. Such transportation facilities are subject to various risks and uncertainties including strikes, inadequacies in the road infrastructure and port facilities or other events the occurrence of which could impair our ability to supply our products to our customers.

8. ***We have experienced a delay in the progress of the implementation of our projects which are a part of the Objects of this Issue and there can be no assurance that we shall be able to implement these projects in accordance with the revised schedule of implementation. Any further delays may also result in a cost escalation.***

We have experienced a delay in the progress of the implementation of our projects which are a part of the Objects of this Issue. For instance, civil works for the specialty tyre facilities at Mysore were to be completed by June 2008 and have now been revised to December 2009. In addition, we were to complete the placement of orders and delivery in relation to the indigenous plant and delivery for our truck/bus radial facility at Mysore by August 2008, which has now been revised to March 2009. While we have revised our schedule of implementation from that stated in the Draft Letter of Offer, there cannot be any assurance that there may not be any further delays in the revised schedule of implementation. For further details on the revised schedule of implementation, see the section titled "Objects of the Issue - Implementation schedule" beginning on page 43 of this Letter of Offer. In addition, further delays may also result in cost escalation which may increase cost estimates on the proposed projects and we may have to fund any such additional costs from our internal accruals or from borrowings from banks and financial institutions.

9. ***We have recently acquired a Mexican tyre manufacturing company along with its subsidiaries and may not be successful in integrating the acquired business into our operations.***

We have recently acquired a Mexican tyre manufacturing company, Tornel along with its subsidiaries in order to expand our business and to enhance value to our shareholders. However, we may not be successful in integrating the acquired businesses effectively, manage newly acquired operations or realize cost savings anticipated in connection with the aforesaid acquisition. Furthermore, we may encounter difficulties with respect to integrating the business of the Tornel Group which may reduce management's time to focus on other parts of our business. These difficulties include, but are not limited to, possible inconsistencies in systems and procedures (including accounting systems and controls), policies and business cultures, the diversion of management attention from day-to-day business operations, the departure of key employees and the assumption of liabilities.

In the event that we are unable to successfully integrate these acquisitions, we may need to invest in the reorganization of our operations, which may lead to lower operating profits. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

10. We are subject to restrictive covenants under our credit facilities including term loans and external commercial borrowings that limit our flexibility in managing our business.

There are restrictive covenants in the agreements we have entered into with certain banks and financial institutions for our borrowings. These restrictive covenants require us to maintain certain financial ratios and seek the prior permission of these banks and financial institutions for various activities, including, among others, change in capital structure, issue of equity, preferential capital or debentures, raising any loans and deposits from the public, undertaking any new project, effecting any scheme of acquisition, merger, amalgamation or reconstitution, implementing a new scheme of expansion or creation of a subsidiary. Some of the agreements also provide that in case of default the lender shall be entitled to convert the whole of the outstanding amount of the loans into fully paid-up equity shares of our Company. Such restrictive covenants may restrict our operations or ability to expand and may adversely affect our business. Although, we have received necessary approvals from our lenders for this Issue and for change in our capital structure, we are yet to apply for consents in relation to the incorporation and acquisition of our new subsidiaries including Tornel from some our lenders. Furthermore, these restrictive covenants may also affect some of the rights of our shareholders, including the payment of the dividends in case of any default in debt to such lenders. Additionally, certain banks also have the powers to appoint a nominee director on our Board, in case of any default on our part in payment of interest or principal towards some of our borrowings.

For details of these restrictive covenants, see the section titled "Financial Indebtedness" beginning on page 224 of this Letter of Offer.

11. We are yet to receive consents / renewals of certain statutory approvals required in the ordinary course of our businesses, and if we are unable to obtain these approvals, our business and operations could be adversely affected.

Our Company is subject to various environmental, health and safety or employee-related laws and regulations, as well as other local laws or regulations in the countries in which it operates including those applicable to Mexico. The success of our Company's strategy to modernize, optimize and expand its existing operations in the sectors in which it operates is contingent upon, among other factors, receipt of all required licences, permits and authorizations, including environmental permits and health and safety permits. In addition, we have applied for certain consents and approvals/renewals, such as approval under Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981, licence for the use of boiler and licence for importation and storage of petroleum to various authorities in relation to our business operations which are currently pending.

For details regarding approvals applied for and not yet received, see the section titled "Government Approvals" beginning on page 283 of this Letter of Offer. Furthermore, we may require certain approvals in the ordinary course of business in relation to any construction for our expansion projects as described in the section titled "Objects of the Issue" beginning on page 38 of this Letter of Offer. If we are unable to obtain the requisite registrations, permits or approvals in a timely manner, or at all, our business and operations may be affected.

12. ***We could be subject to product liability, personal injury or other litigation claims which could have an adverse effect on our business, financial condition and results of operations.***

Purchasers of our products, or their employees or customers or third parties, could be injured or suffer property damage from exposure to, or defects in the products we sell or distribute, or have sold or distributed in the past, and we could be subject to claims, including product liability or personal injury claims. Whilst, we believe our exports have adequate insurance coverage against product liability, personal injury claims and other litigation claims, we may not be adequately covered by insurance and insurers may be unwilling or unable to satisfy their obligations to us with respect to these claims.

13. ***We may face labour disruptions that could interfere with our operations.***

We are exposed to the risk of strikes and other industrial actions. While we believe our relationship with our employees is generally good, we cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future. We experienced a four day strike at the Banmore Tyre production plant from January 7, 2004 to January 11, 2004 that caused a disruption of production at that plant. Furthermore, all permanent workmen located at our plants are members of registered trade unions. Whilst, we have entered into new settlement agreements for our workmen at the Mysore Tyre Plant (for both Plants I and II), the long term settlement agreements entered into with the union representing our workmen at the Kankroli Tyre Plant and the Banmore Tyre Plant expired on May 31, 2007 and November 10, 2007 respectively and we are in process of negotiating terms and conditions of new settlement agreements. If we are unable to negotiate acceptable new agreements with the unions, we could experience strikes or work stoppages leading to a disruption of our operations. Even if we are successful in negotiating new agreements, the new agreements could call for higher wages or benefits paid to union members, which would increase our operating costs and could adversely affect our profitability.

14. ***We rely on the success of our distribution network and dealerships in the replacement tyre market.***

We rely on our distribution network and tyre dealerships to distribute, market and sell our tyres. Competition for tyre dealers is intense. Hence, our business is dependant on maintaining good relations with our dealers and ensuring that our dealers are successful. While our Company believes that it has good relations with its dealers, there is no assurance that our current dealers will continue to do business with us or that we can continue to attract additional dealers to our network. If we do not succeed in maintaining the stability of our distribution network and attracting additional high-quality dealers to our distribution network, our market share may decline, which may affect the results of our operations and financial condition.

15. ***Most of our truck and bus tyre sales comprises of traditional bias tyres. If the transition from bias to radial tyres in the domestic Indian commercial vehicle market occurs more rapidly than we anticipate, our business may require further investments.***

Bias tyres are less expensive than radial tyres but tend to wear more rapidly, and have a lower fuel efficiency. Bias tyres are used principally in emerging markets or developing countries on account of factors including poor road conditions, overloading practices and lack of technological advancement. On the other hand, radial tyres dominate the more matured U.S. and European markets and the international tyre market for commercial vehicles in developed countries has largely moved to radial tyres. The Indian commercial vehicle tyre market, of which radial tyres comprised of only 5% in Fiscal 2006, has been slow to embrace radial tyres due to cost considerations, overload practices, maintenance requirements and India's poor road infrastructure.

Our Company was the first to introduce truck and bus radial tyres in 1997 in India and has made a significant contribution in the radialization of the Indian commercial vehicle market. Our Company produced 78.12% and 73.24% of the truck radial tyres in the country during the Fiscal 2007 and for the six months ended March 31, 2008. However, the market for commercial vehicle radial tyres in India is growing. We are in process of expanding our truck radial capacity by making significant investments in respect thereto in anticipation of continued growth in that market. However, if the Indian commercial vehicle tyre market transitions to radial tyres much more rapidly than we anticipate, we may have to incur significant investments to further expand its truck radial capabilities to meet the market demand.

16. Our success depends largely on our senior management and our ability to attract and retain our key personnel.

Our success depends on the continued services and performance of the members of our management team and other key employees. The competition for senior management in our industry is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. In addition we do not maintain 'key man' life insurance for our Promoter, senior members of our management team or other key personnel.

The success of our business will also depend on our ability to identify, attract, hire, train, retain and motivate skilled personnel. In our line of business, professionals are highly sought after by our competitors as well as other Indian companies, particularly as India's economy continues to grow and mature. These factors have led to an increase in our attrition rates in the last few years.

If we fail to retain and hire sufficient number of qualified personnel for functions such as manufacturing, technical, finance, marketing and sales, operations and research and development, our business could be adversely affected.

17. We may continue to be controlled by our Promoters, who by virtue of their aggregate shareholding collectively own a substantial portion of our issued Equity Shares, as a result of which, the remaining shareholders may not be able to affect the outcome of shareholder voting.

As on the date of this Letter of Offer, our Promoter and Promoter Group shareholding stands at 46.97%. Our Promoters and Promoter Group will continue to collectively own a substantial portion of our issued Equity Shares. Further, Ashim Investment Company Limited, one of our Promoters, or Bengal & Assam Company Limited, in case Ashim Investment Company Limited is merged with Bengal & Assam Company Limited pursuant to a Scheme of Amalgamation, has undertaken to subscribe to the unsubscribed portion, if any, of this Issue. Consequently, the collective holdings of our Promoter and Promoter Group may increase above their current holdings. Our Promoters and Promoter Group will therefore have the ability to exercise a controlling influence over our business which may cause our Company to take actions that may conflict with the interests of some of our shareholders.

18. Ashim Investment Company Limited, one of our Promoters has sold certain Equity Shares prior to this Issue.

Ashim Investment Company Limited, one of our Promoters, which has undertaken to subscribe to the unsubscribed portion of this Issue on account of any undersubscription, has sold 3,09,854 Equity Shares of our Company (aggregating to 1.01% of our issued Equity Share capital) pursuant to market sales in the month of August, 2007. The details of these transactions are set forth below:

Date of transaction	Details of the transaction	Number of equity shares (each of Rs. 10)	Price per share (in Rs.)*	Aggregate gross value (In Rs.)*
August 2, 2007	Market sale	1,00,000	159.00	15,900,000.00
August 30, 2007	Market sale	1,48,854	135.00	20,095,290.00
August 30, 2007	Market sale	61,000	135.00	8,235,000.00

** excluding brokerage*

19. ***Pursuant to a proposed Scheme of Amalgamation, one of our Promoters, Ashim Investment Company Limited may be amalgamated with Bengal & Assam Company Limited.***

Pursuant to a proposed Scheme of Amalgamation, Ashim Investment Company Limited will be amalgamated with Bengal & Assam Company Limited, once the Scheme comes into effect. Whilst, Ashim Investment Company Limited has undertaken to subscribe to any unsubscribed portion, in case of any undersubscription in this Issue, if the Scheme becomes effective prior to the allotment of Equity Shares pursuant to this Issue, the corporate identity of Ashim Investment Company Limited would merge into Bengal & Assam Company Limited. There can be no assurance that this Issue shall be complete prior to the Scheme becoming effective and therefore, Bengal & Assam Company Limited may have to subscribe to the unsubscribed portion of this Issue.

20. ***We have entered into certain business transactions with related parties.***

We have entered into certain transactions with related parties, including our associate companies. These transactions or any future transactions with our related parties could potentially involve conflicts of interest. For more information, see section titled "Related Party Transactions", beginning on page 142 of this Letter of Offer.

21. ***One of our Directors, O.P. Khaitan, is also the sole proprietor of O.P. Khaitan & Co., which provides legal advice to our Company and may be deemed to be interested in our Company.***

One of our Directors, Mr. O.P. Khaitan is also the sole proprietor of O.P. Khaitan & Co., which provides our Company with professional legal advice from time to time and in this connection, our Company has paid O.P. Khaitan & Co. 4,36,800, Rs. 1,45,030 and Rs. 4,69,691 in Fiscal 2005, 2006 and 2007 respectively. For details, see the section titled "Our Management - Interest of our Directors" beginning on page 121 of this Letter of Offer.

22. ***Any further issuance of Equity Shares by us may dilute your shareholdings and adversely affect the trading price of our Equity Shares.***

Any future issuance of substantial number of Equity Shares by us could dilute your shareholding. In addition, any perception by investors that such issuances might occur could also affect the trading price of our Equity Shares.

23. ***The IDBI appraisal report specifies certain risks in relation to our financing requirements and the deployment of the net proceeds of the Issue.***

Our financing requirements and the deployment of the net proceeds of the Issue have been appraised by IDBI vide their report dated October 27, 2007. IDBI has set forth certain risks including threats faced by our Company on account of cheaper imports of tyres, particularly from China, increasing cost of raw materials including rubber and crude oil without any commensurate increase in sales prices due to increased competition. IDBI has also stated that our weak areas include the comparatively high interest costs we have to pay on account of high gearing and have highlighted that we do not have a strong presence in the OEM sector for multinational companies which however, constitutes only 28% of the OEM market in Fiscal 2007 as per the IDBI appraisal report. We have a presence in the balance OEM market which constituting 72% of the segment pursuant to the IDBI appraisal report. These factors may result in an adverse effect on our business and operations.

24. ***Our insurance coverage may not adequately protect us against possible risks of loss.***

While we believe that we maintain insurance coverage in amounts consistent with industry norms, our insurance policies do not cover all risks and are subject to exclusions and deductibles. For instance, our Mysore Tyre Plants (I and II) do not have any "all risks" marine insurance coverage to protect us against any loss in transit for our finished goods from our Mysore Tyre Plants to customers. If our Company or our Subsidiaries suffer a large uninsured loss or any insured loss suffered by our Company or our Subsidiaries significantly exceeds our insurance coverage, our business, financial condition and results of operations may be adversely affected. Also, see the section titled "Our Business" beginning on page 66 of this Letter of Offer.

25. ***Adverse publicity and costs associated with warranty, recall and liability, due to defects in our products, could adversely affect our Company's business, results of operations and financial condition and will also affect our brand image.***

Defects, if any, in our products could adversely affect the demand for our products and designs. Defects in our products that arise from defective components supplied by external suppliers may or may not be covered under warranties provided by them. Any defects in our products could also result in customer claims for damages. In defending such claims, our Company could incur substantial costs and be subject to adverse publicity. Our tyres are subject to warranties against manufacturing defects. In the event of claimed defects or non-performance of our tyres, our practice is to accept such genuine claims and to replace such tyres on a proportionate basis. Warranty claims reduce our profitability and in the event product recalls or warranty claims become more frequent, there may be an adverse effect on our operating results and financial condition. Additionally, defective product complaints may also cause damage to our brand name and may affect our reputation and brand image.

26. ***We own certain intellectual property rights and any failure to enforce our rights could have an adverse effect on our business prospects.***

We own trademarks and copyrights relating to our products. See the section titled "Our Business" beginning on page 66 of this Letter of Offer. Our ability to enforce our trademarks and other intellectual property is subject to general litigation risks. If we are not ultimately successful in enforcing our intellectual property rights for any reason, we may experience a material adverse effect on our competitive position and our business. Additionally, some of the trademarks owned by us has expired and we have applied for renewal of the same. Any delay in such renewal or failure to obtain the renewal of these trademarks may affect our business operations.

We also rely in part on mutual trust for protection of our trade secret and confidential information relating to our production processes. While it is our policy to take precautions to protect our trade secrets and confidential information against breach of trust by our employees, consultants, customers and suppliers, it is possible that unauthorized disclosure of our trade secrets or confidential information may occur. We cannot assure you that we will be successful in protecting our trade secrets and confidential information.

27. ***We may be subject to claims of infringement of third-party intellectual property rights, which could adversely affect our business.***

While we take care to ensure that we comply with the intellectual property rights of third parties and that historically we have not had any claims against us for infringement of third party intellectual property rights, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights. Any claims of infringement, regardless of merit or resolution of such claims, could force us to incur significant costs in responding to, defending and resolving such claims.

28. Our net income would decrease if the Government of India reduces or withdraws tax benefits and other incentives it currently provides to us or otherwise increases our effective tax rate.

Any increase in our effective tax rate as a result of the expiration of tax benefits we currently enjoy, changes in applicable tax laws or the actions of applicable income tax or other regulatory authorities could materially reduce our profitability. Furthermore, any significant increase in our future effective tax rates could adversely impact net income for future periods.

29. Our statutory auditors have qualified their audit report on our restated standalone financial statements and restated consolidated financial statements for Fiscals 2007, 2006, 2005, 2004 and 2003 and the six months ended March 31, 2008.

Our statutory auditors had qualified their report on our restated standalone financial statements for Fiscals 2007, 2006, 2005, 2004 and 2003 and the six months ended March 31, 2008. Details of these audit qualifications are set forth below:

Audit Qualification	Fiscal
The Company has not provided diminution in value of certain unquoted long term strategic investments made in some companies, since in the opinion of the Board, such diminution in their value is temporary in nature, considering the inherent value, nature of investments, the investees' assets and expected future cash flow from such investments.	2004 and 2003

Our statutory auditors had qualified their report on our restated consolidated financial statements for Fiscals 2007, 2006, 2005, 2004 and 2003 and the six months ended March 31, 2008. Details of these audit qualifications are set forth below:

Audit Qualification	Fiscal
The Company, in respect of certain unquoted long term strategic investments and Subsidiary Companies in respect of long term strategic investments made in some companies has not provided diminution in the value of investments, since in the opinion of the Board, such diminution in their value is temporary in nature, considering the inherent value, nature of investments, the investees' assets and expected future cash flow from such investments.	2005 and 2004
Balances of certain loans and advances were subject to confirmation.	2004
No provision has been made for diminution in the value of long term strategic investments made in some companies including JK Udaipur Udyog Limited which has become a sick company, since in the opinion of the management such diminution in their value is temporary in nature considering the inherent value, nature of investments and the investees' assets. No provision has been made for diminution of Rs. 0.19 crore in the value of long term quoted investments made in some companies, since in the opinion of the management such diminution in their value is temporary in nature.	2003

30. We are subject to certain contingent liabilities under Indian Accounting Standards.

As of March 31, 2008, our aggregate contingent liabilities not provided for under Indian Accounting Standards based on our restated standalone financial statements amounted to Rs. 68.39 crore, including contingent liabilities relating to:

- outstanding bills discounted with banks;
- claims made against our Company not acknowledged as debts including excise duty, service tax, sales tax and other matters;
- customs duty on capital goods imported under the EPCG scheme; and
- guarantees/letters of comfort.

For further details, see "Statement of Contingent Liabilities", which appears in Annexure 6 to "Financial Statements – Auditor's Report on Financial Information in relation to offer document on standalone financial information of JK Tyre & Industries Limited" beginning on page 143 of this Letter of Offer. To the extent that any of these or future contingent liabilities become actual liabilities, it would adversely affect our results of operations and financial condition.

31. ***Our Company is involved in litigation proceedings and cannot assure you that it will prevail in these actions.***

There are outstanding litigations involving our Company. These legal proceedings are filed at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in Indian law or rulings against our Company by appellate courts or tribunals, our Company may need to make provisions in its financial statements, which could adversely impact its business results. Furthermore, if significant claims are determined against our Company and it is required to pay all or a portion of the disputed amounts, there could be a material adverse effect on our Company's business and profitability. Brief details of litigations involving our Company are tabulated as under:

i) Cases filed against our Company

Category	**Number of Litigations**	**Amount involved (Rs. In crore)**
Civil cases	8	30.57
Land acquisition / compensation and land encroachment cases	33	Not Ascertainable
Labour disputes	81	9.69
Arbitration matters	3	Rs. 6.81 and USD 0.30
Consumer cases	22	0.15
Motor vehicle compensation	1	0.02
Income tax cases	35	4.09
Service tax cases	33	2.65
Excise tax cases	100	10.26
Sales tax cases	7	17.58
Customs cases	5	0.45
Stamp duty cases	1	1.10

ii) Cases filed by our Company

Category	**Number of Litigations**	**Amount involved (Rs. In crore)**
Criminal cases	145	5.63
Civil cases	54	4.53
Arbitration matters	2	USD 0.03
Anti dumping cases	2	Not Ascertainable

For further details, see the sections titled "Outstanding Litigation and Material Developments" on page 234 of this Letter of Offer.

32. There are certain legal proceedings involving our Group Companies.

Our Group Companies are parties to certain legal proceedings initiated by or against such parties. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate tribunals. Brief details of material legal proceedings involving our Group companies are set forth below.

i) Cases filed against our top five listed Group Companies

Name of Company	Category	Number of Litigations	Amount involved (Rs. In crore)
JK Lakshmi Cement Limited	Civil cases	13	16.72
	Labour cases	3	0.16
	Income Tax cases	11	Nil
	Excise cases	10	22.66
	Sales Tax cases	16	13.87
	Entry Tax cases	19	8.33
	Service Tax cases	1	0.75
JK Paper Limited	Criminal cases	48	0.14
	Civil cases	45	9.42
	Excise cases	39	33
	Income Tax cases	8	8.11
	Sales and Entry Tax cases	17	3.14
	Other Tax cases	21	2.24
JK Agri Genetics Limited	Criminal cases	4	Not Ascertainable
	Civil cases	5	Negligible
	Consumer cases	269	1.78

ii) Cases filed by our top five listed Group Companies

Name of Company	Category	Number of Litigations	Amount involved (Rs. In crore)
JK Lakshmi Cement Limited	Civil cases	2	1.5
JK Paper Limited	Civil cases	26	1.14
JK Agri Genetics Limited	Criminal cases	3	0.06
	Civil cases	2	0.01
	Securities cases	1	Not Ascertainable

For more information regarding legal proceedings against our Group companies, see the section titled "Outstanding Litigation and Material Developments – Litigation by or against our Group Companies" beginning on page 264 of this Letter of Offer.

Apart from our top five listed companies there are certain material legal proceedings involving our other Group Companies, M/s Fenner (India) Limited and Udaipur Cement Works Limited. For more information regarding the legal proceedings against these Group companies, see the section titled "Outstanding Litigation and Material Developments" beginning on page 234 of this Letter of Offer.

33. There are certain legal proceedings filed against/by our Subsidiaries.

Some of our Subsidiaries are parties to certain legal proceedings initiated by or against such parties. These proceedings are pending at different levels of adjudication. We cannot assure you that legal proceedings will be decided in their favor. Any adverse decision may have a significant effect on their business and results of operations. Brief details of litigations involving our Subsidiaries is summarized below:

Cases filed against the Tornel Group

Category	Number of Litigations	Amount involved
Water Litigation	7	Peso $ 1.46 crore
Labour cases	11	Peso $ 0.38 crore

For more information on the legal proceedings against our Subsidiaries, see the section titled "Outstanding Litigation and Material Developments" beginning on page 234 of this Letter of Offer. Apart from these legal proceedings, there are no other material litigations pending against/filed by our Subsidiaries.

34. Tornel and Sunrise Hold Co. Mexico , might not be able to generate sufficient internal accruals to repay the loan taken from Axis Bank, Hong Kong towards the acquisition of the Tornel Group.

One of our subsidiaries, Sunrise Hold Co. Mexico has taken a loan from Axis Bank, Hong Kong for the acquisition of shares of the Tornel Group. All the shares of Sunrise Hold Co. Mexico and the Tornel Group are proposed to be pledged and the fixed and current assets of the Tornel Group are proposed to be hypothecated in favour of Axis Bank, Hong Kong as collateral for the financial assistance. Additionally, our Company has issued a letter of comfort to Axis Bank, Hong Kong. We cannot assure you that Sunrise Hold Co. Mexico will be able to generate sufficient internal accruals within the required time frame to repay this loan.

35. Work stoppages or supply disruptions at our major original equipment customers could harm our business.

Automotive production can be affected by labour relations issues or general slowdown in the economy resulting in lower off-take of vehicles. It is possible that our original equipment customers could experience a disruption in production on account of labour strikes, work stoppages or similar difficulties. Such events may cause an original equipment customer to reduce or suspend vehicle production. In such an event, the affected original equipment customer could halt or significantly reduce purchases of our products, which would increase our production costs and harm our results of operations and financial condition.

36. We have foreign currency translation and transaction risks that may materially adversely affect our operating results.

The financial condition and results of operations of our international subsidiaries are reported in various foreign currencies, viz Hong Kong Dollars, Great Britain Pounds, Singapore Dollars, Peso $, Euro, Swiss Franc and then translated into Indian Rupees at the applicable exchange rate for inclusion in our financial statements. In addition, we have undertaken transactions in US$. The fluctuations in the currency exchange rates between the Indian Rupee and the aforesaid foreign currencies may affect our operating results. Based on our consolidated restated financial statements, the total revenue in foreign currency as a percentage of total income for Fiscal 2005, 2006, 2007 and the six month period ended March 31, 2008 was 15.94%, 14.71%, 15.05% and 13.99% respectively. We cannot assure you that any significant increase in currency rate fluctuations of the rupee against the US$ and other foreign currencies having the effect of reducing the rupee value of our foreign currency denominated revenues, would not adversely affect our results of operations.

37. ***Our international operations have certain risks that may materially adversely affect our operating results.***

Our international operations, including those of our Subsidiaries, are subject to certain inherent risks, including:

- competition from local manufacturers;
- exposure to local economic and political conditions;
- adverse changes in the diplomatic relations of foreign countries with India;
- adverse currency exchange controls and rates;
- restrictions on foreign investment and earnings including withholding taxes and repatriation;
- export and import restrictions;
- other changes in laws or government policies specific to our industry or the markets where we operate our business;
- longer accounts receivable payment cycles and difficulties in collecting amounts receivable in certain countries.

The likelihood of such occurrences and their potential effect on our Company vary from country to country and are unpredictable. Certain countries where we export are inherently more economically or politically unstable and as a result, our business in these markets could be subject to fluctuations in sales.

38. ***Some of our Subsidiaries have incurred losses in the last three fiscal years which may adversely affect our results of operations.***

Certain of our Subsidiaries have incurred losses (as per their financial statements) in the last three years, as set forth in the table below.

Name of the Subsidiary	**(Loss) (Rs. in crore)**		
	Fiscal 2007	**Fiscal 2006**	**Fiscal 2005**
J.K. Asia Pacific Limited	(0.02)	(0.02)	(0.02)
J.K. Asia Pacific (S) Pte Limited	(0.02)	(0.05)	(0.02)

Name of the Subsidiary	**(Loss) (Rs. in crore)**		
	December 31, 2007	**December 31, 2006**	**December 31, 2005**
Empresas Tornel S.A. de. C.V.	(14.92)	(30.31)	(3.28)
Comapania Hulera Tornel S.A. de C.V.	(29.44)	(9.11)	(6.51)
General de Inmuebles Industriales S.A. de C.V.	(0.68)	(1.07)	(0.86)
Hules y Procesos Tornel S.A. de. C.V.	(0.22)	(1.81)	(1.25)
Compania Inmobiliaria Norida S.A. de. C.V.	(1.13)	(1.94)	(0.65)
Comercializadora America Universal S.A. de. C.V.	(0.02)	(0.02)	(0.03)

We cannot assure you that our Subsidiaries will not incur losses in the future.

39. ***Some of our Group Companies have incurred losses in the last three fiscal years which may adversely affect our results of operations.***

Certain of our Group Companies have incurred losses (as per their financial statements) in the last three years, as set forth in the table below.

Name of the Group Company	(Loss) (Rs. in crore)		
	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Juggilal Kamlapat Udyog Limited	-	(0.42)	-
Pranav Investment (M.P.) Company Limited	-	-	(5.60)
Umang Diaries Limited	(2.25)	(4.45)	(0.62)
Tanvi Commercial Private Limited	-	-	Negligible
HSS Stock Holding Private Limited	(0.05)	Negligible	Negligible
Anant Design Private Limited	-	-	(0.13)
RPS Securities Private Limited	(0.05)	Negligible	Negligible

Name of the Group Company	(Loss) (Rs. in crore)		
	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
JK Sugar Limited	(1.98)	(5.90)	-

Name of the Group Company	(Loss) (Rs. in crore)		
	Year ended June 30, 2007	For the fifteen month period ended June 30, 2006	Year ended March 31, 2005
Mayfair Finance Limited	1.08	(2.85)	-
Sidhi Vinayak Investment Limited	0.97	(3.64)	-
Terrestrial Finance Limited	0.84	(2.86)	-
Yashodhan Investment Limited	0.61	(5.12)	-

Name of the Group Company	(Loss) (Rs. in crore)		
	Year ended September 30, 2006	Year ended September 30, 2005	Year ended September 30, 2004
Hidrive Finance Limited	(2.86)	-	Negligible
Panchanan Investment Limited	(6.31)	-	-
Radial Finance Limited	(7.44)	-	(0.04)
J.K. Pharmachem Limited	N.A.	(10.91)	(28.30)

Name of the Group Company	(Loss) (Rs. in crore)		
	Year ended December 31, 2007	Year ended December 31, 2006	For the fifteen month period ended December 31, 2005
Udaipur Cement Works Limited	(7.47)	(7.80)	(10.50)

We cannot assure you that our Group Companies will not incur losses in the future.

40. ***Some of our Group Companies had negative net worth in recent fiscal years, as set forth in the table below.***

Name of the Group Company	Negative Net Worth (Rs. in crore)		
	2007	2006	2005
Udaipur Cement Works Limited (financial year/period ending December 31, except for Fiscal 2004 ending September 30)	(105.91)	(98.44)	(90.64)
Umang Diaries Limited (financial year ending March 31)	(12.64)	(10.12)	(5.31)
J.K. Pharmachem Limited (financial year ending September 30)	N.A.	N.A.	(6.10)

We cannot assure you that our Group Companies will not have a negative net worth in the future.

41. ***The financial statements of one of our subsidiaries, J.K. International Limited, included in the consolidated financial statements of our Company are unaudited.***

The consolidated financial statements of our Company include unaudited financials of our subsidiary, J.K. International Limited. J.K. International Limited has been incorporated under the laws of the United Kingdom and its financial statements are not required to be audited under an exemption provided in section 249 AA(i) of the United Kingdom Companies Act, 1985. Moreover, J.K. International Limited has not traded and received any income or incurred any expenditure since Fiscal 2003 and consequently has neither made any profits nor losses for any period after Fiscal 2003 and the total amount of assets as appearing in the books of J.K. International Limited as on March 31, 2008 is less than Rs. 1 crore.

42. ***Some of our immovable properties have certain irregularities in titles.***

Our offices (registered office, corporate office, regional and other offices) and residential properties for our employees are either owned by us or taken on lease. Some of these properties, including the premises where our registered and administrative office at Kolkata and New Delhi are situated respectively, have one or more of the following irregularities in title:

- the conveyance deeds have not been executed;
- the conveyance deeds have not been registered in the land records maintained by the relevant authorities and are insufficiently stamped;
- the lease deeds have not been executed;
- the agreements to lease or lease deeds have not been registered in the land records maintained by the relevant authorities and are insufficiently stamped; and
- the lease deeds have expired and have not yet been renewed.

In addition, we may have also breached terms and conditions specified in certain lease arrangements including sub-leasing certain premises to our Group Companies, without the prior approval of the lessor, which may result in a breach of the lease arrangements. Furthermore, certain parties have also instituted eviction petitions against, *inter alia*, our Company with respect to our possession of the administrative office properties since the term of lease as per the lease deed has expired and the lease deed has not been renewed. The legal proceedings are currently pending before the High Court of Delhi. Our business may be adversely affected if we are unable to continue to utilize these premises and the other properties that suffer from deficiencies as set forth above.

43. ***Our Equity Shares have not been actively traded in the past in the Calcutta Stock Exchange where we are currently listed.***

Our Equity Shares are currently listed at the NSE, BSE and the CSE. However, there has been no active trading in these equity shares in the CSE in the past few years. Although, we propose to list our Equity Shares through this Issue at the CSE, we cannot assure active trading of our Equity Shares in the future.

44. ***Our failure to upgrade and modernize may render our existing plant and machinery, products or services less competitive.***

A key factor to our continued success is our ability to keep pace with upgradation and modernization of our existing plant and machinery and our products and services. Given the fast pace of upgradation and modernization, we face the risk of our plant and machinery and products and services becoming less competitive and would need to invest significantly large amounts of capital to upgrade and modernize our plant and machinery and products and services.

45. ***We rely on our IT systems in managing our supply chain, production process, logistics and other integral parts of our business.***

We are dependent on our information systems technology in connection with order booking, dealer management, material procurement, accounting and production. We have recently implemented ERP in our Company. Any failure in our information technology systems including ERP could result in business interruptions, including disruption in our supply management, the loss of buyers, damaged reputation and weakening of our competitive position, any of which could have a material adverse effect on our business, financial condition and results of operations.

46. ***Some of our Directors, Promoters and entities forming part of our Group Companies have appeared in the list of willful defaulters by the Credit Information Bureau (India) Limited ("CIBIL") in the past.***

JK Lakshmi Cement Limited and JK Pharmachem Limited have in the past appeared on the willful defaulters list published by CIBIL. In addition, Mr. Hari Shankar Singhania, Mr. Bharat Hari Singhania, Dr. Raghupati Singhania and Ms. Vinita Singhania have also appeared as willful defaulters on account of their directorships in these companies. However, CIBIL vide their letter dated January 21, 2008 has confirmed that the name of JK Lakshmi Cement Limited has been removed from the list of willful defaulters from September 2007. Accordingly, Mr. Hari Shankar Singhania, Mr. Bharat Hari Singhania, Dr. Raghupati Singhania and Ms. Vinita Singhania's names also do not appear on the CIBIL list currently.

In addition, JK Pharmachem Limited is currently under liquidation and Dr. Raghupati Singhania has resigned from the Board of JK Pharmachem Limited w.e.f October 14, 2001.

Furthermore, Mr. Bakul Jain has also confirmed vide an undertaking dated March 10, 2008 that during his tenure as a director in Apeego Limited, there was no notice of default on records of Apeego Limited.

47. ***Trading in equity shares of Udaipur Cement Works Limited (previously known as JK Udaipur Udyog Limited), one of our Group Companies, is currently suspended.***

The Bombay Stock Exchange vide its letter dated February 4, 2003 suspended trading of the shares of Udaipur Cement Works Limited (previously known as JK Udaipur Udyog Limited) w.e.f. February 3, 2002, on account of non compliance with the provisions of the Listing Agreement including on account of non-payment of the annual listing fees. We cannot assure you that trading in these shares will resume in a timely manner or at all.

48. ***We have made certain deviations in the objects for which we raised Rs. 257.66 crore in the year 1993.***

In the year 1993, we raised Rs. 257.66 crore from a rights issue of 91,27,201 equity shares and 48,75,306 secured partly convertible debentures to part finance the expansion of our radial tyres facility at Kankroli, the expansion scheme at Banmore, the pig iron project, the semi-synthetic cephalosporins project and to finance rehabilitation of the Central Pulp Mills Limited, for investment in JK Pharmachem Limited and to augment our long term resources. Whilst, the proceeds raised from the rights issue were applied towards the objects of the issue, as disclosed in the offer document, the amount raised for the pig iron project which was abandoned and the proceeds received in relation to the pig iron project were utilized for a tyre expansion project in Banmore**.**

49. ***The litigation disclosures for the Tornel Group are based on their certification.***

The litigation disclosures for the Tornel Group, located in Mexico, are based on the certifications of these companies since the case files pertaining to various litigations are in local language.

External Risks

50. ***A slowdown in economic growth in India could materially and adversely affect our results of operations and financial condition.***

Our performance and the quality and growth of our business are dependent on the health of the overall Indian economy. There have been periods of slowdown in the economic growth of India during the 1990s. The Indian economy is also largely driven by the performance of the agriculture sector, which depends on the quality of rainfall during the monsoon season and is therefore difficult to predict. In the past, economic slowdowns have harmed manufacturing industries including the tyre industry. Any future slowdown in the Indian economy could harm our Company's results of operations and financial condition.

51. ***Financial instability in Indian financial markets could materially and adversely affect our results of operations and financial condition.***

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in Asian emerging market countries. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of the investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy and the market price of our Equity Shares could fluctuate significantly as a result of market volatility.

52. ***The extent and reliability of Indian infrastructure could adversely impact our results of operations and financial condition.***

India's physical infrastructure is less developed than that of many developed nations and problems with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could have a material adverse effect on our Company's results of operations and financial condition.

53. ***Changes in Indian Government policies could adversely affect economic conditions in India, and thereby adversely impact our results of operations and financial condition.***

All of our Company's production facilities are located in India, and a significant portion of its revenue is derived from sales of its products in the Indian market. Consequently, our Company itself, and the market price and liquidity of the equity shares, may be affected by changes in the policy of the Government of India. For example, the imposition of foreign exchange controls, rising interest rates, inflation, increases in taxation or the creation of new regulations could have a detrimental effect on the Indian economy generally and our Company in particular.

The Indian Government has in recent years sought to implement economic reforms, and the current Indian Government has implemented policies and undertaken initiatives that continue the economic liberalization policies pursued by previous Indian Governments. For example, the Indian Government has announced its general intention to continue India's current economic and financial sector deregulation policies and encourage infrastructure projects. However, the roles of the Indian Government and the state governments in the Indian economy as producers, consumers and regulators have remained significant and there can be no assurance that liberalization policies will continue in the future. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our Company's results of operations and financial condition in particular.

54. ***Terrorist attacks, civil disturbances and regional conflicts in Asia, including in India, may have a material adverse effect on our business.***

Terrorist attacks and other acts of violence or terrorism may negatively affect investor confidence, thereby adversely affecting worldwide financial markets, including the Indian financial market. India has from time to time experienced social and civil unrest and hostilities, including terrorist attacks and riots and armed conflict with neighboring countries. A continuation or intensification of attacks, hostilities and tensions could lead to political or economic instability in India and harm our results of operations and financial condition.

55. ***If natural disasters occur in India, our results of operations and financial condition could be adversely affected.***

India has experienced floods, earthquakes, tsunamis, cyclones and droughts in recent years. Such natural catastrophes could disrupt our Company's operations, production capabilities, distribution chains or damage its facilities located in India. In December 2004, Southeast Asia, including the eastern coast of India, experienced a tsunami and in October 2005, the States of Jammu and Kashmir experienced an earthquake, both of which caused significant loss of life and property damage. While our facilities were not damaged on these occasions, a significant portion of our facilities and employees are located in India and as such are exposed to such natural disasters.

56. ***The market value of an investor's investment may fluctuate due to the volatility of the Indian securities markets.***

Indian securities markets are more volatile than the securities markets in certain countries which are members of the Organization for Economic Co-operation and Development (OECD). Stock Exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements.

57. ***If inflation worsens, our Company's results of operations and financial condition may be adversely affected.***

An increase in inflation in India could cause a rise in the price of transportation, wages, raw materials or any other of our Company's expenses. In the event, our Company is unable to reduce its costs or pass its increased costs along to its customers, on account of increase in inflation, our Company's results of operations and financial condition may be materially and adversely affected.

58. ***Any downgrade of India's sovereign debt rating by an international rating agency could have a negative impact on our Company's results of operations and financial condition.***

Any downgrade of India's credit rating for Indian domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and commercial terms on which such additional financing is available. This could have an adverse effect on our Company's ability to obtain financing to fund its growth on favorable terms or at all and, as a result, could have a material adverse effect on its results of operations and financial condition.

59. ***Rising interest rates may raise the cost of financing, thus adversely affecting our Company's results of operations and financial condition.***

If interest rates rise, interest payable on this debt will also rise, thus increasing the cost of new financing for our Company, increasing our interest expense and hindering our ability to implement its growth strategies. Such a rise in interest rates could materially and adversely affect our Company's results of operations and financial condition.

60. ***The Competition Act, 2002, by regulating our Company's business and activities, may materially and adversely affect our Company's results of operations and financial condition.***

The Indian Government enacted the Competition Act, 2002 for the purpose of preventing practices that could have an adverse effect on competition. Except for certain provisions, the Competition Act has not yet come into force. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and will be subject to substantial penalties. Any agreement that directly or indirectly determines purchase or sale prices, limits or controls production, or creates market sharing by way of geographical area or number of customers in the market is presumed to have an appreciable adverse effect on competition. It is unclear how the Competition Act will affect industries in India and our Company's business. Consequently, our Company cannot assure prospective investors that enforcement under the Competition Act will not have a material adverse effect on its results of operations and financial condition.

61. ***You will not receive the Equity Shares and other instruments that you subscribe for in this Issue until thirty days after the date on which this Issue closes, which will subject you to market risk.***

The Equity Shares you purchase in this Issue will not be credited to your demat account with depository participants until approximately 30 days from the Issue Closing Date. You can start trading on such Equity Shares only after receipt of listing and trading approvals in respect of these shares. Since the Equity Shares are already listed on stock exchanges, you will be subject to market risk from the date you pay for the Equity Shares to the date they are listed. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the time periods specified above.

Notes to Risk Factors:

- Issue of 1,02,64,836 Equity Shares of Rs. 10 each at a premium of Rs. 75 per Equity Share aggregating Rs. 87,25,11,060 to the equity shareholders on rights basis in the ratio of one (1) Equity Share for every three (3) Equity Shares held on the record date i.e. July 14, 2008. The Issue Price for Equity Shares is 8.5 times of the face value of the Equity Share.

- The net worth of our Company on a standalone basis before the Issue as of March 31, 2008 was Rs. 398.72 crore.

- The book value per equity share of our Company on a standalone basis as of March 31, 2008 was Rs. 129.48 per Equity Share.

- We have entered into certain related party transactions as disclosed in the section titled "Related Party Transactions" beginning on page 142 of this Letter of Offer.

- For details of transactions in Equity Shares of our Company by our Promoter Group Companies and directors of Ashim Investment Company Limited in the six months preceding the date of filing of the Draft Letter of Offer till date, please see section titled "Capital Structure" beginning on page 22 of this Letter of Offer.

- For details of interests of our Company's Directors and key managerial personnel, please refer to the section titled "Our Management" beginning on page 110 of this Letter of Offer. For details of the interests of the Promoter, please refer to the section titled "Our Promoters" beginning on page 127 of this Letter of Offer.

- Pursuant to resolution of the members passed at the AGM held on March 28, 2007, the name of our Company was changed from J.K. Industries Limited to JK Tyre & Industries Limited with effect from April 2, 2007 in order to capture the brand – 'JK Tyre' and its value in the name of our Company.

- Investors may contact the Lead Manager with any complaints, or for information or clarifications pertaining to the Issue. The Lead Manager is obliged to provide a response to investors.

- Before making an investment decision in respect of this Issue, Investors are advised to review the entire Letter of Offer, and refer to the section titled "Basis for Issue Price" beginning on page 45 of this Letter of Offer.

- Please refer to the section titled "Terms of the Issue – Basis of Allotment" beginning on page 332 of this Letter of Offer for details of the basis of allotment.

- Average cost of acquisition, per Equity Share for each of the Promoters are set forth below.

Sr. No.	Name of the Promoters	Average cost of acquisition (in Rs.)
1.	Mr. H.S. Singhania	43.35
2.	Dr. R.P. Singhania	61.05
3.	Mr. B.H. Singhania	35.19
4.	Mr. V.P. Singhania	52.74

5.	Ashim Investment Company Limited	100.79

- Our Company and the Lead Manager are obliged to keep this Letter of Offer updated and inform investors in India of any material developments until the listing and trading of the Equity Shares offered under the Issue commences.

SECTION III - INTRODUCTION

SUMMARY OF OUR BUSINESS, STRENGTH AND STRATEGY

The following is a summary of some of the information contained, and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere, in this Letter of Offer. Prospective investors are urged to read the entire Letter of Offer carefully, including the financial statements and the schedules and notes thereto.

Overview

We are one of the leading tyre companies in India that develops, manufactures, markets and distributes automotive tyres, tubes and flaps for the transportation industry. We manufacture our products in four manufacturing centres in India and have marketing operations spread across India and abroad in over 75 countries including the United States of America, Latin America, the Middle East, South East Asia, Africa and Australia. We market our tyres for sale to vehicle manufacturers for mounting as original equipment and for sale in the replacement markets worldwide. As of Fiscal 2007, we are the third largest tyre company in India in terms of revenues with a gross turnover of Rs. 3,195.71 crore. Our gross turnover for the six month period ended March 31, 2008 was approximately Rs. 1,765.58 crore.

We have over five decades of experience in the Indian tyre market. We introduced and pioneered the steel radial technology into India and manufacture steel belted radial tyres for passenger cars, light commercial vehicles, trucks and buses. We were one of the first companies to manufacture passenger radial tyres in India as early as 1977. We are also one of the first Indian tyre manufacturers to introduce truck radial tyres into India. We are presently the largest producer of truck and bus radial tyres in India.

Additionally, as per the Report of ATMA, we have been the fastest growing manufacturer of off the road ("OTR") tyres in India in the period between April 2006 – March 2007 to April 2007- March 2008 with our production share having increased from 19% to 27%.

Since Fiscal 2004, our net sales revenue (on a stand alone basis) has grown from Rs.1,902.99 crore to Rs. 2,816.16 crore in Fiscal 2007, which represents a 14% CAGR during this period. In Fiscal 2007, approximately 58%, 27% and 15% of our Company's revenue was from the replacement, institutional and export markets respectively.

We have well known brands in the truck and bus tyre, light truck tyre, passenger car tyre, farm tyre and OTR tyre market segments in India. Our products such as Jet Trak, Jet One, Jet Trak-39, Jet Trak-39 DX, Jetking-10, Jet Trak XL, Jet Speed, Jet Xtra, Jet Rib, Jet R Plus, Ultima XP, Tornado, Brute, Steel King, Sona HF and Sona 2001 are well known both in the OEM market and replacement markets across India. Additionally, we have been the exclusive supplier of tyres to certain OEMs for their automobiles and provide custom made tyres to Maruti Udyog Limited's SX4 ZXI, Esteem VXI and Swift and Mahindra and Mahindra Limited's Scorpio and Logan. We also have a centre for Research and Development, HASTERI, promoted by us to study, develop and evolve new technologies for rubber and allied industries.

We have four tyre manufacturing plants located in India at Kankroli (Rajasthan), Banmore (Madhya Pradesh) and two plants at Mysore (Karnataka). Starting with an initial capacity of 5 lakh tyres per annum in 1977, our Company has carried out a series of expansions to expand and upgrade its production capacities to reach the present installed capacity of 0.87 crore tyres per annum across all our plants.

As of March 31, 2008, we have over 134 sales, service and stock points located throughout the country. Our sales and distribution network, which reaches across India, is managed through 13 regional offices at New Delhi, Jalandhar, Kanpur, Meerut, Jaipur, Jamshedpur, Kolkata, Chennai, Hyderabad, Bangalore, Mumbai, Indore and Ahmedabad and 58 area offices located across the country. As of March 31, 2008, we have over 3,500 dealerships across India, of which over 500 are dealers stocking our tyres exclusively. In addition, we have over 100 steel wheel outlets which also provide certain value added services including wheel balancing, wheel alignments, tyre checking and tyre rotation along with selling tyres for our passenger car range of tyres and 18 tyre care centres located at the highways to focus and provide exclusive sales and after sales service to truck radial customers. Our tyre care centres are open 24 hours a day which provide the following facilties including inflation pressure check-ups, tyre fitment and rotation, repair of tyre cuts, service tyre facility, front alignment check-up.

In Fiscal 2005, 2006 and 2007 and the six month period ended March 31, 2008, our gross turnover were Rs. 2,383.82 crore, Rs. 2,952.69 crore, Rs. 3,195.71 crore and Rs. 1,765.58 crore respectively. In the Fiscal 2005, 2006, 2007 and the six month period ended March 31, 2008, our restated profit after tax was Rs. 3.33 crore, Rs. 17.05 crore, Rs. 66.73 crore and Rs 43.79 crore respectively. As on September 30, 2007 and as on March 31, 2008, we had a total asset base of Rs 1,053.19 crore and Rs. 1,041.07 crore and a net worth of Rs. 359.75 crore and Rs. 398.72 crore respectively.

Our Strengths

We believe that our business has the following key competitive strengths.

Leading tyre company in India

We are one of the leading Indian tyre companies that develops, manufactures, markets and distributes tyres and tubes for the transportation industry. We were one of the leading market players in India in 12 months period from April 1, 2007 to March 31, 2008 with a 22% share of the truck tyre segment, which is the largest segment of the tyre market in India.

Pioneer in steel radial technology

Our Company is the pioneer of the steel radial technology in India and we introduced for the first time in India passenger car radials in 1977 and truck radials in 1999. We enjoy an early-mover advantage in this segment.

Leaders in truck radials in India

Our Company is also the largest manufacturer of truck and bus radial tyres in India. The truck radialisation in India at present is around 6% and we are one of the leading manufacturers in this segment in India.

Renowned premium brand in the global commercial bias tyre market

Our Company exports two bias tyre brands, i.e. JK Tyre and Vikrant, which enjoy a premium status in the international commercial bias tyre markets. These brands are exported to over 75 countries and are marketed through various distributors. The brand reputation enjoyed by our Company and our wide distribution network along with customer relationships has enabled us to achieve consistent price leadership for our products across our international bias markets.

Extensive Sales and Distribution Network

We believe we have an extensive distribution system which enables us to maximize our marketing and sales opportunities. As of March 31, 2008, we had 134 sales, service and stock points. Through a sales and distribution system of over 3,500 dealerships across India, of which over 500 are exclusive dealers, that are managed through New Delhi, Jalandhar, Kanpur, Meerut, Jaipur, Jamshedpur, Kolkata, Chennai, Hyderabad, Bangalore, Mumbai, Indore and Ahmedabad and 58 area offices located across the country, we are able to market and sell our products throughout India. In addition, we have over 100 steel wheel outlets for our passenger car range and 18 tyre care centre service points for truck radial tyres. Apart from above, we have a fleet management programme for nurturing, educating and caring the needs of transporters, the ultimate customer of our commercial tyres. The fleet management programme also comprises of the fleet management software, a tool to manage our customer's vehicles and tyre maintenance including maintaining data records related to tyres, spare parts, fuel and servicing.

High Quality Assurance Standards

We place great emphasis on quality control procedures in our manufacturing processes. Our tyres endure a series of tests and inspections at every stage of the manufacturing process and are thoroughly evaluated by our team of engineers before they are delivered to our customers. This adherence to systems and procedures ensures that our Company maintains its reputation for quality and performance, in India as well as abroad. We have also received various awards and accreditations, including ISO-14001, ISO/TS 16949 QMS and the Rajiv Gandhi National Quality Award for setting high quality assurance standards in the tyre industry.

OEM presence

We are currently the only supplier to Maruti Suzuki (India) Limited's SX4-ZXI, Swift and Mahindra Renault Logan. We have been working closely with our OEM customers to develop products that are custom made to suit their requirements. We supply tyres to automobile manufacturers in India such as Maruti Suzuki (India) Limited, Tata Motors Limited, Mahindra and Mahindra Limited and Eicher Motors Limited. We believe our long standing relationship with our OEM customers enables us to receive repeat orders from them, despite increasing competition. Additionally, we also maintain exclusive godowns (called just-in-time godowns) dedicated to our OEM partners in order to ensure that goods are delivered to them on time.

After sales servicing

We have a dedicated technical services staff, comprising of qualified and experienced service engineers to attend to any customer query and problem. We endeavour to address all technical queries within a time frame of one to two days. Accordingly, we have deployed our service personnel across our sales offices to provide immediate responses to customer complaints. Our customers can also reach us through any of our offices across the country, which is connected through the wide area network. We also frequently conduct tyre care camps and free tyre check camps (even amongst non-users of our products) to educate car owners about the need for tyre maintenance and provide guidance on tyre care and maintenance.

Leadership through Marketing

Our marketing efforts in recent years have yielded positive results for several products in our portfolio. For example, we offer an "unconditional warranty" for some of our passenger car radial tyres that cover certain non-manufacturing defects through various marketing initiatives. We believe our innovation in this respect has helped us capture a significant portion of the fast-growing passenger car tyre market. We have been mentioned by JD Power, Asia and Pacific ranked by the Indian TCSI Industry Average in their 2007 Original Tyre Satisfaction Index Study as amongst the leading Indian tyre manufacturers in terms of customer satisfaction. We have introduced the Just-In-Time delivery service that was initially introduced to Maruti and Tata Motors Limited and thereafter to other OEMs. We also introduced the steel wheel outlets, a chain on passenger car radial tyre sales and service in India and dial-a-tyre service which ensures that we deliver and fit passenger car tyres at the customer's doorstep along with certain value added services. We also have set up various truck radial tyre care centres across the highways. Additionally, our Company also provides attractive customer schemes to attract repeat buyers and reward loyal customers.

Modern Production Facilities with focus on research and development

We operate through four manufacturing locations in India at Kankroli (Rajasthan), Banmore (Madhya Pradesh) and two facilities at Mysore (Karnataka) with a combined production capacity of about 87 lakh tyres per year currently. We have access to the latest technological developments in the tyre industry on account of our technical collaboration with Continental Tire, a globally well reputed tyre manufacturing company. Accordingly, our plants are equipped with the latest technologies in the industry. We have also established HASETRI a research and development centre that is engaged in the advancement of tyre technology and polymer chemistry. Our product development teams co-ordinate with HASETRI to improve its processes and product technologies to meet the ever increasing challenges in the market. We have also been instrumental in establishing the R.P. Singhania Centre for Excellence jointly with the Indian Institute of Technology, Madras at Chennai. The R.P. Singhania Centre for Excellence is involved in developing predictive techniques for product performance improvement and new product development using finite element analysis (FEA) through high end computational capability.

We believe that our modern production facilities enable us to produce high-quality products that meet the expectations of our customers.

Diverse Range of Products

We have well known brands in each of the truck and bus, light truck, passenger car, farm and OTR tyre market segments in India. In the commercial vehicle tyre market, we pioneered developing specific tyres to suit the varying needs of our customers. Brands such as Jet Trak, Jet One, Jet Trak-39, Jetking-10, Jet Trak XL, Jet Speed, Jet Xtra, Star Lug, Jet Rib, Jet R Plus, Trak King Jet Rock are strong both in the OEM and replacement markets. Some of our top OEM customers include Maruti Suzuki, Tata Motors, Mahindra and Mahindra, Ashok Leyland, Force Motors, Eicher and Punjab Tractors. We have been exclusive supplier of tyres to OEMs for their models like Maruti's SX4 ZXI, Esteem VXI and Swift, Mahindra's Scorpio Export and Logan.

The passenger car tyre segment is one of the fastest growing segments in India, growing at a CAGR of 12.3% during the period from the year 2003 to 2007. From Fiscal 2005 to Fiscal 2007, our passenger car tyre production grew at a CAGR of 18.1%. The strength of our passenger car tyre products has allowed us to become the second largest producer of tyres for the Indian passenger car segment, with a 19.0% share of the market for the year 2008. We have introduced technologically more advanced high speed passenger car radial tyres i.e. "H" and "V" rated radials signifying our constant endeavour and journey to move up the technology ladder. In addition, we have also recently introduced "Z" rated radial tyres for motor sports. The high speed passenger car tyres enable us to penetrate developed markets like Europe, South America and the Middle East. We have strong brand equity amongst our customers that is re-enforced by quality marketing efforts and backed by constant quality up gradations.

Effective Cost Control Management

We have implemented a cost control system that includes the continuous monitoring and managing of the cost of various products and inputs, such as reducing product weights, construction changes, technical improvements, improvement in manufacturing efficiencies such as reduced wastages, power and fuel consumption, improving man power productivity, control of overheads and reducing in interest costs in terms of usage and rates. Additionally, we have implemented certain energy saving projects including replacement of conventional cooling towers with fanless ones, calliberated use of air handling units, change of pipelines to reduce leakages and also improvement in trenches to reduce steam consumption and rain water harvesting, introduction of variable frequency drives for mills and improvement in condensate recovery. We plan to continue to focus on cost control and improving operating efficiencies.

Competent and committed workforce

We have a competent and committed senior management and work force. Many of our key managerial personnel including our Directors have been with our Company for over 20 years. The members of our management team and professional staff have a variety of professional qualifications and come from a diverse set of backgrounds. Additionally, our plants are manned by a qualified and dedicated team and are competent to handle modern equipment and have multi-skill capabilities. Being thoroughly trained in QS 9000 systems, our personnel are committed to high standards of systems and procedures in manufacturing operations.

Our Strategy

We have the following strategies to develop our business and continue to grow further:

Consolidate leadership position in commercial vehicle tyre segment

We are one of leading players in the commercial vehicle tyre segment in India, which includes truck, buses and light commercial vehicles tyres. As per the report published by ATMA, our production constitutes approximately 22% and 18% in the truck and bus segment and light commercial vehicles respectively of the Indian tyre market domestically in the period between April 2007 to March 2008. Our brand name is well recognized and associated with quality and reliability. We intend to consolidate our leadership position and build on our brand equity in the commercial vehicles tyre segment by continuing to manufacture and supply high-quality tyres, maintain and build on our distribution network, improvise existing products and introduce new products to meet the requirements of our customers.

Capitalize on our first mover advantage in the radial tyre market and expand our market share in radial tyres

We pioneered radial technology in India. We were the first tyre manufacturers in India to produce radials for the entire range of vehicles i.e. trucks, buses, light commercial vehicles, passenger cars, jeeps and tractors. Radial tyres are gaining market share in the Indian tyre market, comprising 97% of the passenger car tyre market and 6% of the truck tyre market during 2008.

We are seeking to capitalize on our first mover advantage and become a leading manufacturer of passenger car radial tyres in India. Our portfolio of passenger car radials includes a comprehensive range of “S”, “T”, “H” and “V” rated tyres. We have already produced “Z” rated radial tyres for motor sports which are ultra-high performance tyres and intend to commercially introduce ‘Z’ rated passenger car radial tyres in Indian market in 2008.

We are one of the leading manufacturers of truck and bus radials in India at present. We envisage an increase in the demand for truck and bus radials in India in the coming years on account of economic growth and development of highways and road infrastructure in the country. We plan to increase production of truck and bus radials on a large scale and are scaling up our manufacturing activity by enhancing capacity in our existing plant at the Mysore Plant II.

Strategic sourcing of raw material and focus on strategic partnerships with key suppliers

In Fiscal 2007 and for the six month period ended March 31, 2008, raw material costs constituted approximately 69.02% and 62.67% respectively of our net sales.

The major raw materials required for tyre manufacture include natural and synthetic rubber, nylon fabric, steel tyre cord, rubber chemicals and carbon black. We have implemented a strategy of using our purchasing power as a leading tyre manufacturer to source raw materials at competitive prices from domestic and global sources. We believe that importing raw materials from countries like Indonesia, China and Korea helps to ensure competitive pricing and better availability of raw materials. Thus, we invest our resources into identifying, creating and maintaining relationships with various domestic and international vendors. We plan to focus on creating strategic partnerships with our key suppliers to source more cost efficient raw materials. We conduct regular meetings with our major suppliers, give them constant feedback and assist them in their quality management systems.

Moreover, we have developed an internal knowledge bank that stores a database on raw materials, including cost models, sources, global supply and demand patterns, price analyses and forecasting. We will continue to monitor the prices of raw materials, develop strategies to minimize the cost, and optimize the quality of our sourced raw materials and to continue developing our internal knowledge bank.

Increase our exports in bias commercial and special application tyres

For the period April 2007 – March 2008, our exports have constituted over 25% of our bias truck tyre production. We are currently exporting our products to over 75 countries. Our key export regional directions are the Central and South America, Africa, the Middle East, South and South East Asia, Australia and Europe. Over the past 20 years, we have won numerous export awards including the National Export Award from the Ministry of Commerce, Highest and Top Export awards from CAPEXIL, Highest Export Award to Latin American countries from the Indian Trade Promotion Organisation, Niryat Shree Award from the Federation of Indian Export Organizations. We intend to continue focus on export of bias truck and light commercial vehicle tyres. Additionally, we have diversified into special application tyres or specialty tyres (including tyres used in skid steers and fork lifts in ports, warehouses and factories) and commenced exports. We intend to scale up the manufacture of special application tyres to a capacity of 0.01 crore tyres per annum at Mysore. This niche tyre segment would be used primarily to boost our exports with a focus on the Central and South America, Europe and Australia.

Focus on the consumer replacement market

We have been continuously offering and innovating new products in the market to meet the changing demands of our customers in the replacement market. For instance, in the last one year, we have introduced about 18 new tyres for sale in the replacement market across different product categories to enhance our presence in the consumer replacement market. Furthermore, we have introduced various customer relationship programmes with our existing customers to promote our tyres and have also launched programmes to create brand awareness about our products including setting up tyre care camps such as cool wheels (for service of passenger car tyres), customer interaction programmes, customer contact programmes, dealer meets, joint promotion campaigns and service camps with major OEMs. We also offer various after sales services. We intend to focus on building close working relationships with our customers and dealers through these services and plan to offer more services and products to enhance our presence in the replacement market. We are also in the process of offering additional services to our customers through fleet management by providing a package of value added products and services. We intend to sell and offer various value added services through the internet by promoting e-business on our website. Additionally, we also intend to upgrade and increase the number of tyre care centres and steel wheel outlets.

Strengthen our presence in the OEM segment

We plan to increase our presence in the OEM segment by developing new OEM customers through product development, technology and cost competitiveness.

Continuous focus on cost control and operating efficiencies improvement

We endeavor to produce tyres in a manner that is cost efficient and are constantly driven toward improving operating efficiencies, especially in light of the recent sharp increases in raw material prices and energy costs. We have implemented a cost control system that includes the continuous monitoring and managing of the cost of various products and inputs, such as reducing product weights, construction changes, technical improvements, improvement in manufacturing efficiencies such as reduced wastages, power and fuel consumption, improving man power productivity, control of overheads and reducing in interest costs in terms of usage and rates. Additionally, we are in process of introducing methods to reduce power and fuel cost and are investing in energy saving projects to optimize the production process in a cost efficient manner like upgradation of boilers, use of cheaper sources of fuel, replacement of old compressors with energy efficient compressors. We plan to continue to focus on cost control and improving operating efficiencies.

Emphasis on research and development and technology

We have plans to enhance our research and development activities by incorporating various new evaluation equipments and new software to be able to meet the ever growing challenges in the product areas. Additionally, we have planned to further induct and develop scientists and engineers in our research and development centres, i.e. HASETRI and the R.P. Singhania Centre of Excellence.
Our product development centre with a strong pool of product development engineers, which has been re-located from Kankroli plant to Faridabad, caters to development of new products by using the latest techniques adopted from our collaborator, Continental A.G. and HASETRI. We plan to further strengthen this pool of engineers by supplementing additional manpower and requisite equipment to be able to compete with our competitors.

Our overall strategy is to develop a technological edge considering the growth expected in the automobile sector in India. The objective of our strategy is to introduce and incorporate new technologies into our products, production process and services.

Build on strength of distribution network

We intend to retain and further strengthen existing relationships with our dealers by dealer friendly trade policies and offering them better business propositions in order to increase our share of total business. We plan to continue to invest in the business and product training of our dealers in order to maximize efficiency and promote high standards of our distribution network. We also intend to identify and utilize new and developing channels of distribution in the existing markets as well as the new markets. We intend to increase the number of area offices to further enhance our extensive distribution network.

THE ISSUE

The details of this Issue are set forth below.

Equity Shares offered by our Company	1,02,64,836 Equity Shares of Rs. 10 each
Rights Entitlement for Equity Shares	One (1) Equity Share for every three (3) Equity Shares held on the Record Date
Record Date	July 14, 2008
Issue Price per Equity Share	Rs. 85
Equity Shares outstanding prior to the Issue	3,07,94,510 Equity Shares of Rs. 10 each
Equity Shares outstanding after the Issue	4,10,59,346 Equity Shares of Rs. 10 each
Use of Issue proceeds	See the section titled "Objects of the Issue" beginning on page 38 of this Letter of Offer.
Terms of the Issue	See the section titled "Terms of the Issue" beginning on page 319 of this Letter of Offer.

Terms of payment

Full amount of Rs. 85 per Equity Share shall be payable on application. Where an applicant has applied for additional Equity Shares and is allotted lesser number of Equity Shares than applied for, the excess application money paid shall be refunded. The monies would be refunded within 42 days from the closure of the Issue, and if there is a delay beyond eight days from the stipulated period, our Company will pay interest on the monies in terms of Section 73 of the Companies Act.

SUMMARY FINANCIAL INFORMATION

The following table sets forth our selected historical financial information on a standalone as well as on a consolidated basis derived from the audited and restated financial statements for the financial years ended September 30, 2003, 2004, 2005, 2006, 2007 and six months ended March 31, 2008 prepared in accordance with the Indian GAAP and the Companies Act and restated in accordance with the SEBI Guidelines, and as described in the Auditors' Report of M/s Lodha & Co., Chartered Accountants, included in the section titled "Financial Statements" on page 143 of this Letter of Offer and should be read in conjunction with those financial statements and the notes thereto.

STATEMENT OF PROFIT & LOSS, AS RESTATED (STANDALONE BASIS)

Rs. In Crore (10 Million)

	Six months ended March 31st, 2008	Year ended September 30th, 2007	Year ended September 30th, 2006	Year ended September 30th, 2005	Year ended September 30th, 2004	Year ended September 30th, 2003
Income						
Gross Sales :						
- Of Products Manufactured By The Company	1739.27	3168.77	2923.78	2355.25	2206.69	1986.77
- Of Products Traded By The Company	26.31	26.94	28.91	28.57	30.81	31.76
Total	1765.58	3195.71	2952.69	2383.82	2237.50	2018.53
Less : Excise Duty	210.87	379.55	343.48	304.74	334.51	338.32
Net Sales	1554.71	2816.16	2609.21	2079.08	1902.99	1680.21
Other Income	6.53	10.50	17.61	16.44	20.37	58.81
Increase / (Decrease) In Finished Goods	(34.47)	93.13	92.16	22.32	(55.52)	30.50
Total Income	**1526.77**	**2919.79**	**2718.98**	**2117.84**	**1867.84**	**1769.52**
Expenditure						
Raw Material Consumed	974.37	1943.66	1886.31	1392.12	1157.78	1038.16
Staff Cost	95.23	176.72	155.70	142.66	138.84	125.86
Other Manufacturing Expenses	146.74	258.88	264.01	219.18	189.99	183.45
Selling And Distribution Expenses	111.70	197.40	179.18	169.54	164.86	161.39
Administration And Other Expenses	39.50	77.90	64.90	62.80	60.36	63.78
Interest	47.80	89.04	76.15	64.45	78.19	98.70
Total Expenditure	**1415.34**	**2743.60**	**2626.25**	**2050.75**	**1790.02**	**1671.34**
Profit Before Depreciation & Tax	**111.43**	**176.19**	**92.73**	**67.09**	**77.82**	**98.18**
Depreciation	50.38	101.33	97.50	90.22	88.00	85.85
Transfer From Capital Reserve	(11.73)	(25.89)	(26.57)	(26.57)	(26.66)	(26.72)
Exceptional Item:						
-Additional Excise Duty For Earlier Years (Refer: Note 5 Of Annexure :6)	**-**	**-**	**-**	**-**	36.70	-
Profit Before Tax	**72.78**	**100.75**	**21.80**	**3.44**	**(20.22)**	**39.05**
Provision For Current Tax	12.42	7.54	0.47	-	-	0.90
Mat Credit Entitlement	(2.56)	(7.54)	(0.47)	-	-	-
Deferred Tax / (Deferred Tax Credit)	17.43	31.15	1.44	(1.09)	(9.14)	16.06

	Six months ended March 31st, 2008	**Year ended September 30th, 2007**	**Year ended September 30th, 2006**	**Year ended September 30th, 2005**	**Year ended September 30th, 2004**	**Year ended September 30th, 2003**
Provision For Fringe Benefit Tax	1.70	2.87	3.31	1.20	-	-
Profit After Tax	**43.79**	**66.73**	**17.05**	**3.33**	**(11.08)**	**22.09**
Tax Adjustment For Earlier Years	-	-	-	(0.28)	-	1.25
Debenture Redemption Reserve No Longer Required	-	5.25	3.35	1.01	0.45	0.45
Surplus From Previous Year	(11.59)	(8.82)	4.83	17.05	43.01	33.21
Profit Available For Appropriation	32.20	**63.16**	**25.23**	**21.11**	**32.38**	**57.00**
Appropriations						
Debenture Redemption Reserve	-	5.02	5.27	5.99	5.36	3.04
General Reserve	-	60.00	20.00	1.75	1.50	2.50
Dividends	-	8.32	7.70	7.49	7.49	7.49
Corporate Dividend Tax	-	1.41	1.08	1.05	0.98	0.96
Surplus Carried To Balance Sheet	32.20	(11.59)	(8.82)	4.83	17.05	43.01
	32.20	**63.16**	**25.23**	**21.11**	**32.38**	**57.00**

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED (STANDALONE BASIS)

Rs. In Crore (10 Million)

		As at March 31, 2008	As at September 30,				
			2007	2006	2005	2004	2003
A	**Fixed Assets :**						
	Gross Block	2170.44	2156.07	2084.22	1938.72	1884.26	1855.63
	Less : Depreciation	1007.16	957.27	860.03	764.74	677.15	590.80
	Net Block	1163.28	1198.80	1224.19	1173.98	1207.11	1264.83
	Less : Revaluation Reserve	154.22	165.95	191.84	403.44	430.21	457.03
	Net Block After Adjustment Of Revaluation Reserve	1009.06	1032.85	1032.35	770.54	776.90	807.80
	Capital Work In Progress	32.01	20.34	22.51	61.63	16.43	7.02
	Total Fixed Assets	**1041.07**	**1053.19**	**1054.86**	**832.17**	**793.33**	**814.82**
B	**Investments**	**63.61**	**62.60**	**61.46**	**250.04**	**252.26**	**252.02**
C	**Current Assets, Loans And Advances**						
	Inventories	519.61	502.85	368.59	244.03	178.17	211.31
	Sundry Debtors	447.10	435.52	477.89	411.79	449.52	412.59
	Cash And Bank Balances	40.23	29.22	39.32	36.11	38.23	25.32
	Loans And Advances	159.27	132.34	127.54	120.52	108.75	136.30
	Other Current Assets	0.37	0.25	0.18	0.38	1.63	0.84
	Total Current Assets, Loans And Advances	**1166.58**	**1100.18**	**1013.52**	**812.83**	**776.30**	**786.36**
D	**Total Assets (A+B+C)**	**2271.26**	**2215.97**	**2129.84**	**1895.04**	**1821.89**	**1853.20**
E	**Liabilities And Provisions**						
	Secured Loans	676.12	686.82	724.77	671.28	656.51	738.19
	Unsecured Loans	286.11	228.13	219.10	159.22	94.16	99.87
	Deferred Tax Liabilities	122.75	105.32	74.17	72.73	73.82	82.96
	Current Liabilities And Provisions	787.56	835.95	796.86	701.37	685.86	585.41
	Total Liabilities And Provisions	**1872.54**	**1856.22**	**1814.90**	**1604.60**	**1510.35**	**1506.43**
F	**Net Worth (D-E)**	**398.72**	**359.75**	**314.94**	**290.44**	**311.54**	**346.77**
	Represented By :-						
	1) Equity Share Capital	**30.79**	**30.79**	**30.79**	**37.46**	**37.46**	**37.46**
	2) Reserves	529.67	503.13	485.15	669.36	719.71	780.75
	Less : Revaluation Reserve	(154.22)	(165.95)	(191.84)	(403.44)	(430.21)	(457.03)
	LESS : MISCELLANEOUS EXPENDITURE (To The Extent Not Written off Or Adjusted)	(7.52)	(8.22)	(9.16)	(12.94)	(15.42)	(14.41)
	RESERVES (Net Of Revaluation Reserve And Misc. Expenditures)	**367.93**	**328.96**	**284.15**	**252.98**	**274.08**	**309.31**
	Net Worth	**398.72**	**359.75**	**314.94**	**290.44**	**311.54**	**346.77**

STATEMENT OF CONSOLIDATED PROFITS AND LOSSES, AS RESTATED

Rs. in Crore (10 Million)

	Six months ended March 31, 2008	Year ended September 30, 2007	Year ended September 30, 2006	Year ended September 30, 2005	Year ended September 30, 2004	Year ended September 30, 2003
Income						
Gross Sales :						
- Of Products Manufactured By The Company	1,739.27	3,168.77	2,923.78	2,355.25	2,206.69	1,986.69
- Of Products Traded By The Company	26.31	26.94	28.91	28.57	30.81	34.93
Total	1,765.58	3,195.71	2,952.69	2,383.82	2,237.50	2,021.62
Less : Excise Duty	210.87	379.55	343.48	304.74	334.51	338.32
Net Sales	1,554.71	2,816.16	2,609.21	2,079.08	1,902.99	1,683.30
Other Income	6.53	10.50	17.61	17.79	20.52	59.37
Increase / (Decrease) In Finished Goods	(34.47)	93.13	92.16	22.32	(55.52)	30.50
Total Income	**1,526.77**	**2,919.79**	**2,718.98**	**2,119.19**	**1,867.99**	**1,773.17**
Expenditure						
Raw Material Consumed	974.37	1,943.66	1,886.31	1,392.12	1,157.78	1,038.16
Staff Cost	95.23	176.72	155.70	142.70	138.89	126.01
Other Manufacturing Expenses	146.74	258.88	264.01	219.18	189.99	186.25
Selling And Distribution Expenses	111.70	197.40	179.18	169.55	164.86	161.39
Administration And Other Expenses	39.58	77.97	64.98	63.27	60.43	64.13
Interest	47.80	89.01	76.14	64.52	78.23	98.59
Total Expenditure	**1,415.42**	**2,743.64**	**2,626.32**	**2,051.34**	**1,790.18**	**1,674.53**
Profit Before Depreciation & Tax	**111.35**	**176.15**	**92.66**	**67.85**	**77.81**	**98.64**
Depreciation	50.38	101.33	97.50	90.23	88.02	85.86
Transfer From Capital Reserve	(11.73)	(25.89)	(26.57)	(26.57)	(26.66)	(26.72)
Exceptional Item: Additional Excise Duty Earlier Years (Refer Note 6 Of Annexure F)	-	-	-	-	36.70	-
Profit Before Tax	**72.70**	**100.71**	**21.73**	**4.19**	**(20.25)**	**39.50**
Provision For Current Tax	12.42	7.54	0.47	0.07	0.01	0.97
Mat Credit Entitlement	(2.56)	(7.54)	(0.47)	-	-	-
Deferred Tax / (Deferred Tax Credit)	17.43	31.15	1.44	(1.09)	(9.14)	16.06
Provision For Fringe Benefit Tax	1.70	2.87	3.31	1.20	-	-
Profit After Tax	**43.71**	**66.69**	**16.98**	**4.01**	**(11.12)**	**22.47**
Share In Profit Of Associates	1.63	2.68	2.80	2.98	2.89	3.19
Tax Adjustment For Earlier Years	-	-	-	(0.28)	-	1.27
Debenture Redemption	-	5.25	3.35	1.01	0.45	0.45

Reserve No Longer Required						
Surplus From Previous Year (Net Of Transfer)	(1.36)	(1.23)	15.98	24.76	47.87	34.48
Less : Share In Accumulated Profit Of Ceased Subsidiaries & Associates De- Recognised	-	-	(6.29)	-	-	-
Profit Available For Appropriation	**43.98**	**73.39**	**32.82**	**32.48**	**40.09**	**61.86**
Appropriations						
Debenture Redemption Reserve	-	5.02	5.27	5.99	5.36	3.04
General Reserve	-	60.00	20.00	1.75	1.50	2.50
Reserve Fund	-	-	-	0.22	-	-
Dividends	-	8.32	7.70	7.49	7.49	7.49
Corporate Dividend Tax	-	1.41	1.08	1.05	0.98	0.96
Surplus Carried To Balance Sheet	43.98	(1.36)	(1.23)	15.98	24.76	47.87
	43.98	**73.39**	**32.82**	**32.48**	**40.09**	**61.86**

STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

Rs. in Crore (10 Million)

		As at March 31, 2008	As at September 30, 2007	2006	2005	2004	2003
A	**Fixed Assets :**						
	Gross Block	2,170.44	2,156.07	2,084.22	1,940.05	1,885.59	1,856.94
	Less : Depreciation	1,007.16	957.27	860.03	764.81	677.21	590.84
	Net Block	1,163.28	1,198.80	1,224.19	1,175.24	1,208.38	1,266.10
	Less : Revaluation Reserve	154.22	165.95	191.84	403.44	430.21	457.03
	Net Block After Adjustment Of Revaluation Reserve	1,009.06	1,032.85	1,032.35	771.80	778.17	809.07
	Capital Work In Progress	32.01	20.34	22.51	61.63	16.43	7.02
	Total Fixed Assets	**1,041.07**	**1,053.19**	**1,054.86**	**833.43**	**794.60**	**816.09**
B	**Investments**	**74.04**	**71.40**	**67.58**	**277.16**	**279.99**	**265.64**
C	**Current Assets, Loans And Advances**						
	Inventories	519.61	502.85	368.59	244.03	178.17	211.31
	Sundry Debtors	447.10	435.52	477.89	411.79	449.52	412.59
	Cash And Bank Balances	41.02	30.03	40.21	37.47	39.68	26.60
	Loans And Advances	159.85	132.91	128.21	122.45	111.50	137.10
	Other Current Assets	0.37	0.25	0.18	0.38	1.63	0.84
	Total Current Assets, Loans And Advances	**1,167.95**	**1,101.56**	**1,015.08**	**816.12**	**780.50**	**788.44**
D	**Total Assets (A+B+C)**	**2,283.06**	**2,226.15**	**2,137.52**	**1,926.71**	**1,855.09**	**1,870.17**
E	**Liabilities And Provisions**						
	Secured Loans	676.14	686.84	724.78	671.28	656.51	738.19
	Unsecured Loans	286.11	228.13	219.10	159.97	101.66	99.87
	Deferred Tax Liabilities	122.75	105.32	74.17	72.73	73.82	82.96
	Current Liabilities And Provisions	787.60	835.98	796.89	701.16	686.01	585.60
	Total Liabilities And Provisions	**1,872.60**	**1,856.27**	**1,814.94**	**1,605.14**	**1,518.00**	**1,506.62**
F	**Net Worth (D-E)**	**410.46**	**369.88**	**322.58**	**321.57**	**337.09**	**363.55**
	Represented By :-						
	1) Equity Share Capital	**30.79**	**30.79**	**30.79**	**37.46**	**37.46**	**37.46**
	2) Reserves	541.41	513.26	492.79	700.49	745.26	797.53
	Less : Revaluation Reserve	(154.22)	(165.95)	(191.84)	(403.44)	(430.21)	(457.03)
	LESS : MISCELLANEOUS EXPENDITURE (To The Extent Not Written Off Or Adjusted)	(7.52)	(8.22)	(9.16)	(12.94)	(15.42)	(14.41)
	RESERVES (Net Of Revaluation Reserve And Misc. Expenditures)	**379.67**	**339.09**	**291.79**	**284.11**	**299.63**	**326.11**
	Net Worth	**410.46**	**369.88**	**322.58**	**321.57**	**337.09**	**363.55**

GENERAL INFORMATION

Dear Equity Shareholder(s),

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

ISSUE OF 1,02,64,836 EQUITY SHARES OF RS. 10 EACH AT A PREMIUM OF RS. 75 PER EQUITY SHARE AGGREGATING RS. 87,25,11,060 TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF ONE (1) EQUITY SHARE FOR EVERY THREE (3) EQUITY SHARES HELD ON THE RECORD DATE I.E. JULY 14, 2008 ("ISSUE"). THE ISSUE PRICE FOR EQUITY SHARES IS 8.5 TIMES OF THE FACE VALUE OF THE EQUITY SHARE.

Registered Office
7, Council House Street
Kolkata 700 001
Tel: +91 33 22486181
Fax: +91 33 22481641

Administrative office
3, Bahadur Shah Zafar Marg
New Delhi 110 002
Tel: +91 11 2331 1112
Fax: +91 11 2332 2059

Registration number: 21-19430
Corporate Identification No: L67120WB1951PLC019430

Address of the ROC

The Registrar of Companies, West Bengal
Nizam Palace, 2nd MSO Building
234/4, 2nd floor
Acharya Jagdish Chandra Bose Road
Kolkata 700 020

Board of Directors

Sr. No.	Name	Age (years)	Designation
1.	Mr. Hari Shankar Singhania	76	Chairman (Non-executive)
2.	Dr. Raghupati Singhania	61	Vice Chairman & Managing Director
3.	Mr. Arvind Singh Mewar	63	Independent Director
4.	Mr. Bakul Jain	53	Independent Director
5.	Mr. Govind Ballabh Pande	57	Independent Director
6.	Mr. Om Prakash Khaitan	64	Independent Director
7.	Mr. V. Madhu	56	Independent Director
8.	Dr. Vinayshil Gautam	62	Independent Director
9.	Mr. Bharat Hari Singhania	70	Managing Director
10.	Mr. Vikrampati Singhania	42	Deputy Managing Director
11.	Mr. Swaroop Chand Sethi	71	Whole-time Director

For further details of our Directors, see the section titled "Our Management' beginning on page 110 of this Letter of Offer.

Company Secretary and Compliance Officer

Mr. P. K. Rustagi
JK Tyre & Industries Limited
Secretarial Department
3rd Floor, Gulab Bhawan
6A, Bahadur Shah Zafar Marg
New Delhi 110 002
Tel.: +91 11 23311112-5 (Extn 163)
Fax: +91 11 23739475, 23716670
Email: investorjktyre@jkmail.com

Investors may contact the Compliance Officer for any pre-Issue / post-Issue related matters.

Bankers to our Company

Bank of India
37, Shaheed Bhagat Singh Marg
Hotel Connaught Building
New Delhi 110 001
Tel.: +91 11 2374 1692
Fax: +91 11 2374 1691
Email: ndlcb@bankofindia.co.in
Website:www.bankofindia.com
Contact Person.: Mr. R.K. Goyal

UCO Bank
5, Parliament Street
New Delhi 110 001
Tel.: +91 11 2371 5904
Fax: +91 11 2371 7022
Email: bo.fccnewdelhi@ucobank.co.in
Website:www.ucobank.com
Contact Person.: Mr. S. K. Sharma

Punjab National Bank
74, Janpath
New Delhi 110 001
Tel.: +91 11 2331 7321
Fax: +91 11 2332 1812
Email: bo0131@pnb.co.in
Website:www.pnbindia.com
Contact Person.: Mr N. K. Arora

State Bank of Bikaner & Jaipur
G – 72, Connaught Place
New Delhi 110 001
Tel.: +91 11 2371 9043
Fax: +91 11 2371 9044
Email: nkrai@sbbj.co.in
Website:www.sbbjbank.com
Contact Person.: Mr. Rajesh Chawla

State Bank of India
Overseas Branch
Jawahar Vyapar Bhavan
9th Floor, 1 Tolstoy Marg
New Delhi 110 001
Tel.: +91 11 2337 4916
Fax: +91 11 2371 1580
Email: dhirendra.rudola@sbi.co.in
Website:www.statebankofindia.com
Contact Person.: Mr. D.K.Rudola

The Federal Bank Limited
M – 73/74, Connaught Place
New Delhi 110 001
Tel.: +91 11 2341 2448
Fax: +91 11 2341 8379
Email: ndla@federalbank.co.in
Website:www.federalbank.co.in
Contact Person.: Mr. Virinder Gulati

Corporation Bank
M – 41, Connaught Circus
New Delhi 110 001
Tel.: +91 11 2341 2448
Fax: +91 11 2341 8379
Email: cb141@corpbank.co.in
Website:www.corpbank.com
Contact Person.: Mr. Prabhakar Shenoy

State Bank of Mysore
23/1, Regal Building
Connaught Circus
New Delhi 110 001
Tel.: +91 11 2334 7235
Fax: +91 11 4150 1655
Email: ifbdelhi@sbm.co.in
Website:www.mysorebank.com
Contact Person.: Mr. Manmohan Singh

Indian Bank
United Mensions
No. 110, M.G. Road
Bangalore 560001
Tel.: +91 80 2295 8904
Fax: +91 80 2295 8905
Email: cmcreditbank@bank.indianbank.co.in
Website:www.indianbank.in
Contact Person.: Mr. G.G. Raghu

Syndicate Bank
K.R. Circle
Mysore 570 001
Tel.: +91 821 2430826
Fax: +91 821 2426098
Email: syndkrc@sancharnet.in
Website:www.syndicatebank.com
Contact Person.: Mr Dwijendra Bhat .K

Lead Manager to the Issue

Ambit Corporate Finance Private Limited
Ambit House
449, Senapati Bapat Marg, Lower Parel
Mumbai 400 013
Tel.: +91 22 3982 1819
Fax.: +91 22 3982 3020
Email: rightissues@ambitpte.com
Website: www.ambitpte.com
Contact Person: Mr. Chitrang Gandhi / Mr. Sundeep Parate

Legal Advisors for the Issue

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Amarchand Towers
216, Okhla Industrial Estate
Phase III
New Delhi 110 020
Tel: +91 11 26920500
Fax: +91 11 26924900

Auditors of the Company

M/s Lodha & Co.
12, Bhagat Singh Marg
New Delhi 110 001
Tel: +91 11 2336 4671
Fax: +91 11 2334 5168
Email: delhi@bdolodha.com
Contact person: Mr. N.K. Lodha
Membership No: 85155

Registrar to the Issue

Alankit Assignments Limited
Alankit House
2E/21, Jhandewalan Extension
New Delhi 110 055
Tel.: +91 11 2354 1234
Fax: +91 11 2355 2001
Email: info@alankit.com
Website: www.alankit.com

Contact Person: Mr. Mahesh Jairath

Note: Investors are advised to contact the Registrar to the Issue / Compliance Officer in case of any pre-issue / post issue related problems such as non-receipt of Letter of Offer / abridged letter of offer/composite application form/letter of allotment/share certificate(s) / refund orders.

Appraiser

IDBI Bank Limited
9th Floor, IDBI Tower
WTC Complex, Cuffe Parade
Mumbai 400 005
Tel.: +91 22 6655 2231
Fax: +91 22 2218 1195
Email: rs.sridhar@idbi.co.in
Website: www.idbibank.com
Contact Person: Mr. R. S. Sridhar

Bankers to the Issue

Axis Bank Limited
Statesman House,
148, Barakhamba Road
New Delhi 110 001
Tel.: +91 11 2331 1013
Fax: +91 11 2331 1054
Email: samir.thakur@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Samir Kumar Thakur

IDBI Bank Limited
12TH Floor, IFCI Tower
61 Nehru Place
New Delhi 110019
Tel.: +91 11 4130 6641
Fax: +91 11 4130 6650
Email: e_miranda@idbi.co.in
Website: www.idbibank.com
Contact Person: Ms. Evgina Maria Miranda

Statement of responsibilities as Lead Manager to the Issue

Ambit Corporate Finance Private Limited is the sole Lead Manager to the Issue and all the responsibilities relating to coordination and other activities in relation to the Issue shall be performed by them. The various activities have been set forth below:

Sl. No.	Activities
1.	Structuring of the Issue in conformity with the SEBI Guidelines, undertaking liaison with the Stock Exchanges, as may be required under the prevailing framework of guidelines issued by SEBI and the Stock Exchanges.
2.	Assisting, together with other advisors and legal counsels in securing all necessary regulatory approvals for the Issue.
3.	Undertaking due diligence activities and together with the legal counsel assisting to prepare the Draft Letter of Offer/Letter of Offer for filing with SEBI/Stock Exchanges, or any other authority

Sl. No.	Activities
	whatsoever, as required.
4.	Assisting in filing of the Issue related documents with SEBI, Stock Exchanges or any other authority whatsoever.
5.	Assisting the Company in appointment of registrar to the Issue, bankers to the Issue, printers and advertising agency.
6.	Assisting the Company in preparing the issue advertisements.
7.	Collating feedback from shareholders, analyzing such feedback and suggesting an appropriate valuation range. Final decision on the Issue Price will be made by the Company in consultation with Ambit.
8.	Assisting in pricing of the Equity Shares being offered through the Issue.
9.	Assisting in the listing of the Equity Shares issued pursuant to Issue at the stock exchanges.

Credit Rating

This being a Rights Issue of Equity Shares, no credit rating is required.

Listing of Securities

The existing Equity Shares are listed on the BSE, the NSE and the CSE. We have received in-principle approvals from the BSE, the NSE and the CSE by letters dated January 21, 2008, January 23, 2009 and January 29, 2008 respectively. We will make applications to the BSE, the NSE and the CSE 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 is not granted for the Equity Shares by the stock exchanges mentioned above, our Company shall forthwith repay, without interest, all monies received from the applicants pursuant to this Letter of Offer. If such money is not repaid within eight days after our Company becomes liable to repay it (i.e. 42 days after closure of the Issue), our Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money, with interest as prescribed under subsections (2) and (2A) of Section 73 of the Companies Act.

OVERSEAS SHAREHOLDERS

The distribution of this Letter of Offer and the Issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by 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. Our Company is making this Issue of Equity Shares on a rights basis only to the shareholders of our Company who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft 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. Receipt of the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and in those circumstances, the Letter of Offer must be treated as sent for information only and should not be copied or redistributed. No person receiving a copy of the Letter of Offer in any territory other than in India may treat the same as constituting an invitation or offer to him, nor should he in any event use the CAF. We are making this Issue of Equity Shares on a rights basis only to the shareholders of our Company who have an Indian address. Accordingly, persons receiving a copy of the Letter of Offer should not, in connection with the issue of Equity Shares or the rights entitlements distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the rights entitlements referred to in the Letter of Offer.

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 Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

European Economic Area Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive at any relevant time (each, a "Relevant Member State") our Company has not made and will not make an offer of the Equity Shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Equity Shares to the public in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €4,30,00,000 and (3) an annual net turnover of more than €5,00,00,000, as shown in its last annual or consolidated accounts; or
(c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purpose of this provision, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State. This European Economic Area selling restriction is in addition to any other selling restriction set out below.

United Kingdom Restrictions

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Equity Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Equity Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

No Offer in the United States

The rights and the shares of our Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the ''United States'' or ''U.S.'') or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S under the Securities Act (''Regulation S'')), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Letter of Offer are being offered in India, but not in the United States. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said shares or rights. Accordingly, this Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is, in the United States. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States, and all persons subscribing for Equity Shares and wishing to hold such shares in registered form must provide an address for registration of the Equity Shares in India. We are making this Issue of Equity Shares on a rights basis only to the shareholders of our Company who have an Indian address. Any person who acquires rights or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the rights entitlements, it will not be, in the United States.

We reserve the right to treat as invalid any CAF which: (i) appears to our Company or our agents to have been executed in or dispatched from the United States; (ii) does not include the relevant certification set out in the CAF headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the CAF does not have a registered address (and is not otherwise located) in the United States; or (iii) where our Company believes acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Equity Shares or rights entitlement in respect of any such CAF.

Our Company is informed that there is no objection to a United States shareholder selling its rights in India. Rights may not be transferred or sold to any U.S. person.

CAPITAL STRUCTURE

Our share capital as on the date of filing of this Letter of Offer is set forth below.

(In Rs. except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
A.	**Authorized Share Capital**		
	12,50,00,000 Equity Shares of face value of Rs. 10 each	1,25,00,00,000	
	55,00,000 Preference Shares of face value of Rs. 100 each	55,00,00,000	
		1,80,00,00,000	
B.	**Issued, Subscribed and Paid-up Capital before the Issue**		
	3,07,94,510 Equity Shares of Rs. 10 each fully paid-up	30,79,45,100	
C.	**Present Issue in terms of this Letter of Offer***		
	1,02,64,836 Equity Shares of Rs. 10 each.	10,26,48,360	87,25,11,060
D.	**Equity Capital after the Issue**		
	4,10,59,346 Equity Shares of face value of Rs. 10 each	41,05,93,460	
E.	**Securities Premium Account**		
	Before the Issue**	1,59,36,76,754.39	
	After the Issue	2,36,35,39,454.39	

The present Issue has been authorized by our Board of Directors during their meeting on July 30, 2007.
*** As on March 31, 2008*

Changes in our Authorized Share Capital since incorporation:

Date of shareholders approval/ Reference of Scheme under Sections 391-394 of the Companies Act	Particulars of amendment
Effective date of the scheme: January 11, 2007 Appointed date: October 1, 2005.	Pursuant to the Scheme of Arrangement and Demerger between our Company and Netflier, the authorized share capital of our Company has been reduced to Rs.1,80,00,00,000 divided into 12,50,00,000 Equity Shares of Rs. 10 each and 55,00,000 Preference Shares of Rs. 100 each.
Effective date of the scheme:	Pursuant to the Scheme of Arrangement and Amalgamation between

Date of shareholders approval/ Reference of Scheme under Sections 391-394 of the Companies Act	Particulars of amendment
September 5, 2003 Appointed date: April 1, 2002	our Company, JK Agri, JK Sugar and Vikrant Tyres Limited, the authorized share capital of our Company has been increased from Rs.1,50,00,00,000 divided into 10,00,00,000 Equity Shares of Rs. 10 each and 5,000,000 Preference Shares of Rs. 100 each to Rs. 1,90,00,00,000 divided into 13,50,00,000 Equity Shares of Rs. 10 each and 55,00,000 Preference Shares of Rs. 100 each.
December 21, 1995	Increase in authorized share capital from Rs.1,00,00,00,000 divided into 9,50,00,000 equity shares of Rs. 10 each and 5,00,000 preference shares of Rs. 100 each to Rs. 1,50,00,00,000 divided into 10,00,00,000 equity shares of Rs. 10 each and 50,00,000 preference shares of Rs. 100 each.
January 27, 1990	Increase in authorized share capital from Rs. 20,00,00,000 divided into 1,75,00,000 Equity Shares of Rs.10 each and 2,50,000 Preference Shares of Rs. 100 each to Rs.1,00,00,00,000 divided into 9,50,00,000 Equity Shares of Rs. 10 each and 5,00,000 Preference Shares of Rs. 100 each.
June 25, 1985	Within the existing authorized share capital, reclassification of the unissued preference share capital of Rs. 96,16,700 comprising 96,167 Preference Shares of Rs. 100 each into 5,00,000 Equity Shares of Rs. 10 each and 46,167 Preference Shares of 100 each. Increase in authorized share capital from Rs. 15,00,00,000 divided into 1,35,00,000 Equity Shares of Rs.10 each and 1,50,000 Preference Shares of Rs. 100 each to Rs. 20,00,00,000 divided into 1,75,00,000 Equity Shares of Rs.10 each and 2,50,000 Preference Shares of Rs. 100 each.
October 26, 1976	Increase in authorized share capital of our Company from Rs. 12,00,00,000 divided into 90,00,000 Equity Shares of Rs. 10 each and 3,00,000 Preference Shares of Rs. 100 each to Rs. 15,00,00,000 divided into 1,30,00,000 Equity Shares of Rs.10 each and 2,00,000 Preference Shares of Rs. 100 each.
April 18, 1974	Increase in authorized share capital of our Company from Rs. 25,00,000 divided into 15,000 Ordinary Shares of Rs. 100 each, 5,000 tax free redeemable Preference Shares of Rs. 100 each and 5,000 unclassified shares of Rs. 100 each to Rs. 12,00,00,000 divided into 90,00,000 Equity Shares of Rs. 10 each and 3,00,000 Preference Shares of Rs. 100 each.
October 31, 1957	Increase in authorized share capital of our Company from Rs.10,00,000 divided into 5,000 Ordinary Shares of Rs. 100 each and 5,000 Preference Shares of Rs. 100 each to Rs. 25,00,000 divided into 15,000 Ordinary Shares of Rs. 100 each and 5,000 tax free redeemable Preference Shares of Rs. 100 each, 5,000 unclassified shares of Rs. 100 each by cancelling 5,000 Preference Shares of Rs. 100 each, creation of 5,000 tax free redeemable Preference Shares of Rs. 100 each and 5,000 unclassified shares of Rs. 100 each and 10,000 Ordinary Shares of Rs. 100 each.

Notes to the Capital Structure

1. Share Capital History of our Company:

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

Date of Issue / allotment	No. of Equity Shares	Cummulative number of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Consideration in Cash/other than cash	Cumulative Share Premium	Equity Share Capital (at face value)	Cumulative Equity Share Capital (at face value)	Remarks
March 16, 1951	1,000	1,000	100	100	Cash	Nil	Rs. 1,00,000	Rs. 1,00,000	Allotment of fully paid up Ordinary Shares*
November 19, 1957	5,000	6,000	100	100	Cash	Nil	Rs. 5,00,000	Rs. 6,00,000	Allotment of equity shares on a rights basis
September 30, 1966	6,000	12,000	100	N.A.	Other than cash	Nil	Rs. 6,00,000	Rs. 12,00,000	Bonus issue in the ratio of 1:1
April 18, 1974	Sub-division of 12,000 Ordinary Shares of Rs. 100 each into 120,000 Equity Shares of Rs. 10 each.								
January 9, 1975	9,00,000	10,20,000	10	10	Cash	Nil	Rs. 90,00,000	Rs. 1,02,00,000	Preferential allotment
February 24, 1975	1,00,000	11,20,000	10	10	Cash	Nil	Rs. 10,00,000	Rs. 1,12,00,000	Preferential allotment
April 1, 1975	7,00,000[1]	18,20,000	10	10	Cash	Nil	Rs. 70,00,000	1,82,00,000[1]	Preferential allotment
April 1, 1975	20,000[2]	18,40,000	10	10	Cash	Nil	Rs. 2,00,000	Rs. 1,84,00,000[2]	Preferential allotment
May 10, 1975	11,00,000[3]	29,40,000	10	10	Cash	Nil	Rs. 1,10,00,000	Rs. 2,94,00,000[3]	Preferential allotment
June 23, 1975	9,00,000[4]	38,40,000	10	10	Cash	Nil	Rs. 90,00,000	Rs. 3,84,00,000[4]	Preferential allotment
July 7, 1975	40,30,000[5]	78,70,000	10	10	Cash	Nil	Rs. 4,03,00,000	Rs. 7,87,00,000[5]	39,80,000 Equity Shares were allotted pursuant to a public issue and 50,000 Equity Shares were allotted pursuant to a firm allotment in terms of the prospectus.
May 27, 1977	10,91,675**	89,61,675	10	10	Cash	Nil	Rs. 1,09,16,750	Rs. 8,96,16,750**	Allotment of Equity shares on a rights basis
June 8, 1984	37,00,000	1,26,61,675	10	10	Cash	Nil	Rs. 3,70,00,000	Rs. 12,66,16,750	Allotment of Equity Shares pursuant to adjustment of loans
December 7, 1984	4,00,600	1,30,62,275	10	10	Cash	Nil	Rs. 40,06,000	Rs. 13,06,22,750	Allotment of Equity Shares pursuant to adjustment of loans
July 10, 1986	7,02,226	1,37,64,501	10	10	Cash	Nil	Rs. 70,22,260	Rs. 13,76,45,010	Allotment of Equity Shares pursuant to adjustment of loans
September 8, 1988	2,76,600	1,40,41,101	10	10	Cash	Nil	Rs. 27,66,000	Rs. 14,04,11,010	Allotment of Equity Shares pursuant to adjustment of loans
March 17, 1993	91,27,201[6]	2,31,68,302	10	90	Cash	Rs. 73,01,76,080[6]	Rs. 9,12,72,010	Rs. 23,16,83,020[6]	Allotment of Equity Shares on a rights basis and preferential allotment to the

Date of Issue / allotment	No. of Equity Shares	Cummulative number of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Consideration in Cash/other than cash	Cumulative Share Premium	Equity Share Capital (at face value)	Cumulative Equity Share Capital (at face value)	Remarks
									employees, executive directors and management group pursuant to a letter of offer filed.
September 17, 1993	48,75,306	2,80,43,608	10	90	Cash	Rs. 1,12,02,00,560	Rs. 4,87,53,060	Rs. 28,04,36,080	Allotment of Equity Shares pursuant to conversion of the partly convertible debentures
April 30, 1994	18,91,869	2,99,35,477	10	123	Cash	Rs. 1,33,39,81,757	Rs. 1,89,18,690	Rs. 29,93,54,770	Preferential basis
September 23, 1994	25,92,500	3,25,27,977	10	162	Cash	Rs. 1,72,80,41,757	Rs. 2,59,25,000	Rs. 32,52,79,770	Preferential allotment
October 4, 1994	20,37,125	3,45,65,102	10	162	Cash	Rs. 2,03,76,84,757	Rs. 2,03,71,250	Rs. 34,56,51,020	Preferential allotment
October 16, 2003	(86,41,275)	2,59,23,827	10	-	-	Rs. 2,03,76,84,757	(Rs. 8,64,12,750)	Rs. 25,92,38,270	Reorganisation of Equity Share capital pursuant to the scheme of Arrangement and Amalgamation, 2002- 2003#
October 16, 2003	1,15,35,519	3,74,59,346	10	N.A.	Other than cash	Rs. 2,03,76,84,757	Rs. 11,53,55,190	Rs. 37,45,93,460	Allotted to the members of the Vikrant Tyres Limited, pursuant to the scheme of Arrangement and Amalgamation, 2002- 2003#
August 23, 2006[7]	36,00,000	4,10,59,346	10	105	Cash	Rs. 2,37,96,84,757	Rs. 3,60,00,000	Rs. 41,05,93,460	Preferential allotment
January 29, 2007	(1,02,64,836)	3,07,94,510	10	-	-	Rs. 2,37,96,84,757	Rs. (10,26,48,360)	Rs. 30,79,45,100	Reorganisation of Equity Share capital pursuant to the scheme of Arrangement and Demerger, 2006#

*This includes 20 Ordinary Shares of Rs. 100 each issued at the time of initial subscription on February 12, 1951.

**13,11,667 Equity Shares were issued but due to under subscription, only 10,91,675 Equity Shares were subscribed.

[1] These 7,00,000 Equity Shares were issued as partly paid up Equity Shares (Rs. 5 was paid up at the time of allotment) and such Equity Shares were declared fully paid up subsequent to the calls made on October 1, 1975 and December 18, 1975. The cumulative share capital includes such Equity Shares which were declared as fully paid up on December 18, 1975.

[2] These 20,000 Equity Shares were issued as partly paid up Equity Shares (Rs. 5 was paid up at the time of allotment) and such Equity Shares were declared fully paid up subsequent to the calls made on October 1, 1975 and December 18, 1975. The cumulative share capital includes such Equity Shares which were declared as fully paid up on December 18, 1975.

[3] These 11,00,000 Equity Shares were issued as partly paid up Equity Shares (Rs. 5 was paid up at the time of allotment) and such Equity Shares were declared fully paid up subsequent to the calls made on October 1, 1975 and December 18, 1975. The cumulative share capital includes such Equity Shares which were declared as fully paid up on December 18, 1975.

[4] These 9,00,000 Equity Shares were issued as partly paid up Equity Shares (Rs. 5 was paid up at the time of allotment) and such Equity Shares were declared fully paid up subsequent to the calls made on October 1, 1975 and December 18, 1975. The cumulative share capital includes such shares which were declared as fully paid up on December 18, 1975.

[5] These 39,80,000 Equity Shares were issued as partly paid up Equity Shares (Rs. 2.5 was paid up at the time of application and Rs. 2.5 was called up at the time of allotment) to the public and 50,000 Equity Shares were issued as partly paid up Equity Shares (Rs. 5 was paid up at the time of allotment) pursuant to the firm allotment. 40,09,950 Equity Shares were declared fully paid up subsequent to the calls made on October 1, 1975 and December 18, 1975. 20,050 Equity Shares were forfeited pursuant to a resolution of the Board dated May 15, 1985. Out of these forfeited 20,050 Equity Shares, forfeiture of 300 Equity Shares were annulled on August 5, 1985 and August 28, 1985. Remaining 19,750 forfeited Equity Shares were sold pursuant to Article 45 of the Articles of Association on February 14, 1986. The cumulative share capital includes such shares which were declared as fully paid up on February 14, 1986.

[6] These 91,27,201 Equity Shares were issued as partly paid up Equity Shares at a premium of Rs. 80 (Rs. 22.50 was paid up at the time of application and Rs. 22.50 was called up at the time of allotment) and 90,77,952 Equity Shares were declared

fully paid up subsequent to the call made on June 11, 1993. On March 30, 2000, 24,361 Equity Shares were forfeited and 24,888 Equity Shares were kept in abeyance pursuant to a resolution of the Board. Subsequently 24,888 Equity Shares, which were kept in abeyance, were forfeited pursuant to a resolution of the Board dated August 20, 2002. On September 30, 2002, 49,249 forfeited Equity Shares were sold pursuant to Article 45 of the Articles of Association. The cumulative share capital includes such shares which were declared as fully paid up on September 30, 2002.

[7] Lodha & Co., Chartered Accountants, vide their certificate dated July 14, 2006 have confirmed that our Company has complied with all the provisions / guidelines as per chapter XIII of the SEBI Guidelines.

[#] For details of the schemes, please see the section titled "History and Certain Corporate Matters" beginning on page 89 of this Letter of Offer.

The following is the history of the Preference Share capital of our Company:

Date of Issue / allotment / redemption	No. of Preference Shares	Face Value (Rs.)	Issue/redemption price (Rs.)	Consideration in Cash/other than cash	Cumulative Share Premium	Preference Share Capital (Rs.)	Cumulative Preference Share Capital (Rs.)	Remarks
July 7, 1975	75,000[1] redeemable cumulative Preference Shares	100	100	Cash	Nil	75,00,000[1]	75,00,000[1]	75,000 Preference Shares were allotted pursuant to a public issue
December 3, 1976	18,833	100	100	Cash	Nil	18,83,300	93,83,300	Preferential allotment
January 31, 1978	10,000	100	100	Cash	Nil	10,00,000	1,03,83,300	Preferential allotment
July 6, 1990	2,00,000	100	100	Cash	Nil	2,00,00,000	3,03,83,300	Preferential allotment
July 6, 1990	(75,000)	100	(100)	Cash	Nil	(75,00,000)	2,28,83,300	Redemption of 75,000 cumulative redeemable Preference Shares
December 2, 1991	(18,833)	100	(100)	Cash	Nil	(18,83,300)	2,10,00,000	Redemption
January 30, 1993	(10,000)	100	(100)	Cash	Nil	(10,00,000)	2,00,00,000	Redemption
November 18, 1996	5,00,000	100	100	Cash	Nil	5,00,00,000	7,00,00,000	Preferential allotment
November 18, 1997	(5,00,000)	100	(100)	Cash	Nil	(5,00,00,000)	2,00,00,000	Redemption
July 5, 2000	(2,00,000)	100	(100)	Cash	Nil	(2,00,00,000)	Nil	Redemption

[1] These 75,000 redeemable cumulative Preference Shares were issued as partly paid up Preference Shares (Rs. 25 was paid up at the time of allotment and Rs. 25 was called up at the time of application) and 74,905 Preference Shares were declared fully paid up subsequent to the calls made on October 1, 1975 and December 18, 1975. 95 Preference Shares were forfeited pursuant to a resolution of the Board dated May 15, 1985 which were subsequently sold pursuant to Article 45 of the Articles of Association on February 14, 1986. The cumulative preference share capital includes such shares which were declared as fully paid up on February 14, 1986.

Promoter Group Build-up

We were incorporated in 1951 and our shares were listed on the stock exchanges in 1975. The compilation of the detailed build-up of the share capital of Promoters and Promoter Group involves records which are over 50 years old. Since this is a rights issue of equity shares of our Company and there is no requirement to lock-in the shareholding of the Promoters for three years, a detailed complilation of the share capital build up of the Promoters and the Promoter Group has not been provided. For details of the share capital history of our Company, please refer to the tables on a detailed break up of all issuances of Equity and preference shares above.

2. Shareholding Pattern of our Company

Shareholding pattern of our Company before the Issue, i.e. as on July 14, 2008 and after the Issue is as follows:

Category code	Category of shareholder	Pre-Issue		Post-Issue*	
		Number of Equity Shares	Shareholding (%)	Number of Equity Shares	Shareholding (%)
(A)	**Shareholding of Promoter and Promoter Group**				
(1)	**Indian**				
(a)	Individuals/Hindu Undivided Family	5,36,187**	1.74	7,14,916	1.74
(b)	Central Government/State Government(s)	-	-	-	-
(c)	Bodies Corporate	1,39,26,992	45.23	1,85,69,323	45.23
(d)	Financial Institutions/Banks	-	-	-	-
(e)	Any Other (specify)	-	-	-	-
	Sub-Total (A)(1)	**1,44,63,179**	**46.97**	**1,92,84,239**	**46.97**
(2)	**Foreign**				
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	-	-	-	-
(b)	Bodies Corporate	-	-	-	-
(c)	Institutions	-	-	-	-
(d)	Any Other (specify)	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	**1,44,63,179**	**46.97**	**1,92,84,239**	**46.97**
(B)	**Public shareholding**				
(1)	**Institutions**				
(a)	Mutual Funds/UTI	10,65,605	3.46	14,20,807	3.46
(b)	Financial Institutions/Banks	9,902	0.03	13,203	0.03
(c)	Central Government/State Government(s)	2,09,050	0.68	2,78,733	0.68
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies	16,74,564	5.44	22,32,752	5.44
(f)	Foreign Institutional Investors	6,53,319	2.12	8,71,092	2.12
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any Other (specify)	-	-	-	-
	Sub-total (B)(1)	**36,12,440**	**11.73**	**48,16,587**	**11.73**
(2)	**Non-Institutions**				
(a)	Bodies Corporate	65,62,297	21.31	87,49,729	21.31
(b)	Individuals- (i) Individual shareholders holding nominal share capital up to Rs. 1 lakh.	37,76,029	12.26	50,34,705	12.26
	(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	23,68,895	7.69	31,58,526	7.69
(c)	Any Other (specify) – clearing members	11,670	0.04	15,560	0.04
	Sub-Total (B)(2)	**1,27,18,891**	**41.30**	**1,69,58,520**	**41.30**
	Total Public Shareholding (B) = (B)(1)+(B)(2)	**1,63,31,331**	**53.03**	**2,17,75,107**	**53.03**
	Total (A)+(B)	**3,07,94,510**	**100.00**	**4,10,59,346**	**100.00**
(C)	**Shares held by custodians and against which depository receipts have been issued**	**-**	**-**	**-**	**-**
	Grand Total (A) + (B) + (C)	**3,07,94,510**	**100.00**	**4,10,59,346**	**100.00**

** Based on the assumption that all the shareholders will subscribe to their entitlement.*

***Includes 63,562 Equity Shares held in the capacity of partner of the partnership firm Juggilal Kamlapat Lakshmipat*

3. The Promoters have confirmed that they intend to subscribe to the full extent of their entitlement in the Issue. The Promoter Group entities have reserved their right to subscribe to their entitlement in this Issue, either by themselves or through renunciation, if any, to other Promoter Group entities including Promoters, subject to compliance with applicable laws. Ashim Investment Company Limited, one of our Promoters, has provided an undertaking, dated October 30, 2007, to our Company to apply for additional Equity Shares in the Issue, to the extent of any unsubscribed portion of the Issue. As a result of this subscription and consequent allotment, Ashim Investment Company Limited may acquire shares over and above its 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 Ashim Investment Company Limited, if any, will not result in change of control of the management of the Company and shall be exempt in terms of the 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 38 of this 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 Ashim Investment Company Limited, in this Issue, the Promoters’ shareholding in the Company exceeds their current shareholding. Ashim Investment Company Limited shall subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to Ashim Investment Company Limited of any unsubscribed portion, over and above their entitlement shall be done in compliance with the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

Additionally, pursuant to a proposed Scheme of Amalgamation, Ashim Investment Company Limited will be amalgamated with Bengal & Assam Company Limited, in the event the Scheme becomes effective. However, pursuant to an undertaking dated February 22, 2008, Bengal & Assam Company Limited has undertaken to subscribe to the unsubscribed portion of the Issue, if any, in case Ashim Investment Company Limited is merged with Bengal & Assam Company Limited which has also been aproved by the board of directors of Bengal & Assam Company Limited.

4. **Details of the shareholding of the Promoters, Promoter Group and the directors of the Promoters as on July 14, 2008**

Name of entities	No. of Shares	% of Pre-issue share capital
Promoters		
Mr. Hari Shankar Singhania	1,13,645	0.37
Mr. Bharat Hari Singhania	73,624	0.24
Dr. Raghupati Singhania	23,849	0.08
Mr. Vikrampati Singhania	6,980	0.02
Ashim Investment Company Limited	29,33,857	9.53
Total (A)	**31,51,955**	**10.24**
Promoter Group (in terms of Explanation II to Clause 6.8.3.2 of the SEBI Guidelines.)		
Ms. Sharda Singhania	Nil	Nil
Ms. Vinita Singhania	8,473	0.03
Ms. Sunanda Singhania	84,375	0.27
Mr. H.P. Singhania	6,974	0.02
Ms. Swati Singhania	Nil	Nil
Mr. Anshuman Singhania	5,874	0.02

Name of entities	No. of Shares	% of Pre-issue share capital
Mr. Shrivats Singhania	249	Negligible
Ms. Durga Jain	112	Negligible
Ms. Urmila Pittie	Nil	Nil
Ms. Usha Jhunjhunwala	Nil	Nil
Ms. Prabha Agarwal	Nil	Nil
Ms. Subha Kanoria	281	Negligible
Ms. Aadayaa Singhania	Nil	Nil
Ms. Avani Singhania	Nil	Nil
Mr. Shripati Singhania (HUF)	1,04,737	0.34
Mr. Bharat Hari Singhania (HUF)	32,062	0.10
Mr. Raghupati Singhania (HUF)	11,250	0.04
Mr. Harsh Pati Singhania (HUF)	32,062	0.10
Mr. Vikrampati Singhania (HUF)	31,640	0.10
Juggilal Kamlapat Lakshmipat	Nil	Nil
Habras International	Nil	Nil
Juggilal Kamlapat Udyog Limited	7,500	0.02
Mayfair Finance Limited	7,68,984	2.50
Pranav Investment (M.P.) Co. Limited	Nil	Nil
Sidhi Vinayak Investment Limited	7,36,674	2.39
Terrestrial Finance Limited	8,25,637	2.68
Yashodhan Investment Limited	7,60,959	2.47
Nav Bharat Vanijya Limited	Nil	Nil
BMF Investments Limited	3,68,250	1.20
JK Agri Genetics Limited	45,25,553	14.70
Fenner (India) Limited	27,00,000	8.77
Hidrive Finance Limited	38,500	0.13
Panchanan Investment Limited	7,000	0.03

Name of entities	No. of Shares	% of Pre-issue share capital
Radial Finance Limited	21,500	0.07
Umang Dairies Limited	Nil	Nil
JK Paper Limited	Nil	Nil
JK Lakshmi Cement Limited	Nil	Nil
JK Sugar Limited	Nil	Nil
JK Pharmachem Limited	Nil	Nil
Udaipur Cement Works Limited	Nil	Nil
Bengal & Assam Company Limited	2,32,578	0.75
Panchmahal Properties Limited	Nil	Nil
Netflier Finco Limited	Nil	Nil
Accurate Finman Services Limited	Nil	Nil
Total (B)	**1,13,11,224**	**36.73**
Total Promoter Group Shareholding (A + B)	**1,44,63,179**	**46.97**
Directors of the Promoters		
Mr. L.R. Puri	112	Negligible
Mr. A.K. Kinra	281	Negligible
Mr. S.C. Jain	2,000	0.01
Total (C)	2,393	0.01
Total Shareholding of the Promoter Group and directors of the Promoter (A + B + C)	**1,44,65,572**	**46.98**

5. **Transactions in Equity Shares of our Company by the Promoter and Promoter Group and director of Promoters in the last six months from the date of filing the Draft Letter of Offer till date are as follows:**

Name of the shareholder	Date of transaction	Details of the transaction	Number of equity shares (each of Rs. 10)	Aggregate gross value (In Rs.)*
Ashim Investment Company Limited	August 2, 2007	Market sale	1,00,000	1,59,00,000.00
Ashim Investment Company Limited	August 30, 2007	Market sale	1,48,854	2,00,95,290.00
Ashim Investment Company Limited	August 30, 2007	Market sale	61,000	82,35,000.00

Name of the shareholder	Date of transaction	Details of the transaction	Number of equity shares (each of Rs. 10)	Aggregate gross value (In Rs.)*
Terrestrial Finance Limited	August 2, 2007	Market sale	1,00,000	1,59,00,000.00
Terrestrial Finance Limited	August 30, 2007	Market sale	52,500	70,87,500.00
Yashodhan Investment Limited	August 2, 2007	Market sale	95,373	1,51,64,307.00
Yashodhan Investment Limited	August 30, 2007	Market sale	36,500	49,27,500.00
Juggilal Kamlapat Udyog Limited	Appointed date: April 1, 2006 Effective date: August 17, 2007	Pursuant to a Scheme of Arrangement and Demerger, 1,38,150 Equity Shares held by Juggilal Kamlapat Udyog Limited, 93,721 Equity Shares held by Pranav Investment (M.P.) Co. Limited and 707 Equity Shares held by Nav Bharat Vanijya Limited in the Company were transmitted to Bengal & Assam Company Limited.	1,38,150	-
Pranav Investment (M.P.) Co. Limited			93,721	-
Nav Bharat Vanijya Limited			707	-
Bengal & Assam Company Limited			2,32,578	-
Mr. S.C. Jain	January 16, 2008	Market purchase	2,000	3,40,000

**Excluding brokerage*

6. ***Top ten shareholders***

a. Top ten shareholders as of July 14, 2008:

Sr. No.	Name of the shareholders	Number of Equity Shares	Percentage of pre- issue paid up capital
1.	JK Agri Genetics Limited	45,25,553	14.70
2.	Ashim Investment Company Limited	29,33,857	9.53
3.	Fenner (India) Limited	27,00,000	8.77
4.	Edgefield Securities Limited	26,15,625	8.49
5.	Life Insurance Corporation of India	14,22,067	4.62
6.	Reliance Capital Trustee Co. Ltd-Reliance Long Term Equity Fund	10,55,853	3.43
7.	Motilal Oswal Securities Limited	10,00,000	3.25
8.	Terrestrial Finance Limited	8,25,637	2.68
9.	Mayfair Finance Limited	7,68,984	2.50
10.	Yashodhan Investment Limited	7,60,959	2.47
	Total	**1,86,08,535**	**60.44**

b. The top ten shareholders of our Company ten days prior to the date of filing of this Letter of Offer with Stock Exchanges are as follows:

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage of pre-issue paid up capital
1.	JK Agri Genetics Limited	45,25,553	14.70
2.	Ashim Investment Company Limited	29,33,857	9.53
3.	Fenner (India) Limited	27,00,000	8.77
4.	Edgefield Securities Limited	26,15,625	8.49
5.	Life Insurance Corporation of India	14,22,067	4.62
6.	Reliance Capital Trustee Co. Limited – Reliance Long Term Equity Fund	10,55,853	3.43
7.	Motilal Oswal Securities Limited	10,00,000	3.25
8.	Terrestrial Finance Limited	8,25,637	2.68
9.	Mayfair Finance Limited	7,68,984	2.50
10.	Yashodhan Investment Limited	7,60,959	2.47
	Total	1,86,08,535	60.44

c. The top ten shareholders of our Company two years before the date of filing of this Letter of Offer are as follows:

Sr. No.	Name of Shareholders	Number of Equity Shares	Shareholding (%)
1.	JK Agri Genetics Limited	60,34,071	16.11
2.	Ashim Investment Company Limited	43,24,948	11.55
3.	Edgefield Securities Limited	34,87,500	9.31
4.	FID Funds (Mauritius) Limited	24,10,609	6.44
5.	HDFC Trustee Company Limited – HDFC Equity Fund	20,56,569	5.49
6.	Karnataka State Industrial Investment & Development Corp Limited	16,35,858	4.37
7.	Life Insurance Corporation of India	14,96,090	3.99
8.	Terrestrial Finance Limited	13,04,183	3.48
9.	Fidelity Trustee Co. Private Limited – Fidelity Equity Fund	12,71,842	3.40
10.	Yashodhan Investment Limited	11,90,443	3.18
	Total	2,52,12,113	67.32*

**Calculated on the basis of total paid up share capital of Rs. 37,45,93,460.*

We have not made any public offering of our Equity Shares in the two years immediately preceding the date of filing of this Letter of Offer.

7. The names of the natural persons in control (holding 10% or more voting rights) or who are on the board of directors of any body corporate forming part of Promoter Group are set forth below.

Name of persons holding 10% or more voting rights are as follows:

Sl. No.	Name of the Promoter Group company	Name of the natural person
1.	Juggilal Kamlapat Udyog Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
2.	Mayfair Finance Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania-
3.	Pranav Investment (M.P.) Co. Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania

Sl. No.	Name of the Promoter Group company	Name of the natural person
4.	Sidhi Vinayak Investment Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
5.	Terrestrial Finance Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
6.	Yashodhan Investment Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
7.	Nav Bharat Vanijya Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania Mrs Vinita Singhania Mr.Bharat Hari Singhania
8.	BMF Investments Limited	Mr. Bharat Hari Singhania
9.	JK Agri Genetics Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
10.	Fenner (India) Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
11.	Hidrive Finance Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
12.	Panchanan Investment Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
13.	Radial Finance Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
14.	Umang Dairies Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
15.	JK Paper Limited	Mr. Bharat Hari Singhania**
16.	JK Lakshmi Cement Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
17.	JK Sugar Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
18.	JK Pharmachem Limited	Company in Liquidation
19.	Udaipur Cement Works Limited	*
20.	Bengal & Assam Co. Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
21.	Panchmahal Properties Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
22.	Netflier Finco Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
23.	Accurate Finman Sevices Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania
24.	Ashim Investment Company Limited	Mr. Hari Shankar Singhania Mr. Anshuman Singhania (Shripati Singhania HUF) Dr. Raghupati Singhania

*Due to stoppage of downloading of data of beneficial owners (Benpos) by NSDL and CDSL, the shareholding details cannot be ascertained.
** In his capacity as Trustee of JK Paper Employees Welfare Trust

None of the natural persons mentioned above, hold any Equity Shares in our Company except the following:

Sl. No.	Name of the natural person	Number of Equity Shares held	% of holding
1.	Mr. Hari Shankar Singhania	1,13,645	0.37
2.	Mr. Anshuman Singhania*	1,04,737	0.34
3.	Dr. Raghupati Singhania	23,849	0.08
4.	Mr. Bharat Hari Singhania	73,624	0.24
5.	Mrs. Vinita Singhania	8,473	0.03

* *In the capacity of karta of Shripati Singhania HUF*

Names of the persons on the board of directors of the body corporate forming part of the Promoter Group are set forth below.

Sl. No.	Name of the body corporate	Board of directors	Nature of business
1.	Juggilal Kamlapat Udyog Limited	Mr. Ram Rattan Gupta Mr. S.C. Jain Mr. A.C. Choraria Mr. S.N. Tripathi	Investment and trading in securities
2.	Mayfair Finance Limited	Mr. L.R. Puri Mr. S.C. Sethi Mr. A. Soni	Investment
3.	Pranav Investment (M.P.) Co. Limited	Mr. P.S. Sharma Mr. L.N. Gupta Mr. B.K. Daga	Investment
4.	Sidhi Vinayak Investment Limited	Mr. L.R. Puri Mr. S.C. Jain Mr. B.K. Daga	Investment
5.	Terrestrial Finance Limited	Mr. A.K. Kinra Mr. O.P. Goyal Mr. P.K. Rustagi	Investment
6.	Yashodhan Investment Limited	Mr. M.V.S. Murty Mr.B.K. Daga Mr U.K. Gupta	Investment
7.	Nav Bharat Vanijya Limited	Mr. S.C. Jain Mr. V.K. Mathur Mr. S.C. Sethi Mr. R.K. Saraf	Investment and trading in securities
8.	BMF Investments Limited	Mr. A.K. Kinra Mr. P.K. Rustagi Mr.Amlan J. Roychowdhury	Investment
9.	JK Agri Genetics Limited	Mr. Bharat Hari Singhania Dr. Raghupati Singhania Mr. Vikrampati Singhania Mr. S.C. Sethi Mr. J.R.C. Bhandari Mr. Sanjay Kumar Khaitan Mr. Sanjeev Kumar Jhunjhunwala	Research and development, production and marketing of hybrid seeds and holding and dealing in investments.
10.	Fenner (India) Limited	Dr. Raghupati Singhania Mr. H.V. Lodha Mr. Surendra Malhotra Mr. L.R. Puri Mr. Harshpati Singhania	Manufacture of v-belts and oil seals

Sl. No.	Name of the body corporate	Board of directors	Nature of business
11.	Hidrive Finance Limited	Mr. M.V.S. Murty Mr. A.K. Bajoria Mr A.S.Mehta Mr. V.K. Mathur Mr. S.C. Jain	Investment
12.	Panchanan Investment Limited	Mr. A.S. Mehta Mr. J.R.C. Bhandari Mr.A.K. Bajoria Mr.A.K. Kinra Mr M.V.S Murty	Investment
13.	Radial Finance Limited	Mr. S.C. Sethi Mr. V.K. Sharma Mr. M.V.S.Murty Mr. A.S. Mehta Mr. A.K. Bajoria	Investment
14.	Umang Dairies Limited	Mr. R.C. Periwal Mr. D.B. Doda Mr. R.C. Jain Mr. R.L. Saha	Production and Marketing of Dairy Products
15.	JK Paper Limited	Mr. Hari Shankar Singhania Mr. Arun Bharat Ram Mr Dhirendra Kumar Mr. Gajanan Khaitan Mr. R.V. Kanoria Mr. Shailendra Swarup Mr. S.K. Pathak Mr. Udayan Bose Mr. Harshpati Singhania Mr. O.P. Goyal	Manufacture and sale of Paper and Board.
16.	JK Lakshmi Cement Limited	Mr. Hari Shankar Singhnia Mr. Bharat Hari Singhania Mr B.V. Bhargava Mr. Nand Gopal Khaitan Mr. Pradip Roy Dr. Raghupati Singhania Mr. V.K. Guruswamy Ms. Vinita Singhania Mr. Shailendra Chouksey Mr. Sushil Kumar Wali	Manufacture and sale of Cement .
17.	JK Sugar Limited	Mr. Bharat Hari Singhania Mr. Vikrampati Singhania Mr. A.K. Kinra Mr. P.K. Jain Mr. Gautam Khaitan Mr. J.R.C. Bhandari Mr . A.K..Jain	Manufacturing of sugar and co-generation of power.
18.	JK Pharmachem Limited	Company in liquidation	N.A.
19.	Udaipur Cement Works Limited	Mr. O.N. Rai Mr. Vinit Marwaha Mr. R.K. Gupta	Cement industry
20.	Bengal & Assam Co. Limited	Mr. A.S. Mehta Mr. P.K. Rustagi Mr. A.C. Chorariа	Investment
21.	Panchmahal Properties Limited	Mr. S.C. Jain Mr. L.R. Puri Mr. L.N. Gupta	Real estate
22.	Netflier Finco Limited	Mr. S.C. Jain Mr. J.R.C. Bhandari	Investment

Sl. No.	Name of the body corporate	Board of directors	Nature of business
		Mr. P.K. Jain Mr. P.K. Rustagi Mr. S.N. Tripathi Mr. Sanjiv Saxena	
23.	Accurate Finman Sevices Limited	Mr. P.S. Sharma Mr. U.K. Gupta Mr. Kamal Manik	Investment
24.	Ashim Investment Company Limited	Mr. S.C. Jain Mr. L.R. Puri Mr. P.K. Jain Mr. A.K. Kinra Mr.Deepak Kumar Rajgarhia	Investment

None of our associates or Group Companies, person(s) in control of the body corporate forming part of the Promoter Group have been prohibited from accessing the capital market under any order or direction passed by SEBI or any other regulatory authority.

8. Details of locked-in Equity Shares:

The following Equity Shares are locked-in until August 22, 2009:

Sr. No.	Name of the shareholder	Mode of allotment	Number of locked in Equity Shares	%age of Issued Capital
1.	Fenner (India) Limited	Preferential allotment	27,00,000	8.77
	Total		27,00,000	8.77

9. The total number of members of our Company as on July 14, 2008 was 25,899.

10. This Issue being a rights issue, as per the SEBI Guidelines, the requirement of promoters' contribution and lock-in are not applicable.

11. We have not issued any Equity Shares or granted any options under any employee stock option scheme or employees stock purchase scheme.

12. We have not availed of "bridge loans" to be repaid from the proceeds of the Issue for incurring expenditure on the Objects of the Issue.

13. Our Directors or Lead Managers of the Issue have not entered into any buy-back, standby or similar arrangements for any of the securities being issued through this Letter of Offer. Other than as stated in this Letter of Offer, the Promoter or Promoter Group entities have not entered into any buy-back, standby or similar arrangements for any of the securities being issued through this Letter of Offer.

14. The terms of issue to Equity Shareholders/Applicants have been presented under the section "Terms of the Issue" on page 319 of this Letter of Offer.

15. At any given time, there shall be only one denomination of the Equity Shares of our Company. The Equity Shareholders of our Company do not hold any warrant, option or convertible loan or debenture, which would entitle them to acquire further shares in our Company.

16. Save as disclosed in this Letter of Offer, 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 our 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 Letter of Offer are listed or application moneys are refunded on account of the failure of the Issue. Further, other than as disclosed in this Letter of Offer, presently our 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. However, if business needs of our Company so require, our Company may alter the capital structure by way of split / consolidation of the denomination of the Equity Shares / issue of Equity Shares on a preferential basis or issue of bonus or rights or public or preferential issue of Equity Shares or any other securities during the period of six months from the date of opening of the Issue or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required for such alteration.

17. The Issue will remain open for 30 days. However, our 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.

18. We have not issued any Equity Shares out of revaluation reserves. However, we have in the past, issued bonus Equity Shares out of free reserves.

19. The terms of the Issue to Non-Resident Equity Shareholders / applicants have been presented under the section "Terms of the Issue" on page 319 of this Letter of Offer.

20. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than three Equity Shares or is not in the multiple of three, the fractional entitlement of such holders shall be ignored. Shareholders whose fractional entitlements are being ignored, would be given preference of one additional Equity Share each, if they apply for additional Equity Shares.

21. Those equity shareholders holding less than three Equity Shares and therefore are entitled to zero Equity Shares under the Issue, shall be dispatched a CAF with zero entitlement. Such equity shareholders are entitled to apply for additional Equity Shares, however they cannot renunciate the same to third parties. CAF with zero entitlement shall be non negotiable / non renunciable.

22. Equity Shares offered through this Issue shall be fully paid up on allotment and the entire amount of Rs. 85 (face value of Rs. 10 each and premium of Rs. 75 each) is payable at the time of application.

23. The Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on the date of this Letter of Offer.

24. We have not revalued our assets during the last five Fiscals.

25. None of our Sundry Debtors are related to our Directors or Promoters or us.

26. Except as stated in the section titled "Related Party Transactions", beginning on page 142 of this Letter of Offer none of our Promoter Group Company is the beneficiary of any loans and advances given by our Company.

OBJECTS OF THE ISSUE

The net proceeds of the Issue, after deduction of any issue expenses, are estimated to be approximately Rs. 84.54 crore ("Net Proceeds").

We intend to use the Net Proceeds to part finance our expansion projects which are (i) expansion program for enhancing the capacity of our truck/bus radial plant, (ii) implementation of the project for manufacturing of specialty tyres/ special application tyres and (iii) implementation of certain energy saving projects.

The details of the proposed utilization are as per the table set forth below.

(Rs. in crore)

Sr. No.	Expenditure Items	Total estimated cost*	Funds deployed up to May 31, 2008	Balance funds required
(a)	Expansion of the truck/bus radial tyre facilities	315	14.12	300.88
(b)	Manufacture of specialty tyres/special application tyres	21	0.18	20.82
(c)	Implementation of various energy saving projects	24	14.62	9.38
	Total	**360.00**	**28.92**	**331.08**

The main objects clause and the objects incidental or ancillary to the main objects clause of the Memorandum of Association enable our Company to undertake its existing activities and the activities for which funds are being raised by our Company in this Issue.

The fund requirement shown below is based on estimates by our management and have also been appraised by IDBI vide their report dated October 27, 2007 ("IDBI Report").

Proceeds of the Issue

The details of proceeds of the Issue are summarized in the following table:

(Rs. In crore)

Sr. No	Description	Amount
1.	Gross proceeds of the Issue	87.25
2.	Issue Expenses	2.71
3.	Net proceeds of the Issue	84.54

Funds Requirement

i) Expansion of the truck/bus radial tyre facilities

Our Company had set up a facility in the year 1999 for manufacture of truck/bus radial tyres at Mysore with an initial capacity of 0.02 crore tyres p.a. The capacity of this plant was enhanced to 0.04 crore tyres p.a. in 2006. Foreseeing the demand acceleration and to derive benefit of its established customer base, our Company has drawn up an expansion program for enhancing the capacity of its truck/bus radial plant from 0.04 crore to 0.08 crore tyres p.a. This expansion is estimated to involve a capital expenditure of about Rs. 315 crore.

ii) Manufacture of specialty tyres/special application tyres

We propose to set up a project to manufacture specialty tyres/special application tyres with a capacity of 0.01 crore tyres p.a. The project is proposed to be implemented at Mysore. This niche segment of tyres for various special applications essentially for export markets will be oriented towards 100% export and the major markets identified are USA, Europe and Australia. This project is estimated to involve a capital expenditure of about Rs. 21 crore.

iii) Implementation of various energy saving projects

In order to reduce the energy costs, our Company has identified a number of energy saving projects at different areas across plants.

1. Banmore Tyre Plant: The existing coal fired boiler is proposed to be converted from Travergrate type to Atmospheric Fluidized Bed Combustion (AFBC) type. This involves conversion of the boiler to make it capable to burn inferior grades of coal viz. “F” Grade which is much cheaper than existing usage of “C” and “D” grade coal.

   The estimated cost for implementation of this project is Rs. 9.55 crore.

2. Vikrant Tyre Plant (Plant I): The existing boilers at Vikrant Tyre Plant are furnace oil based. It is proposed to shift one of the coal fired boilers at Banmore Tyre Plant to the Vikrant Tyre Plant. The existing furnace oil boiler at Vikrant Tyre Plant shall be shifted to Banmore Tyre Plant and to be used as a standby.

   The estimated cost for implementation of this project is Rs. 9 crore.

3. Power Consumption Saving Projects at Kankroli, Banmore and Vikrant Tyre Plant:

   There are various other projects involving reduction in power usage at all the plants. The estimated cost of implementation of these projects is Rs. 5.45 crore.

Thus, in aggregate, the energy cost reduction projects are estimated to cost Rs. 24 crore.

As per the financing plan for the expansion projects, our Company proposes to raise Rs. 180 crore in the form of equity through rights issue and internal accruals and Rs. 180 crore through long term debts. Details of the plans to raise funds to meet our finance plan are as below:

(Rs. in crore)

	Particulars	Amount
A.	Available cash resources	95.46
B.	Borrowings*	180.00
C.	Net Proceeds of the Issue	84.54
	Total	**360.00**

**For the proposed expansion, the enire debt component of Rs. 180 crore will be funded by a term loan for Rs. 100 crore from IDBI sanctioned pursuant to the sanction letter dated October 22, 2007 (Reference No. LCB/JKTIL/846) and an ECB for USD 20,00,00,000 from Bank of India sanctioned pursuant to the sanction letter dated August 6, 2007. For terms of the borrowings see the section titled ‘Financial Indebtedness’ on page 224 of this Letter of Offer.*

Proposed Deployment of Funds

Our proposed deployment of funds for expansion of the truck/bus radial tyre facilities, manufacture of specialty tyres/special application tyres and implementation of various energy saving projects are as follows:

1. Expansion of the truck/bus radial tyre facilities

(Rs. in crore)

Particulars of Activity	June 2008 to September 2008	October 2008 to March 2009	April 2009 to September 2009	Total
Civil	21.96	5.49	Nil	27.45
Plant and Machinery	43.53	138.5	32.36	214.39
Stores and Spares	1.82	5.07	3.24	10.13
Installation and Commissioning	Nil	2.35	Nil	2.35
Pre-operative expenses	14.61	5.92	Nil	20.53
Contingency	0.80	8.33	1.15	10.28
Margin Money for Working Capital	Nil	12.00	3.75	15.75
Total	**82.72**	**177.66**	**40.5**	**300.88**

2. Manufacture of specialty tyres/special application tyres

(Rs. in crore)

Particulars of Activity	June 2008 to September 2008	October 2008 to March 2009	April 2009 to September 2009	Total
Civil	Nil	0.77	0.23	1.00
Plant and Machinery	3.17	10.40	1.33	14.90
Stores and Spares	Nil	0.07	0.66	0.73
Installation and Commissioning	Nil	0.09	0.41	0.50
Pre-operative expenses	0.43	0.98	Nil	1.41
Contingency	0.01	0.08	0.45	0.54
Margin Money for Working Capital	Nil	0.26	1.48	1.74
Total	**3.61**	**12.65**	**4.56**	**20.82**

3. Implementation of various energy saving projects

(Rs. in crore)

Particulars of Activity	June 2008 to September 2008	October 2008 to March 2009	Total
Civil	Nil	0.30	0.30
Plant and Machinery	3.95	4.49	8.44
Contingency	0.55	0.09	0.64
Total	**4.50**	**4.88**	**9.38**

Funds Already Deployed

As of May 31, 2008, we have incurred an expenditure of Rs. 28.92 crore out of Rs. 360 crore. The same has been certified by Lodha & Co., Chartered Accountants, pursuant to their certificate dated June 18, 2008.

Details of funds already deployed

(Rs. in crore)

S.No.	Sources	Amount
A.	Available cash resources	16.50
B.	Borrowings	12.42
	Total funds deployed	28.92

Activity wise details of funds deployed

(Rs. in crore)

Business activity	***Civil***	***Plant and machinery***	***Stores and spares***	***Installation and commissioning***	***Preoperative expenses***	***Total***
Expansion of the truck/bus radial tyre facilities	5.06	6.21	Nil	1.15	1.70	14.12
Manufacture of specialty tyres/special application tyres	Nil	0.18	Nil	Nil	Nil	0.18
Implementation of various energy saving projects	3.47	10.36	0.45	0.29	0.05	14.62
					Total	**28.92**

Means of finance for balance fund requirement:

(Rs. in crore)

S.No.	**Particulars**	**Estimated amount**
A.	Net Proceeds of the Issue	84.54
B.	Available cash resources	78.96
C.	Borrowings	167.58
	Total	**331.08**

With reference to clause 2.8 of the SEBI Guidelines, our Company confirms that firm arrangements for 75% of the above stated means of finance (excluding net proceeds of the Issue) have already been made for funds.

Project Appraisal by IDBI

The scope and purpose of the appraisal

Our Company proposes to undertake an expansion program involving (i) increase in truck/bus radial tyre capacity from 3.67 lakh tyres p.a. to 8 lakh tyres p.a.; (ii) setting up of facilities for manufacture of 1.30 lakh specialty tyres/special application tyres at its existing plant at Mysore and (iii) taking up certain energy saving schemes at all its three plants. The aggregate cost of the above projects, estimated at Rs. 360 crore, is proposed to be financed at a DER of 1:1, by way of this Issue of Equity Shares and internal accruals of Rs. 180 crore and debt of Rs. 180 crore.

IDBI, the Appraiser, has appraised the above mentioned projects of our Company for purposes of sanctioning a rupee term loan of Rs. 100 crore.

IDBI , the Appraiser, has specified certain weakness and threats in its appraisal report in relation to the deployment of the proceeds of the Issues which has been disclosed in the section titled “Risk Factors - The IDBI appraisal report specifies certain risks in relation to our financing requirements and the deployment of the net proceeds of the Issue.” on page xv of this Letter of Offer.

Project cost and means of finance

The break-up of the aggregate cost of the expansion scheme of Rs. 360 crore is as set forth below.

(Rs. in crore)

Sr. No.	Particulars	Truck radial	Specialty tyres/Special application tyres	Energy saving equipment	Total
1.	Civil (comprises of civil construction expenses for a built up area admeasuring 36,500 sq. meter)	25.19	1.60	2.25	29.04
2.	Plant and machinery				
	- Imported	148.00	4.70	-	152.70
	- Indigenous	76.75	10.24	17.70	104.69
3.	Stores and spares (comprises of expenditures for store and spare of the machinery for running and maintenance)	9.66	0.68	-	10.34
4.	Installation and commissioning	4.06	0.50	3.30	7.86
5.	Pre-operative expenses (comprises of expenditures including salaries, interest and travel expenses, etc to be incurred during the implementation of the project)	22.17	1.39	-	23.56
6.	Contingency	13.18	0.53	0.69	14.40
7.	Margin Money for Working Capital	15.75	1.78	-	17.53
	Total	**314.76**	**21.42**	**23.94**	**360**

The means of finance for the above scheme is as set forth below.

(Rs. in crore)

Particulars	Amount
Equity	
Internal accruals/ Rights issue of equity	180
Debt	
IDBI (rupee term loan)	100
ECB loan from Bank of India (USD 20 million)	80*
Total	**360**

** We have assumed the exchange rate of 1 USD = Rs. 40 for the purpose of arriving at the amount of the external commercial borrowing at the INR.*

Working capital requirement

The working capital needs of our Company for the expansion projects as assessed based on the internal estimates of our Company and as submitted to IDBI for the purpose of appraisal of the projects is Rs. 15.75 crore for expansion of truck/bus radial tyre facilities and Rs. 1.78 crore for manufacture of specialty tyres/special application tyres for Fiscal 2009.

Our estimated working cpital requirements for the proposed capacity expansion for Fiscal 2009 are as follows:

Particulars	Truck Radial		Speciality Tyre	
	Amount (in crs)	Assumption in no. of days	Amount (in crs)	Assumption in no. of days
Inventory of raw materials: Imported Indigenous	 6.68 7.70	 50 20	 0.80 1.57	 30 20
Inventory of stock in progress	1.83	3	0.70	5
Inventory of finished goods	14.94	25	3.66	30
Debtors: Domestic Export	 38.07 -	 40 -	 - 7.74	 - 50
Total Current Assets (A)	**69.23**		**14.48**	
Creditors (B)	39.94	73	6.67	60
Net Working Capital Requirement (A-B)	**29.29**		**781**	
To be funded by:				
Borrowings	13.54		6.03	
Margin Money requirement	15.75		1.78	

Implementation schedule

	Truck/bus radial at Mysore		Specialty tyres at Mysore		Energy saving project at all units	
Activity	**Start date**	**Completion date**	**Start date**	**Completion date**	**Start date**	**Completion date**
Civil works	September 2007	August 2008	August 2008	December 2009	July 2007	December 2008
Imported plants and machinery						
Placement of orders	August 2007	October 2008	January 2008	April 2009		
Delivery schedule	April 2008	February 2009	July 2008	July 2009		
Indigenous plant and delivery schedule						
Placement of orders	October 2007	December 2008	November 2008	April 2009		
Delivery schedule	June 2008	March 2009	June 2008	July 2009		
Erection and installation	April 2008	March 2009	July 2008	August 2009		
Commissioning	May 2008	April 2009	August 2009	August 2009		
Trial runs and partial production	May 2008	April 2009	August 2008	September 2009		
Commercial production		May 2009		September 2009		

Utilization of Net Proceeds

Subject to receipt of any regulatory approvals, our Company intends to immediately deploy the funds in the proposed expansion and power saving projects mentioned above.

In case of a shortfall in the Net Proceeds, our Company may explore a range of options including utilizing its internal accruals or seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfall.

Issue Related Expenses

The Issue related expenses include, among others, selling commissions, printing and distribution expenses, legal fees, advertisement expenses and registrar and depository fees. The estimated Issue expenses are as follows:

(Rs. in crore)

Activity	Expenses
Advisors fees	1.56
Advertising and marketing expenses	0.80
SEBI filing and stock exchange listing fees	0.07
Postage, printing and stationery	0.25
Other (Registrar's fees and contingencies)	0.03
Total estimated Issue expenses	**2.71**

Interim Use of Proceeds

Pending utilization of the Net Issue Proceeds for the purposes described above, our Company intends to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks or temporarily deploy the funds in working capital loan accounts. Such investments will be made in accordance with our investment policies.

Bridge Financing Facilities

We have not raised any bridge loan against the proceeds of this Issue.

Monitoring of Utilization of Funds

Our Board through the Audit Committee will monitor the utilization of the Net Proceeds of the Issue. Our Company will disclose the utilization of the Net Proceeds under a separate head in its balance sheet for such fiscal periods as required under the SEBI Guidelines, the listing agreements with the Stock Exchanges and any other applicable law or regulations, clearly specifying the purposes for which the Net Proceeds have been utilized. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilized, thereby also indicating investments, if any, of such currently unutilized Net Proceeds.

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the Net Proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds of the Issue have been utilized in full. The statement shall be certified by the statutory auditors of our Company. In terms of Clause 43A of the Listing Agreement, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the Objects stated in this Letter of Offer. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Clause 41 of the Listing Agreement and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Clause 49.

No part of the Issue proceeds will be paid by our Company as consideration to the Promoter, the Directors, Company's key management personnel, associates, group companies or companies promoted by the Promoter.

BASIS FOR ISSUE PRICE

The Issue Price has been determined in consultation with the Lead Manager to the Issue considering following qualitative and quantitative factors. Investors should also refer to the section "Risk Factors" and "Financial Statements" on pages ix and 143 respectively to get a more informed view before making the investment decisions.

Qualitative Factors:

For Qualitative Factors refer to "Our Strengths" under the section titled "Our Business" beginning on page 66 of this Letter of Offer.

Quantitative Factors:

Information presented in this section is derived from our standalone audited restated financial statements prepared in accordance with Indian GAAP.

1. Adjusted Earning per Equity Share (EPS) of face value Rs. 10

Particulars	Rupees	Weight
Year ended September 30, 2005	0.81	1
Year ended September 30, 2006	6.01	2
Year ended September 30, 2007	21.67	3
Weighted average	12.97	

Note:

(i) The Earning per Share has been computed on the basis of the restated profits of the respective years/ period drawn after considering the impact of material adjustments of prior period items pertaining to the earlier years.

(ii) The denominator considered for the purpose of calculating Earnings per Share is the weighted average number of Equity Shares outstanding as of date.

2. Price / Earning (P/E) Ratio in Relation to Issue Price of Rs. 85.

a. Based on the year ended September 30, 2007, EPS is Rs. 21.67.

b. P/E based on profits after taxes, as restated, for the year ended September 30, 2007 is Rs. 3.92.

c. Based on the six month period ended March 31, 2008, EPS is Rs. 28.44 (annualized).

d. P/E based on profits after taxes, as restated, for the six month period ended March 31, 2008 is Rs. 2.99.

e. Industry P/E

i)	Highest:	18.60 (PTL Interprises)
ii)	Lowest:	3.60 (Ceat Limited)
iii)	Industry Composite:	7.2

Source: Capital Market Volume XXIII/08 June 16-29, 2008 Industry: Tyres

3. **Return on Average Net Worth as per Restated Indian GAAP Financials**

Particulars	RONW %	Weight
Year ended September 30, 2005	1.11	1
Year ended September 30, 2006	5.63	2
Year ended September 30, 2007	19.78	3
Weighted average	11.95	

Note:
The return on average net worth has been computed on the basis of the restated profits of the respective years/ period drawn after considering the impact of material adjustments of prior period items pertaining to earlier years. The Average Net Worth has been computed as a simple average of the opening and closing net worth excluding share application money, as per Restated Statement of Assets and Liabilities.

4. **Minimum Return on Increased Net Worth Required to maintain Pre-Issue EPS is 18.31%.**

5. **Net Asset Value per Equity Share**

   i. Net Asset Value per Equity Share for the Year ended September 30, 2007 is Rs. 116.82 and for the six month period ended March 31, 2008 is Rs. 129.48.
   ii. After the Issue: Rs. 118.36
   iii. Issue Price: Rs. 85.00

Note:
Net Asset Value per Equity Share represents shareholders' equity as per restated financial statements less revaluation reserves and miscellaneous expenses as divided by weighted average number of Equity Shares outstanding as of date.

6. **Comparison with industry peers**

Particulars	FV per Share (Rs.)	EPS (Rs)	P/E	RONW%	NAV (Rs.)
JK Tyre and Industries	**10.00**	21.30	3.80	17.40	119.50
Peer Group					
Apollo Tyres Limited	1.00	4.50	8.30	14.20	25.10
CEAT Limited	10.00	25.60	3.60	10.80	148.20
MRF Limited	10.00	397.80	7.40	19.00	2,325.80
Goodyear India Limited	10.00	16.20	5.90	31.10	61.30

Source: Capital Market Volume XXIII/08 *June16-29, 2008, Industry – Tyres.*

7. **Stock Market Data**

For Stock Market data, refer to the section titled "Stock Market Data for Equity Shares of the Company" beginning on page 204 of the Letter of Offer

8. **The Face Value is Rs. 10 per Equity Share and the Issue Price is 8.5 times the Face Value of the Equity Shares.**

In view of the reasons stated above, we and the Lead Manager to the Issue, in consultation with whom the premium has been decided, are of the opinion that the premium is reasonable and justified.

9. Un-audited working results for the latest period

Information as required by Government of India, Ministry of Finance Circular No. F2/5/SE/76 dated February 5, 1977 as amended vide Circular dated March 8, 1997 is given below:

Please refer to section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 207 of this Letter of Offer.

STATEMENT OF GENERAL TAX BENEFITS

Statement of Possible Direct Tax Benefits available to JK Tyre & Industries Limited (formerly J.K. Industries Limited) and its Shareholders

The Board of Directors
JK Tyre & Industries Limited (formerly J.K.Industries Limited)
7, Council House Street
Kolkata 700 001

Dear Sirs,

We hereby report that the enclosed statement states the possible direct tax benefits available to JK Tyre & Industries Ltd. (the "Company") ((formerly J.K.Industries Ltd.)) and its shareholders under the current tax laws 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 based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement 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 their 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:

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

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

For Lodha & Co.,
Chartered Accountants

N.K. Lodha
Partner
(Membership No. 85155)

Place: New Delhi
Date: June 23, 2008

The following key General tax benefits are available to the Company and the prospective shareholders under the current direct tax laws in India.

The general tax benefits listed below are the possible benefits available under the current tax laws 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 based on business imperatives it faces in the future, it may not choose to fulfill. This Statement is only intended to provide the tax benefits available to the Company & its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal etc. of shares. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his / her own tax adviser with respect to specific tax implications arising out of their participation in the issue.

1. General Tax benefits available to the Company under the Income-tax Act, 1961 ("the Act")

A) BUSINESS INCOME:

i. Depreciation:

The Company is entitled to claim depreciation at the prescribed rates on specified tangible and intangible assets under section 32 of the Act.

In case of any new plant and machinery (other than ships and aircraft) that will be acquired and installed by the company, the company is entitled to a further sum equal to twenty percent of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.

Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward & set off against any source of income in subsequent AYs as per section 32 of the Act.

ii. Expenditure on Scientific Research:

As per Section 35, the Company is eligible for –

(a) deduction in respect of any expenditure (not being expenditure on acquisition of land) on scientific research related to the business subject to conditions specified in that section

(b) deduction in respect of payment to a specified person for programme approved by prescribed authority shall be allowed deduction of a sum equal to one and one four times the amount paid subject to conditions prescribed.

(c) Deduction of a sum equal to one and one four times in respect of any payment made to specified entities approved by Central Board of Direct Taxes u/s. 35(1)(ii) of the Act.

(d) deduction in respect of any expenditure (not being expenditure on acquisition of land or building) on scientific research on in-house research and development facility as approved by prescribed authority for an amount equal to one and one half times of such expenditure and subject to conditions specified in that section.

e) Deduction in respect of payments made to a company to be used by it for scientific research for an amount equal to one and one fourth times of such sums is available u/s 35 (i) (ii a) subject to conditions specified in that section. This is available w.e.f 1.04.2008.

iii. Preliminary Expenditure:

As per Section 35D, the Company is eligible for deduction in respect of specified preliminary expenditure incurred by the Company in connection with extension of its industrial undertaking or in connection with setting up a new industrial unit for an amount equal to $1/5^{th}$ of such expenses over 5 successive AYs subject to conditions and limits specified in that section.

iv. Expenditure incurred on voluntary retirement scheme:

As per Section 35DDA, the Company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement for an amount equal to $1/5^{th}$ of such expenses over 5 successive AYs subject to conditions specified in that section.

v. Deductions under Chapter VI-A of the Act:

As per section 80-IA, the Company is eligible for deduction of an amount equal to specified percentage of the profits and gains derived by specified industrial undertakings for specified number of assessment years subject to the conditions specified in that section.

vi Carry forward of business loss:

Business losses if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs.

vii MAT Credit :

As per section 115JAA(1A), the company is eligible to claim credit for Minimum Alternate Tax ("MAT") paid for AY commencing on or after April 1, 2006 against normal income tax payable in subsequent AYs. MAT credit shall be allowed for any A.Y. to the extent of difference between the tax computed as per the normal provisions of the Act for that A.Y. and the MAT which would be payable for that A.Y. Such MAT credit will be available for set-off up to 7 years succeeding the A.Y. in which the MAT credit initially arose.

B) CAPITAL GAINS:

i. Long Term Capital Gain (LTCG):

LTCG means capital gain arising from the transfer of a capital asset being Share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a zero coupon bond held by an assessee for more than 12 months.

In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months.

ii. Short Term Capital Gain (STCG):

STCG means gain arising out of transfer of capital asset being share held in a company or any other security listed in a recognized stock exchange in India or Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a zero coupon bond, held by an assessee for 12 months or less.

In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.

iii. LTCG arising on transfer of equity shares or units of an equity oriented fund (as defined) which has been set up under a scheme of a Mutual Fund specified under Section 10 (23D), entered into on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10(38) of the Act provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section. However, w.e.f. A.Y. 2007-08 onwards, MAT is leviable on such capital gain.

iv. As per second proviso to section 48, LTCG arising on transfer of capital assets, other than bonds and debentures excluding capital indexed bonds issued by Government, is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

v. a As per section 112, LTCG is taxed @20% plus applicable surcharge thereon and 3% [2% Education Cess & 1% Secondary & Higher Education Cess) education cess on tax plus Surcharge (if any) {hereafter referred to as applicable SC + EC}.

b However, as per proviso to section 112(1), if such tax payable on transfer of listed securities/units/Zero Coupon bonds exceeds 10% of the LTCG, without availing benefit of indexation, the excess tax will be ignored.

vi. As per section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10(23D), entered into on a recognized stock exchange are subject to tax at the rate of 10 per cent (since revised to 15 per cent w.e.f 1.04.09) (plus applicable SC + EC), provided the transaction is chargeable to STT.

vii. As per section 71 read with section 74, Short-term capital loss arising during a year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years.

viii. As per section 71 read with section 74, long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year's long-term capital gains for subsequent 8 years.

ix. Under section 54EC of the Act, capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if such capital gains are invested subject to limits prescribed therein within a period of 6 months after the date of such transfer in specified bonds issued by the following and subject to the conditions specified therein –

- National Highways Authority of India Constituted under section 3 of National Highways Authority of India Act, 1988.

- Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced.

However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable in the year of transfer.

C) Income from Other Sources:

Income received in respect of units of a Mutual Fund specified under Section 10(23D) of the Act shall be exempt from tax under Section 10(35) of the Act, subject to such income not arising from transfer of units in such Mutual Fund.

2. General Tax benefits available to the Members of the Company

2.1 Resident Members

a Capital gains:

i. Benefits outlined in Paragraph 1(B) above are also applicable to resident shareholders. In addition to the same, the following benefits are also available to resident shareholders.

ii. As per Section 54F of the Act, LTCG arising from transfer of any long term capital asset other than a residential property will be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer for purchase of a new residential house, or for construction of a residential house within three years from the date of transfer and subject to the conditions and to the extent specified therein.

b Rebate:

In terms of Section 88E of the Act, STT paid by a shareholder in respect of taxable securities transactions (i.e. transaction which is chargeable to STT) entered into in the course of business would be eligible for rebate 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 conditions and limits specified in that section available upto Assessment year 2008-09. Thereafter deduction for STT paid will be allowable u/s 36 of the Income Ta x Act.

2.2 General Tax benefits available to Non-Resident Member

a Capital gains:

Benefits outlined in Paragraph 2.1(a) above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased.

The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefits of indexation as provided in second proviso to section 48 is not available to non-resident shareholders.

b Rebate:

Benefits outlined in Paragraph 2.1b above are also applicable to the non-resident shareholder

c Tax Treaty Benefits:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation if any as per the provision of the applicable double tax avoidance agreements

d. Special provision in respect of income / LTCG from specified foreign exchange assets available to non-resident Indians under Chapter XII-A

i. Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his grand-parents, was born in undivided India.

ii. Specified foreign exchange assets include shares of an Indian company acquired/purchased/subscribed by NRI in convertible foreign exchange.

iii. As per section 115E, income [other than dividend which is exempt under section 10(34)] from investments and LTCG from assets (other than specified foreign exchange assets) shall be taxable at the rate of 20% (plus applicable SC + EC). No deductions in respect of any expenditure allowance from such income will be allowed and no deductions under chapter VI-A will be allowed from such income

iv. As per section 115E, LTCG arising from transfer of specified foreign exchange assets shall be taxable at the rate of 10% (plus applicable SC + EC).

v. As per section 115F, such LTCG shall be exempt in the proportion of the net consideration from such transfer being invested in specified assets or savings certificates within six months from the date of such transfer, subject to further conditions specified under section 115F.

vi. As per section 115G, if the income of a NRI taxable in India consists only of income / LTCG from such shares and tax has been properly deducted at source in respect of such income in accordance with the Act, it is not necessary for the NRI to file return of income under section 139.

vii. As per section 115I, the NRI can opt not to be governed by provisions of chapter XII-A for any A.Y. by declaring the same in the return of income filed under section 139 in which case the normal benefits as available to non-resident share holders will be available.

2.3 Key benefits available to Foreign Institutional Investors (FIIs)

2.3.1. Capital gains:

i. Under Section 115AD, income (other than income by way of dividends referred in Section 115-O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable SC + EC). No deduction in respect of any expenditure / allowance shall be allowed from such income

ii. Under section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB), shall be taxable as follows :

- As per section 111A, STCG arising on transfer of securities where such transaction is chargeable to STT, shall be taxable at the rate of 10% (since revised to 15 per cent w.e.f 1.04.09) (plus applicable SC & EC). STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable SC & EC)

- LTCG arising on transfer of securities shall be taxable at the rate of 10% (plus applicable SC & EC). The benefit as mentioned under 1st and 2nd proviso to section 48 would not be allowed while computing the capital gains

2.3.2. Exemption of capital gains from income-tax

i. LTCG arising on transfer of securities where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act

ii. Benefit of exemption under Section 54EC shall be available as outlined in paragraph1 (B)(ix) above

2.3.3. Rebate:

Benefit as outlined in Paragraph 2.1b above are also available to FIIs

2.3.4. Tax Treaty Benefits:

As per Section 90 of the Act, a shareholder can claim relief in respect of double taxation, if any, as per provision of the applicable double tax avoidance agreements

2.4. Key Benefits available to Mutual Funds

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

2.5. Key Benefits available to Venture Capital Companies / Funds

As per provisions of Section 10(23FB) of the Act, income from Investments in respect of specified Venture Capital Undertaking of Venture Capital Company which has been granted a certificate of registration under Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette set for raising funds for investment in specified Venture Capital Undertaking, is exempt from income tax.

3. Special tax benefits available to the Company and its member

None

4. Benefits available to the company as well as its shareholders :

4.1.1 Dividend Income:

Dividend (both interim and final) income referred to in section 115O of the Act, if any, received by the resident shareholder from a Domestic Company shall be exempt under Section 10(34).

4.1.2 Wealth Tax Act, 1957

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

4.1.3 The Gift Tax Act, 1957

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

Notes:

a) All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by joint holders

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

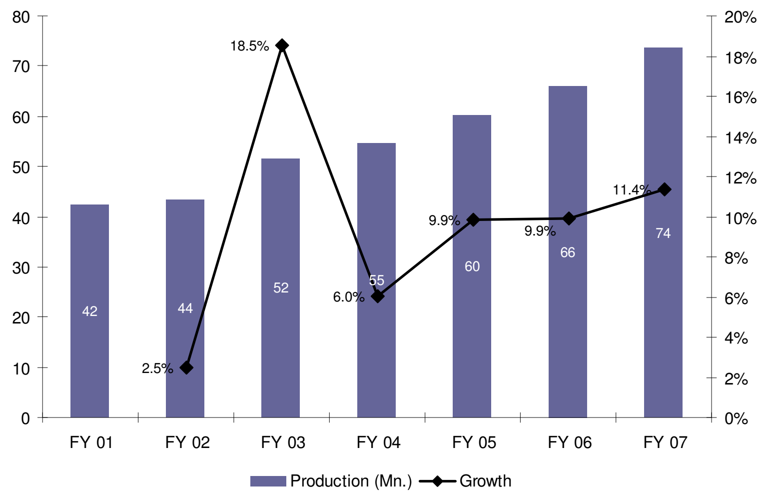
c) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

The Indian Tyre market was estimated to be Rs. 190 Bn for the financial year ended March 2007 by the Automotive Tyre Manufacturers' Association (ATMA (www.atmaindia.org)). The market has witnessed a robust CAGR of ~ 14.5% from the corresponding figures of Rs. 145 Bn for the financial year ended March 2005. Globally India is one of the fastest growing tyre markets and thus has been witnessing the entry of several MNCs through JVs or setting up of manufacturing units in India. It was estimated by CRIS INFAC that the Indian Tyre Industry accounted for ~3.5% of the Global Tyre industry in the financial year ended March 2005
(Sources: ATMA, www.atmaindia.org & CRISIL Research: Tyres Annual Review, September 2006)

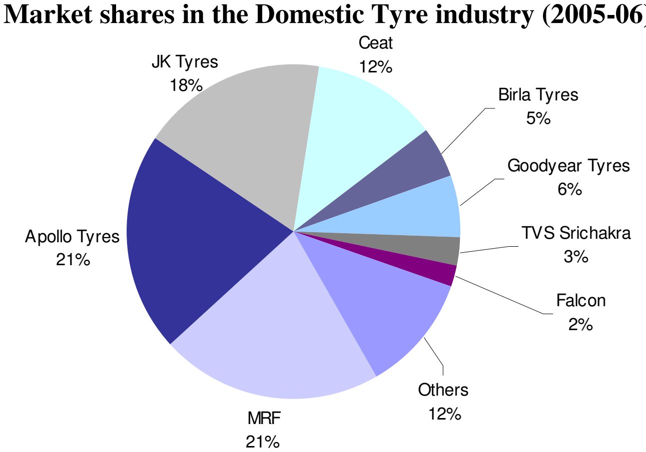
Historical Production of Tyres in India



(Source: CRISIL Research: Tyres Annual Review, September 2006)

The Indian tyre Industry comprises of 43 tyre manufacturers, however it is a highly concentrated market with the top 10 tyre manufacturers controlling ~95% of the total tyre production. India produced ~73.6 Mn tyres in the financial year ended March 2007 amounting to 1.13 Mn MT in tonnage terms.
(Source: ATMA, www.atmaindia.org)

Market shares in the Domestic Tyre industry (2005-06)



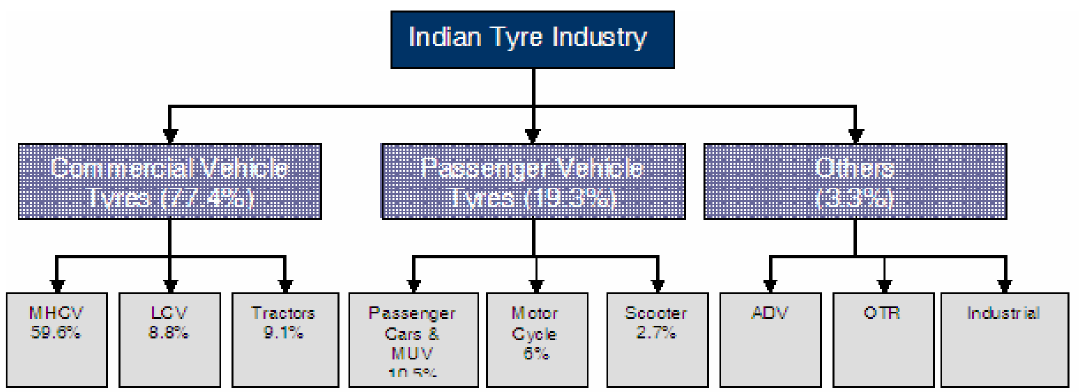
(Source: CRISIL Research: Tyres Annual Review, September 2006)

According to CRIS INFAC estimates the growth in revenues for the Indian tyre industry is expected to be at a CAGR of 10% for the period 2006-07 to 2010-11 corresponding to a growth in tonnage at a CAGR of 8.9% for the same period. This represents a marginally higher growth rate as compared to the corresponding figures of 9.3% CAGR for revenues and 8.7% CAGR for tonnage for the period 2001-01 to 2005-06.
(Source: CRISIL Research: Tyres Annual Review, September 2006)

PRODUCT SEGMENTS:

Tyres can be classified into two main types on the basis of vehicle categories – commercial vehicle tyres and passenger vehicle tyres. Commercial vehicle tyres include medium and heavy commercial tyres (MHCV's), light commercial tyres (LCV's) and tractor tyres, accounting for 77.4 percent of the total production tonnage. MHCV tyres is the largest category and accounts for around 60 per cent. Passenger vehicle tyres include car, jeep, motorcycle and scooter tyres, which together account for 19.3 per cent of the total tyre production tonnage. Other category including ADV, OTR and industrial tyres accounts for 3.3 per cent.
(Source: CRISIL Research: Tyres Annual Review, September 2006)

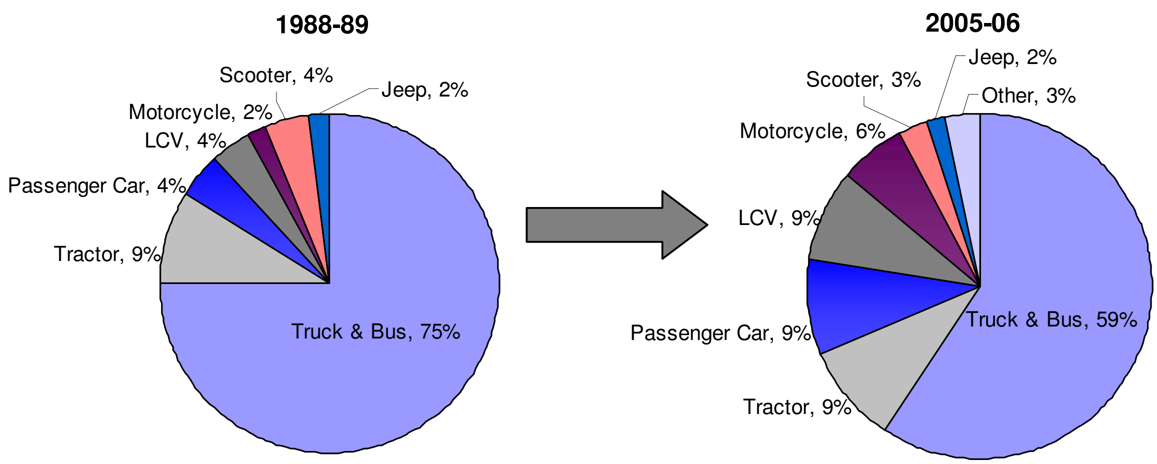
Product Categories and market segments: 2005-06



MHCV: Medium and heavy commercial vehicles; LCV: Light commercial vehicles;
MUV: Multi utility vehicles; ADV: Animal-drawn vehicle; OTR: Off the road;
% denotes sale in tonnage in the respective category to total sales in tonnage
(Source: CRISIL Research: Tyres Annual Review (September 2006))

The share of different vehicle segments in the total tyre market has changed significantly over the past 17 years, with the share of passenger vehicles increasing and that of commercial vehicles and tractors declining.
(Source: CRISIL Research: Tyres Annual Review, September 2006)

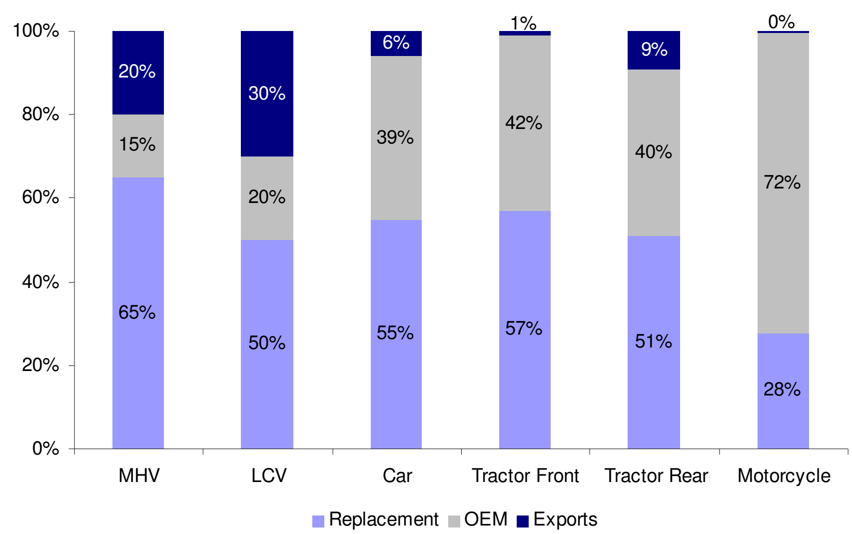
Segment-wise production (tonnage)



(Source: CRISIL Research: Tyres Annual Review, September 2006)

The tyre markets can be divided into the original equipment manufacturer (OEM) segment (23 per cent in tonnage terms), the replacement segment (60 per cent in tonnage terms) and exports (17 per cent in tonnage terms). The OEM segment comprises automobile producers, whereas the replacement segment mainly comprises the transportation sector, corporate sector and individuals. In the case of truck tyres, replacement demand accounts for 65 per cent, exports account for 20 per cent, the OEM segment accounts for 15 per cent.
(Source: CRISIL Research: Tyres Annual Review, September 2006)

Category-wise Sales 2005-06 (tonnage)



(Source: CRISIL Research: Tyres Annual Review, September 2006)

The performance of the tyre industry is largely influenced by the replacement segment on account of the large share of the truck tyres in the industry's product mix. The off take of non-truck tyres is driven by the growth in the automobile sector.

RADIALIZATION OF TYRES:

Radial tyres are of superior quality as compared to the traditional cross-ply tyres due to several advantages such as additional mileage, fuel saving; improved driving etc. The level of radialization in the Indian tyre industry currently stands at 95% for passenger car tyres, 12% for LCV tyres and 3% for MHCVs. The penetration has not been significant especially in the commercial vehicles segment due to poor quality of Indian roads which was not suitable for radial tyres, older vehicles not having proper geometrical configuration for radial tyres and lack of awareness of radial tyres amongst end users. However with recent government initiatives on development of infrastructure, overload control on commercial vehicles and end user education the level of radialization is expected to go up and reach 100% for passenger vehicles, 15% for LCVs and 6% for MHCVs by 2010-11.
(Sources: ATMA, www.atmaindia.org & CRISIL Research: Tyres Annual Review, September 2006)

FACTORS AFFECTING TYRE DEMAND IN INDIA

- OEM Demand
  - Driven by vehicle production
  - Introduction of newer models
  - No. of tyres per vehicle
- Replacement Demand
  - Driven by cumulative population of vehicles
  - Average life of a vehicle
  - Replacement frequency driven by average tyre life and road conditions
- Exports
  - Driven by ability to produce price competitive high quality tyres and
  - International demand for tyres

Specifically the demand for Commercial Vehicle tyres is driven by industrial activity and freight movement, which is a factor of the performance of agricultural, infrastructure, industrial and housing sectors while the growth in disposable income is the key driver of demand for passenger vehicle tyres.
(Source: CRISIL Research: Tyres Annual Review, September 2006)

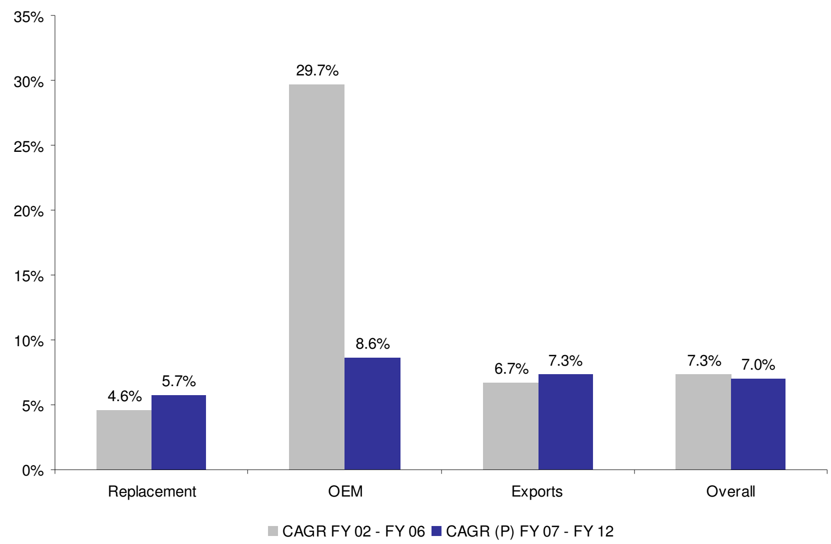
OUTLOOK ON DEMAND GROWTH

According to CRIS INFAC estimates, the Indian tyre industry is expected to grow at a CAGR of 10% for the period 2006-07 to 2010-11 corresponding to a growth in tonnage at a CAGR of 8.9% for the same period.

The price realizations (Rs./Kg) of players in the tyre industry depend on its product mix between the various categories. The MHCV yields the highest price realization followed by motorcycles, MUV, LCV, Cars, Tractor Trailors, Tractor rear, two and three wheeler tyres and tractor front tyres. The high realizations for the MHCV segment can be attributed to the fact that most of the demand from the segment is for replacement tyres, where the manufactures have higher bargaining power. The low realizations for the two and three wheeler tyres and tractor front tyres can be attributed to the high competition in the sectors especially from the unorganized sector.

- **MHCV**: This segment contributes to about 60% of the total demand for Tyres in India in terms of tonnage and according to CRIS INFAC it is expected to witness a CAGR of 7% for the period 2006-07 to 2010-11 in tonnage terms. This growth is expected to be mainly driven by replacement demand led by high sales in the MHCV segment which grew at a CAGR of 14% from 2003-04 to 2005-06.

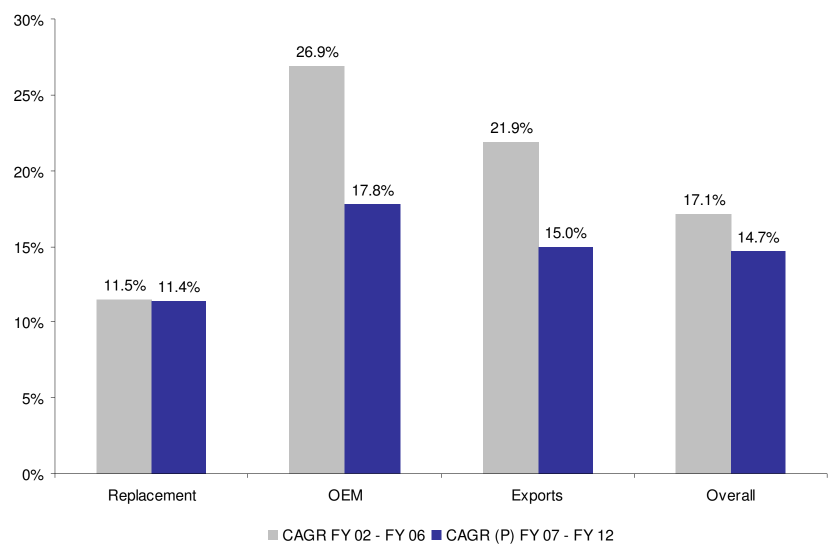
MHCV: Category-wise Demand (tonnage)



(Source: CRISIL Research: Tyres Annual Review, September 2006)

- **LCV**: According to CRIS INFAC estimates this segment is expected to witness a demand growth at a CAGR of approximately 14.7% over the period 2006-07 to 2010-11 as compared to a CAGR of 17.1% witnessed over 2001-02 to 2005-06. This slower projected growth is due to slower growth for both OEM as well as exports demand. However the replacement demand which account for 50% of total demand for LCV tyres is expected to witness growth rates similar to that experienced in the past.

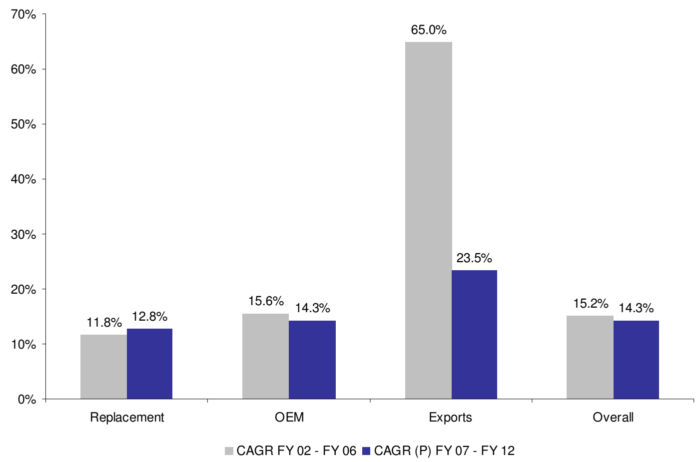
LCV: Category-wise Demand (tonnage)



(Source: CRISIL Research: Tyres Annual Review, September 2006)

- **Passenger Cars**: According to CRIS INFAC estimates this segment is expected to witness a healthy demand growth at a CAGR of 14.3% from 2006-07 to 2010-11. This demand is expected to be on account of increasing demand from both OEM as well as exports backed by a strong economic performance by India.

Passenger Cars: Category-wise Demand (tonnage)

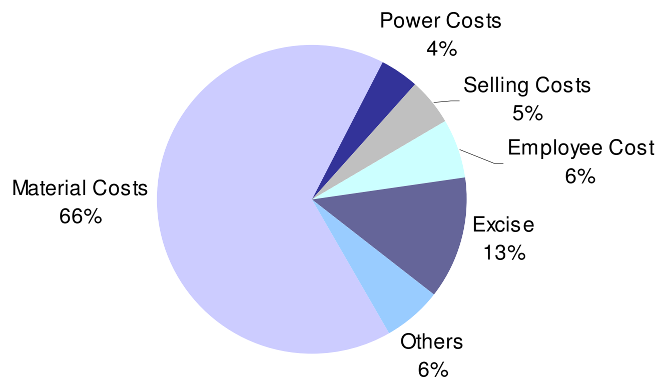


(Source: CRISIL Research: Tyres Annual Review, September 2006)

COST STRUCTURE

The tyre industry is highly raw material intensive. It forms approximately 66% of the operating cost for the industry. Excise also forms a big proportion of the operating costs at 13%, while the next biggest cost item is labour costs at approximately 6% followed by selling costs, power costs and others.

Cost Components - FY 06 (% of Operating Costs)

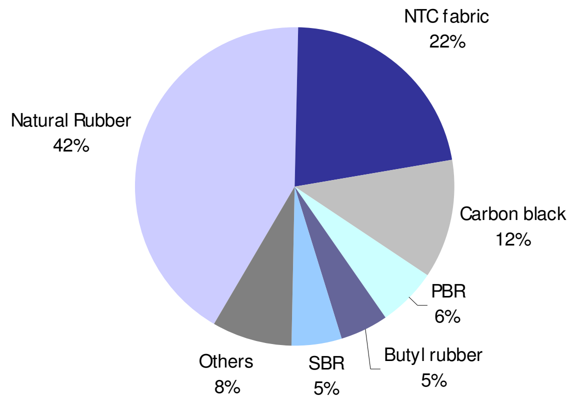


(Source: CRISIL Research: Tyres Annual Review, September 2006)

- **Raw materials**

  Raw materials account for the largest proportion of cost for the tyre industry and thus the operating profit margins shares an inverse relationship with raw material prices. The major raw materials consumed by the tyre industry are natural rubber, nylon tyre cord fabric (NTC fabric), carbon black, butyl rubber, poly butadiene rubber (PBR) and styrene butadiene rubber (SBR).

Raw material Composition - FY 06 (% raw material cost)



(Source: ATMA, www.atmaindia.org)

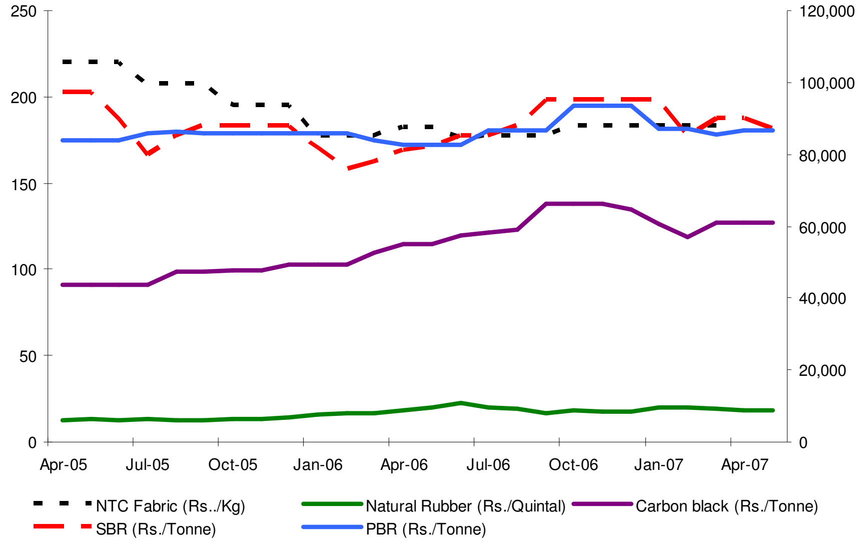
The production of natural rubber production has witnessed an increase by 3.6% for the period April-May 2007 as compared to the corresponding period for 2006. However the domestic prices of natural rubber has been witnessing a falling trend with an decline of 3.6% for the period April-May 2007 on a year on year basis in spite of international prices having risen by 2.2% over the same period.

NTC fabric, another major component of raw material input for tyres has witnessed decline in prices both domestically as well as on an international scale. The domestic prices of NTC fabric has witnessed steep decline with a fall in domestic prices by 10.3% in 2006-07 on a year on year basis. The global prices have also witnessed a steep decline by 14% over the same period. This steep decline in prices has been caused by the diminishing gap between demand and supply along with cheap imports from China.

The prices of carbon black, SBR and PBR are linked to international crude oil prices and all of them have witnessed a rise in April-May 2007 on a year on year basis. The domestic price of carbon black has risen by 11.5% that of SBR by 7.4% while PBR prices have witnessed a rise by 4.8% over the period.

Based on these according to CRIS INFAC estimates the operating margins for the tyre industry should improve by 50 basis points in the short term led by softening raw material prices as well as increase in tyre prices.
(Source: CRISIL Research: Tyres Annual Review, September 2006 & CRISIL Research: Tyres Monthly, June 2007)

Raw material price movement



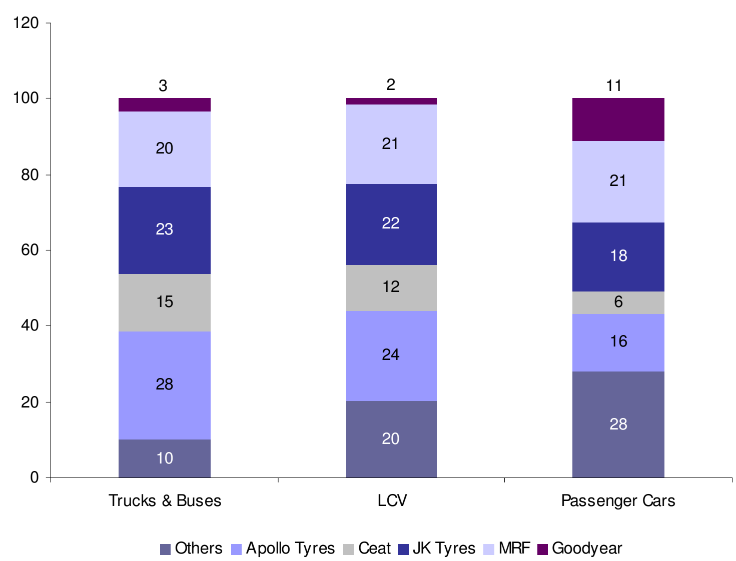
Note: NTC Fabric axis on left, all others on right
(Source: CRISIL Research: Tyres Monthly, June 2007)

MAJOR PLAYERS IN THE TYRE INDUSTRY

The Indian tyre industry is a consolidated industry with the top ten players accounting for greater than 95% of the market, which consists of 43 companies. The major players in the industry are: Apollo Tyres Limited, Birla Tyres Limited, Bridgestone, Ceat Limited, Falcon Tyres Limited, Goodyear India Limited, JK Tyre and Industries Limited, MRF Limited and TVS Srichakra Limited.

(Sources: ATMA, www.atmaindia.org & CRISIL Research: Tyres Annual Review, September 2006)

Market Shares in various major categories (Apr – Dec 2006)



(Source: CRISIL Research: Tyres Update, April 2007)

The total installed capacity for the tyre industry in India stood at 8.5 crore for the calendar year 2006 according to ATMA estimates. This capacity coupled with a production of 7.4 crore tyres for the period, according to ATMA estimates implies a relatively high capacity utilization of 87% for the Industry.

The installed capacities and the capacity utilizations of the major players in the industry are as follows

Installed capacities of major players

Players	Installed capacity				
(fig in No. Mn)	**2002**	**2003**	**2004**	**2005**	**2006**
MRF	13.4	15.0	17.4	19.8	21.6
Apollo Tyres	3.5	4.1	5.4	6.9	7.9
JK Tyres	4.9	5.7	6.1	6.3	7.6
Ceat	3.9	4.1	4.3	4.3	4.3
Goodyear Tyres	1.3	1.3	1.3	1.3	1.3
TVS Srichakra	5.5	7.4	7.4	7.4	9.3
Falcon	4.0	5.2	5.2	5.4	5.7
Total	**36.5**	**42.7**	**47.0**	**51.3**	**57.7**

(Source: Capitaline and Company Annual Reports)

Production by major players

Players	Production				
(fig in No. Mn)	**2002**	**2003**	**2004**	**2005**	**2006**
MRF	12.4	14.6	17.1	17.6	20.3
Apollo Tyres	3.3	4.2	4.9	6.0	7.0
JK Tyres	5.8	5.2	5.6	5.8	6.8
Ceat*	na	3.6	3.8	3.8	3.9
Goodyear Tyres	1.2	1.2	1.2	1.1	1.2
TVS Srichakra	5.0	6.4	5.7	5.5	7.2
Falcon	3.9	4.7	4.3	5.1	5.4
Total	**31.7**	**39.9**	**42.6**	**44.8**	**51.8**

** Note: Excludes tyres procured under conversion basis*

(Source: Capitaline and Company Annual Reports)

KEY GROWTH DRIVERS

The key drivers of growth for the Indian Tyre industry include the following:

- **Healthy performance by the Indian Economy:**
  India witnessed a robust real GDP growth as compared to the world real GDP growth rate in 2006. India is forecasted to be one of the fastest growing economies in the world. This extremely robust economic growth should lead to flourishing of industrial and economic activity leading to strong performance by the tyre segment led by demand growth from both new as well as replacement tyres.

- **Demand from Automobile segment:**
  The Indian automotive industry has been growing at a CAGR of 14.11% for the years 2002-2007. Further, sales in 2006-2007 grew by 13.5% to 1,01,09,037 units against 89,06,428 units in the corresponding period previous fiscal year (Source: SIAM, www.siamindia.com). The vast domestic market is also attracting increasing number of foreign automobile manufacturers such as Ford, General Motors, Honda and Toyota as they look for alternative markets to counteract the sluggish US market and overcapacity in global markets. Global manufacturers such as Suzuki and Hyundai have adopted India as their global production base for small cars. This growth thus leads to a growth in demand for tyres not only from the original equipment vehicle manufacturers but also stimulates growth in replacement demand.

- **Government Support:**
  The Indian government has funded the setting up of National Automotive Testing and R&D Infrastructure Project (NATRIP). NATRIP is the one of the largest and most significant initiatives in the Indian automotive sector so far. For this project the Government of India along with a number of state governments and Indian automotive industry participants have joined hands together to create a state-of-the-art testing, validation and research and development infrastructure in the country. The project aims to create core global competencies in the automotive sector in India and facilitate seamless integration of Indian automotive industry with the world in order to position the country prominently on the global automotive map.

  With the launch of NATRIP, India seeks to provide a boost to its growing automotive industry and harness India's major strengths in the realm of automotive engineering, information technology and electronics by achieving a high degree of convergence. The infrastructure under NATRIP is expected to provide a wide spectrum of services for product development and validation, not only to the domestic industry, but also to global automotive companies. The objective is to help India's emergence amongst the strongest hubs for product development in the global automotive landscape.
  (Source: NATRIP, www.natrip.in)

  Thus this support for growth of the automotive sector will automatically boost the demand for tyres in India.

- **Availability of lower cost, trained man power**
  High wages in US and Europe has caused the OEMs to seek lower cost alternatives in countries like India, China, Brazil and Mexico. Over and above the low cost of labour, India also has well trained manpower when compared with its peers in low cost manufacturing countries. This has encouraged foreign vehicle manufacturers to increase sourcing of automotive components and automobiles from India.

INDUSTRY OUTLOOK

- **Projected Capacity Addition requirement of ~Rs. 30 Bn by 2010–11**
  The current capacity utilization rate in the tyre industry is fairly high (above 90%). According to CRIS INFAC estimates, this along with the robust growth in demand for tyres would lead to a necessity for capacity addition by the domestic players to be able to meet the total demand for tyres. This would require investments to the tune of ~ Rs. 30 Bn.
  (Source: CRISIL Research: Tyres Annual Review, September 2006)

- **Improvement in Operating Margins**
  According to industry estimates the operating profit margins for the players in the tyre industry could improve by as much as 50 basis points in the short term led by increase of tyre prices and the softening of raw material prices.
  (Source: CRISIL Research: Tyres Update, April 2007)

OUR BUSINESS

Overview

We are one of the leading tyre companies in India that develops, manufactures, markets and distributes automotive tyres, tubes and flaps for the transportation industry. We manufacture our products in four manufacturing centres in India and have marketing operations spread across India and abroad in over 75 countries including the United States of America, Latin America, the Middle East, South East Asia, Africa and Australia. We market our tyres for sale to vehicle manufacturers for mounting as original equipment and for sale in the replacement markets worldwide. As of Fiscal 2007, we are the third largest tyre company in India in terms of revenues with a gross turnover of Rs. 3,195.71 crore. Our gross turnover for the six month period ended March 31, 2008 was approximately Rs. 1,765.58 crore.

We have over five decades of experience in the Indian tyre market. We introduced and pioneered the steel radial technology into India and manufacture steel belted radial tyres for passenger cars, light commercial vehicles, trucks and buses. We were one of the first companies to manufacture passenger radial tyres in India as early as 1977. We are also one of the first Indian tyre manufacturers to introduce truck radial tyres into India. We are presently the largest producer of truck and bus radial tyres in India.

Additionally, as per the Report of ATMA, we have been the fastest growing manufacturer of off the road ("OTR") tyres in India in the period between April 2006 – March 2007 to April 2007- March 2008 with our production share having increased from 19% to 27%.

Since Fiscal 2004, our net sales revenue (on a stand alone basis) has grown from Rs.1,902.99 crore to Rs. 2,816.16 crore in Fiscal 2007, which represents a 14% CAGR during this period. In Fiscal 2007, approximately 58%, 27% and 15% of our Company's revenue was from the replacement, institutional and export markets respectively.

We have well known brands in the truck and bus tyre, light truck tyre, passenger car tyre, farm tyre and OTR tyre market segments in India. Our products such as Jet Trak, Jet One, Jet Trak-39, Jet Trak-39 DX, Jetking-10, Jet Trak XL, Jet Speed, Jet Xtra, Jet Rib, Jet R Plus, Ultima XP, Tornado, Brute, Steel King, Sona HF and Sona 2001 are well known both in the OEM market and replacement markets across India. Additionally, we have been the exclusive supplier of tyres to certain OEMs for their automobiles and provide custom made tyres to Maruti Udyog Limited's SX4 ZXI, Esteem VXI and Swift and Mahindra and Mahindra Limited's Scorpio and Logan. We also have a centre for Research and Development, HASTERI, promoted by us to study, develop and evolve new technologies for rubber and allied industries.

We have four tyre manufacturing plants located in India at Kankroli (Rajasthan), Banmore (Madhya Pradesh) and two plants at Mysore (Karnataka). Starting with an initial capacity of 5 lakh tyres per annum in 1977, our Company has carried out a series of expansions to expand and upgrade its production capacities to reach the present installed capacity of 0.87 crore tyres per annum across all our plants.

As of March 31, 2008, we have over 134 sales, service and stock points located throughout the country. Our sales and distribution network, which reaches across India, is managed through 13 regional offices at New Delhi, Jalandhar, Kanpur, Meerut, Jaipur, Jamshedpur, Kolkata, Chennai, Hyderabad, Bangalore, Mumbai, Indore and Ahmedabad and 58 area offices located across the country. As of March 31, 2008, we have over 3,500 dealerships across India, of which over 500 are dealers stocking our tyres exclusively. In addition, we have over 100 steel wheel outlets which also provide certain value added services including wheel balancing, wheel alignments, tyre checking and tyre rotation along with selling tyres for our passenger car range of tyres and 18 tyre care centres located at the highways to focus and provide exclusive sales and after sales service to truck radial customers. Our tyre care centres are open 24 hours a day which provide the following facilties including inflation pressure check-ups, tyre fitment and rotation, repair of tyre cuts, service tyre facility, front alignment check-up.

In Fiscal 2005, 2006 and 2007 and the six month period ended March 31, 2008, our gross turnover were Rs. 2,383.82 crore, Rs. 2,952.69 crore, Rs. 3,195.71 crore and Rs. 1,765.58 crore respectively. In the Fiscal 2005, 2006, 2007 and the six month period ended March 31, 2008, our restated profit after tax was Rs. 3.33 crore, Rs. 17.05 crore, Rs. 66.73 crore and Rs 43.79 crore respectively. As on September 30, 2007 and as on March 31, 2008, we had a total asset base of Rs 1,053.19 crore and Rs. 1,041.07 crore and a net worth of Rs. 359.75 crore and Rs. 398.72 crore respectively.

Our Strengths

We believe that our business has the following key competitive strengths.

Leading tyre company in India

We are one of the leading Indian tyre companies that develops, manufactures, markets and distributes tyres and tubes for the transportation industry. We were one of the leading market players in India in 12 months period from April 1, 2007 to March 31, 2008 with a 22% share of the truck tyre segment, which is the largest segment of the tyre market in India.

Pioneer in steel radial technology

Our Company is the pioneer of the steel radial technology in India and we introduced for the first time in India passenger car radials in 1977 and truck radials in 1999. We enjoy an early-mover advantage in this segment.

Leaders in truck radials in India

Our Company is also the largest manufacturer of truck and bus radial tyres in India. The truck radialisation in India at present is around 6% and we are one of the leading manufacturers in this segment in India.

Renowned premium brand in the global commercial bias tyre market

Our Company exports two bias tyre brands, i.e. JK Tyre and Vikrant, which enjoy a premium status in the international commercial bias tyre markets. These brands are exported to over 75 countries and are marketed through various distributors. The brand reputation enjoyed by our Company and our wide distribution network along with customer relationships has enabled us to achieve consistent price leadership for our products across our international bias markets.

Extensive Sales and Distribution Network

We believe we have an extensive distribution system which enables us to maximize our marketing and sales opportunities. As of March 31, 2008, we had 134 sales, service and stock points. Through a sales and distribution system of over 3,500 dealerships across India, of which over 500 are exclusive dealers, that are managed through New Delhi, Jalandhar, Kanpur, Meerut, Jaipur, Jamshedpur, Kolkata, Chennai, Hyderabad, Bangalore, Mumbai, Indore and Ahmedabad and 58 area offices located across the country, we are able to market and sell our products throughout India. In addition, we have over 100 steel wheel outlets for our passenger car range and 18 tyre care centre service points for truck radial tyres. Apart from above, we have a fleet management programme for nurturing, educating and caring the needs of transporters, the ultimate customer of our commercial tyres. The fleet management programme also comprises of the fleet management software, a tool to manage our customer’s vehicles and tyre maintenance including maintaining data records related to tyres, spare parts, fuel and servicing.

High Quality Assurance Standards

We place great emphasis on quality control procedures in our manufacturing processes. Our tyres endure a series of tests and inspections at every stage of the manufacturing process and are thoroughly evaluated by our team of engineers before they are delivered to our customers. This strict adherence to systems and procedures ensures that our Company maintains its reputation for quality and performance, in India as well as abroad. We have also received various awards and accreditations, including ISO-14001, ISO/TS 16949 QMS and the Rajiv Gandhi National Quality Award for setting high quality assurance standards in the tyre industry.

OEM presence

We are currently the only supplier to Maruti Suzuki (India) Limited's SX4-ZXI, Swift and Mahindra Renault Logan. We have been working closely with our OEM customers to develop products that are custom made to suit their requirements. We supply tyres to automobile manufacturers in India such as Maruti Suzuki (India) Limited, Tata Motors Limited, Mahindra and Mahindra Limited and Eicher Motors Limited. We believe our long standing relationship with our OEM customers enables us to receive repeat orders from them, despite increasing competition. Additionally, we also maintain exclusive godowns (called just-in-time godowns) dedicated to our OEM partners in order to ensure that goods are delivered to them on time.

After sales servicing

We have a dedicated technical services staff, comprising of qualified and experienced service engineers to attend to any customer query and problem. We endeavour to address all technical queries within a time frame of one to two days. Accordingly, we have deployed our service personnel across our sales offices to provide immediate responses to customer complaints. Our customers can also reach us through any of our offices across the country, which is connected through the wide area network. We also frequently conduct tyre care camps and free tyre check camps (even amongst non-users of our products) to educate car owners about the need for tyre maintenance and provide guidance on tyre care and maintenance.

Leadership through Marketing

Our marketing efforts in recent years have yielded positive results for several products in our portfolio. For example, we offer an "unconditional warranty" for some of our passenger car radial tyres that cover certain non-manufacturing defects through various marketing initiatives. We believe our innovation in this respect has helped us capture a significant portion of the fast-growing passenger car tyre market. We have been mentioned by JD Power, Asia and Pacific ranked by the Indian TCSI Industry Average in their 2007 Original Tyre Satisfaction Index Study as amongst the leading Indian tyre manufacturers in terms of customer satisfaction. We have introduced the Just-In-Time delivery service that was initially introduced to Maruti and Tata Motors Limited and thereafter to other OEMs. We also introduced the steel wheel outlets, a chain on passenger car radial tyre sales and service in India and dial-a-tyre service which ensures that we deliver and fit passenger car tyres at the customer's doorstep along with certain value added services. We also have set up various truck radial tyre care centres across the highways. Additionally, our Company also provides attractive customer schemes to attract repeat buyers and reward loyal customers.

Modern Production Facilities with focus on research and development

We operate through four manufacturing locations in India at Kankroli (Rajasthan), Banmore (Madhya Pradesh) and two facilities at Mysore (Karnataka) with a combined production capacity of about 87 lakh tyres per year currently. We have access to the latest technological developments in the tyre industry on account of our technical collaboration with Continental Tire, a globally well reputed tyre manufacturing company. Accordingly, our plants are equipped with the latest technologies in the industry. We have also established HASETRI a research and development centre that is engaged in the advancement of tyre technology and polymer chemistry. Our product development teams co-ordinate with HASETRI to improve its processes and product technologies to meet the ever increasing challenges in the market. We have also been instrumental in establishing the R.P. Singhania Centre for Excellence jointly with the Indian Institute of Technology, Madras at Chennai. The R.P. Singhania Centre for Excellence is involved in developing predictive techniques for product performance improvement and new product development using finite element analysis (FEA) through high end computational capability.

We believe that our modern production facilities enable us to produce high-quality products that meet the expectations of our customers.

Diverse Range of Products

We have well known brands in each of the truck and bus, light truck, passenger car, farm and OTR tyre market segments in India. In the commercial vehicle tyre market, we pioneered developing specific tyres to suit the varying needs of our customers. Brands such as Jet Trak, Jet One, Jet Trak-39, Jetking-10, Jet Trak XL, Jet Speed, Jet Xtra, Star Lug, Jet Rib, Jet R Plus, Trak King Jet Rock are strong both in the OEM and replacement markets. Some of our top OEM customers include Maruti Suzuki, Tata Motors, Mahindra and Mahindra, Ashok Leyland, Force Motors, Eicher and Punjab Tractors. We have been exclusive supplier of tyres to OEMs for their models like Maruti's SX4 ZXI, Esteem VXI and Swift, Mahindra's Scorpio Export and Logan.

The passenger car tyre segment is one of the fastest growing segments in India, growing at a CAGR of 12.3% during the period from the year 2003 to 2007. From Fiscal 2005 to Fiscal 2007, our passenger car tyre production grew at a CAGR of 18.1%. The strength of our passenger car tyre products has allowed us to become the second largest producer of tyres for the Indian passenger car segment, with a 19.0% share of the market for the year 2008. We have introduced technologically more advanced high speed passenger car radial tyres i.e. "H" and "V" rated radials signifying our constant endeavour and journey to move up the technology ladder. In addition, we have also recently introduced "Z" rated radial tyres for motor sports. The high speed passenger car tyres enable us to penetrate developed markets like Europe, South America and the Middle East. We have strong brand equity amongst our customers that is re-enforced by quality marketing efforts and backed by constant quality up gradations.

Effective Cost Control Management

We have implemented a cost control system that includes the continuous monitoring and managing of the cost of various products and inputs, such as reducing product weights, construction changes, technical improvements, improvement in manufacturing efficiencies such as reduced wastages, power and fuel consumption, improving man power productivity, control of overheads and reducing in interest costs in terms of usage and rates. Additionally, we have implemented certain energy saving projects including replacement of conventional cooling towers with fanless ones, calliberated use of air handling units, change of pipelines to reduce leakages and also improvement in trenches to reduce steam consumption and rain water harvesting, introduction of variable frequency drives for mills and improvement in condensate recovery. We plan to continue to focus on cost control and improving operating efficiencies.

Competent and committed workforce

We have a competent and committed senior management and work force. Many of our key managerial personnel including our Directors have been with our Company for over 20 years. The members of our management team and professional staff have a variety of professional qualifications and come from a diverse set of backgrounds. Additionally, our plants are manned by a qualified and dedicated team and are competent to handle modern equipment and have multi-skill capabilities. Being thoroughly trained in QS 9000 systems, our personnel are committed to high standards of systems and procedures in manufacturing operations.

Our Strategy

We have the following strategies to develop our business and continue to grow further:

Consolidate leadership position in commercial vehicle tyre segment

We are one of leading players in the commercial vehicle tyre segment in India, which includes truck, buses and light commercial vehicles tyres. As per the report published by ATMA, our production constitutes approximately 22% and 18% in the truck and bus segment and light commercial vehicles respectively of the Indian tyre market domestically in the period between April 2007 to March 2008. Our brand name is well recognized and associated with quality and reliability. We intend to consolidate our leadership position and build on our brand equity in the commercial vehicles tyre segment by continuing to manufacture and supply high-quality tyres, maintain and build on our distribution network, improvise existing products and introduce new products to meet the requirements of our customers.

Capitalize on our first mover advantage in the radial tyre market and expand our market share in radial tyres

We pioneered radial technology in India. We were the first tyre manufacturers in India to produce radials for the entire range of vehicles i.e. trucks, buses, light commercial vehicles, passenger cars, jeeps and tractors. Radial tyres are gaining market share in the Indian tyre market, comprising 97% of the passenger car tyre market and 6% of the truck tyre market during 2008.

We are seeking to capitalize on our first mover advantage and become a leading manufacturer of passenger car radial tyres in India. Our portfolio of passenger car radials includes a comprehensive range of “S”, “T”, “H” and “V” rated tyres. We have already produced “Z” rated radial tyres for motor sports which are ultra-high performance tyres and intend to commercially introduce ‘Z’ rated passenger car radial tyres in Indian market in 2008.

We are one of the leading manufacturers of truck and bus radials in India at present. We envisage an increase in the demand for truck and bus radials in India in the coming years on account of economic growth and development of highways and road infrastructure in the country. We plan to increase production of truck and bus radials on a large scale and are scaling up our manufacturing activity by enhancing capacity in our existing plant at the Mysore Plant II.

Strategic sourcing of raw material and focus on strategic partnerships with key suppliers

In Fiscal 2007 and for the six month period ended March 31, 2008, raw material costs constituted approximately 69.02% and 62.67% respectively of our net sales.

The major raw materials required for tyre manufacture include natural and synthetic rubber, nylon fabric, steel tyre cord, rubber chemicals and carbon black. We have implemented a strategy of using our purchasing power as a leading tyre manufacturer to source raw materials at competitive prices from domestic and global sources. We believe that importing raw materials from countries like Indonesia, China and Korea helps to ensure competitive pricing and better availability of raw materials. Thus, we invest our resources into identifying, creating and maintaining relationships with various domestic and international vendors. We plan to focus on creating strategic partnerships with our key suppliers to source more cost efficient raw materials. We conduct regular meetings with our major suppliers, give them constant feedback and assist them in their quality management systems.

Moreover, we have developed an internal knowledge bank that stores a database on raw materials, including cost models, sources, global supply and demand patterns, price analyses and forecasting. We will continue to monitor the prices of raw materials, develop strategies to minimize the cost, and optimize the quality of our sourced raw materials and to continue developing our internal knowledge bank.

Increase our exports in bias commercial and special application tyres

For the period April 2007 – March 2008, our exports have constituted over 25% of our bias truck tyre production. We are currently exporting our products to over 75 countries. Our key export regional directions are the Central and South America, Africa, the Middle East, South and South East Asia, Australia and Europe. Over the past 20 years, we have won numerous export awards including the National Export Award from the Ministry of Commerce, Highest and Top Export awards from CAPEXIL, Highest Export Award to Latin American countries from the Indian Trade Promotion Organisation, Niryat Shree Award from the Federation of Indian Export Organizations. We intend to continue focus on export of bias truck and light commercial vehicle tyres. Additionally, we have diversified into special application tyres or specialty tyres (including tyres used in skid steers and fork lifts in ports, warehouses and factories) and commenced exports. We intend to scale up the manufacture of special application tyres to a capacity of 0.01 crore tyres per annum at Mysore. This niche tyre segment would be used primarily to boost our exports with a focus on the Central and South America, Europe and Australia.

Focus on the consumer replacement market

We have been continuously offering and innovating new products in the market to meet the changing demands of our customers in the replacement market. For instance, in the last one year, we have introduced about 18 new tyres for sale in the replacement market across different product categories to enhance our presence in the consumer replacement market. Furthermore, we have introduced various customer relationship programmes with our existing customers to promote our tyres and have also launched programmes to create brand awareness about our products including setting up tyre care camps such as cool wheels (for service of passenger car tyres), customer interaction programmes, customer contact programmes, dealer meets, joint promotion campaigns and service camps with major OEMs. We also offer various after sales services. We intend to focus on building close working relationships with our customers and dealers through these services and plan to offer more services and products to enhance our presence in the replacement market. We are also in the process of offering additional services to our customers through fleet management by providing a package of value added products and services. We intend to sell and offer various value added services through the internet by promoting e-business on our website. Additionally, we also intend to upgrade and increase the number of tyre care centres and steel wheel outlets.

Strengthen our presence in the OEM segment

We plan to increase our presence in the OEM segment by developing new OEM customers through product development, technology and cost competitiveness.

Continuous focus on cost control and operating efficiencies improvement

We endeavor to produce tyres in a manner that is cost efficient and are constantly driven toward improving operating efficiencies, especially in light of the recent sharp increases in raw material prices and energy costs. We have implemented a cost control system that includes the continuous monitoring and managing of the cost of various products and inputs, such as reducing product weights, construction changes, technical improvements, improvement in manufacturing efficiencies such as reduced wastages, power and fuel consumption, improving man power productivity, control of overheads and reducing in interest costs in terms of usage and rates. Additionally, we are in process of introducing methods to reduce power and fuel cost and are investing in energy saving projects to optimize the production process in a cost efficient manner like upgradation of boilers, use of cheaper sources of fuel, replacement of old compressors with energy efficient compressors. We plan to continue to focus on cost control and improving operating efficiencies.

Emphasis on research and development and technology

We have plans to enhance our research and development activities by incorporating various new evaluation equipments and new software to be able to meet the ever growing challenges in the product areas. Additionally, we have planned to further induct and develop scientists and engineers in our research and development centres, i.e. HASETRI and the R.P. Singhania Centre of Excellence.

Our product development centre with a strong pool of product development engineers, which has been re-located from Kankroli plant to Faridabad, caters to development of new products by using the latest techniques adopted from our collaborator, Continental A.G. and HASETRI. We plan to further strengthen this pool of engineers by supplementing additional manpower and requisite equipment to be able to compete with our competitors.

Our overall strategy is to develop a technological edge considering the growth expected in the automobile sector in India. The objective of our strategy is to introduce and incorporate new technologies into our products, production process and services.

Build on strength of distribution network

We intend to retain and further strengthen existing relationships with our dealers by dealer friendly trade policies and offering them better business propositions in order to increase our share of total business. We plan to continue to invest in the business and product training of our dealers in order to maximize efficiency and promote high standards of our distribution network. We also intend to identify and utilize new and developing channels of distribution in the existing markets as well as the new markets. We intend to increase the number of area offices to further enhance our extensive distribution network.

Capacity expansion

To meet our strategic objectives, we intend to continue to expand our production capacity, across product categories including truck radials, passenger radials, OTRs, special application tyres through expansion in our existing plants, setting up of new production facilities and acquisitions. We plan to enhance our presence by acquisitions or entering into strategic alliances with tyre manufacturers in India as well as abroad.

We have completed expansion projects in the last three years at a cost of Rs. 239.7 crore which inter alia includes the following expansions: i) passenger line radials capacity from 25,20,000 tyres per annum in Fiscal 2004-05 to 45,20,000 tyres per annum in Fiscal 2006-07, increase by 79.4%; (ii) truck radials from from 2,57,000 tyres per annum in Fiscal 2004-05 to 3,67,000 tyres per annum in Fiscal 2006-07, increase by 42.8%; (iii) LCV bias from from 5,38,000 tyres per annum in Fiscal 2005-06 to 7,74,000 tyres per annum in Fiscal 2006-07, increase by 43.9% and (iv) OTR from from 16,700 tyres per annum in Fiscal 2005-06 to 25,000 tyres per annum in Fiscal 2006-07, increase by 49.7%. Currently, the Company is implementing expansion projects estimated to cost Rs. 360 crore involving expansion of the truck radial capacity by 118% apart from setting up facility for manufacture of specialty tyres/special application tyres and certain energy saving projects. We believe that business acquisition initiatives will help leverage our existing capabilities and in turn will improve our business and profitability for instance, we have recently acquired a Mexico based tyre manufacturing company, Tornel.

Our Products

We manufacture, distribute and sell tyre products in four wheeler applications both in radial and bias categories. Bias tyres are cross ply tyres where the nylon reinforcements are at an angle to each other making a criss cross reinforcement structure. These type of tyres are highly suitable for the service applications like heavy loads and poor road conditions. Radial tyres are the class of tyres with the reinforcements running radially. It also has a steel reinforcement under the tread which gives good traction, grip and wear characteristics. The flexible radial reinforcements on the sidewall provides better comfort as compared to bias tyres in addition to being more fuel efficient. The following provides an overview of our product range.

Segment	Type of Tyre
Truck and Bus	Radial and Bias

Light Commercial Vehicles	Radial and Bias
Passenger cars (including jeeps)	Radial and Bias
Farm tyres	Radial and Bias
OTR	Bias

As per the ATMA report, our unit production of tyres for the period between April 1, 2004 to March 31, 2008 is set forth below:

Type of Tyres	April 1, 2004 to March 31, 2005	April 1, 2005 to March 31, 2006	April 1, 2006 to March 31, 2007	April 1, 2007 to March 31, 2008
Truck and Bus	25,28,306	29,13,063	29,55,422	28,94,798
Light Truck (including jeep)	8,72,390	9,26,577	10,71,688	11,77,953
Passenger cars	19,15,272	22,17,469	26,71,755	31,43,802
Farm	2,92,918	2,87,909	3,12,224	2,72,720
OTR	7,174	15,634	22,178	37,218
Total	56,16,060	63,60,652	70,33,267	75,26,491

We market and sell our product`s through three channels:

- *Replacement* - includes dealers and new distribution networks including steel wheel outlets.
- *Institutional* - includes OEMs and government bodies, such as the STUs (state transport undertakings) and the defence sector.
- *Exports* - includes tyres that are exported out of the country and sold through a network of distributors in the international replacement market.

The replacement, institutional and export channels during the Fiscal 2007 and for the six month period ended March 31, 2008 constituted approximately 58%, 27% and 15% and 58%, 28% and 14% respectively of our total revenues in these periods.

Truck and Bus Tyres

We produce radial as well as bias tyres for this segment. Our tyres are specifically designed in accordance to the different loading and application requirements of our customers, such as tyres specifically designed for different vehicles, difficult terrains to match customer requirements such as intial life, retradability, load carrying capacity and fuel efficiency.

A. Bias Tyres

We manufacture bias truck and bus tyres to cater to various market segments and customer needs. Broadly, these can be classified as under:

Type of Tyre	Description	Brands
Premium Mileage	Suitable for long distance and comparatively higher initial mileage	Jet One, Jet Xtra, Jet King, Jet Miles, Jet Rib, Jet R Plus
Heavy Load	Suitable for heavy loading applications	Jet Trak 39 DX / Jet Trak 39 / Jet Trak DX/ Jet Ace
Mileage and Medium Load	Suitable for loading and long distance applications	Jet Trak / Jet Trak-XL
Mileage and Normal Load	Suitable for long distance applications	Star Lug / Jet Speed / T Lug Jet Pace Excel/ Super Track King

Type of Tyre	Description	Brands
		/ Track King Add semi lug brands as well
Tubeless	Suitable for long distance and high mileage applications (primarily for multi axle vehicles in the export markets)	Fleet King

Each of these product categories can be further defined in lug type (drive axle), semi lug (all positions) and rib types (all positions). Considering wide application needs we have developed various products in these categories as also shown above.

Our key customers in this segment include Tata Motors Limited, Ashok Leyland Limited, Eicher Motors Limited, Force Motors and the replacement market which is serviced through our wide distribution network.

B. Radial Tyres

As radial tyres require far more controls on quality of vehicle, quality of maintenance and reasonably good roads for the tyres to provide better overall performance in terms of mileage, fuel saving and retreadability, these tyres are not subjected to typical heavy load. Accordingly, our Company manufactures radial tyres for various applications separately for truck and buses. The categories are:

Type of Tyre	Description	Brands
Normal Load and Premium Mileage		
Tube Type Tyres	Suitable for long distance and high mileage applications	Jet Steel JDH, Jet Way JUH, Jet Steel JDC, Jet Way JUC, Jet Steel JDM
Tubeless tyres	Suitable for long distance and high mileage applications (primarily for multi axle vehicles in the export markets)	Fleet King 100 and Fleet King AX

Each of these product categories can be further defined in lug type (drive axle), semi lug type (all positions) and rib types (all positions). Considering wide application needs we have developed various products in these categories as also shown above.

Our production share, based on domestic tyre production in the truck and bus tyre market (cumulative for radial and bias tyres) was approximately 21.80% and 20.44% during Fiscal 2007 and for the six month period ended March 31, 2008 respectively.

Our key customers in this segment include Tata Motors Limited, Ashok Leyland Motors Limited, Asian Motor Works Limited, Swaraj Mazda Limited and the replacement market.

Light commercial vehicles

Vehicles used to transport goods under approximately seven tonnes are categorized under the category of light commercial vehicles. This category also includes vehicles like mini vans, mini buses, and eight seater taxi’s. Similar to the truck and bus tyre category, tyres for light commercial vehicle

(LCV) segment are produced by us in both radial and bias. The tyres are exclusively developed for different type of applications in the country which has wide range of requirements and varieties of vehicles using different tyre sizes with different specifications and loading patterns.

A. Bias Tyres

Our product range in bias LCV tyres starts from ultra light commercial vehicle tyres for vehicles capable to carry sub-ton load to vehicles capable to carry few tons of loads. The range can be broadly classified as:

Type of Tyre	Description	Brands
Ultra light commercial vehicle tyres	Used as a last mile point to point delivery application typically in the category of sub-ton range under one tonne.	Captain and Jumbo Ace
Pick-up types light commercial vehicle tyres	Used as a last mile point to point delivery application primarily in the rural markets with a wide range typically varying between one to four tones.	Jetrib, Jettrak, Jetmiles
Light commercial vehicle tyres	Used in similar application as trucks with lower pay load typically varying between four tones to eight tones.	Jetrak 39, JetXtra, Jettrak, Jetrib.

Each of these product categories represents lug tyres for drive axles, rib tyres for steer axle and all wheel position and semi lug tyres for all wheel positions. Considering the diverse customer requirements and application demands, we have a wide range of products in various sizes and patterns as described above.

Our key customers in this segment include Tata Motors Limited, Eicher Motors Limited, Swaraj Mazda Limited, Mahindra and Mahindra Limited and the replacement market.

B. Radial Tyres

Type of Tyre	Description	Brands
Ultra light commercial vehicle tyres	Used as a last mile point to point delivery application typically in the range under one tonne.	Ultima XPC, Rally
Pick-up types light commercial vehicle tyres	Used as a last mile point to point delivery application primarily in the rural markets with a wide range typically varying between one to four tones.	Steel King, Brute, Brute 4x4
Light commercial vehicle tyres	Used in similar application as trucks with lower pay load typically varying between four tones to eight tones.	Steel King, Jet Steel JDH

Our production share, based on domestic tyre production in the light commercial vehicle tyre market (cumulative for radial and bias tyres) was approximately 20.16% and 21.93% during Fiscal 2007 and for the six month period ended March 31, 2008 respectively.

Our key customers in this segment include Tata Motors Limited, Mahindra and Mahindra Limited, Force Motors Limited and the replacement market.

Passenger Cars

The Passenger car segment typically comprises of private owned cars and commercial taxi's including jeeps, sports utility vehicles and multi purpose vehicles. In the domestic market this class of vehicles are categorized into 'A', 'B', 'C', 'D' and 'SUV' classes depending upon the size of the vehicle.

Similar to the truck and bus tyre category, tyres for the passenger car segment are produced by us in both radial and bias.

A. Radial Tyres

Our product mix also varies according to the demand of cars in the country and is driven by tyres being used by small cars, which commands maximum market share. We also produce tyres for high end vehicles. We also engineer our products to meet stringent quality demand put by car manufacturer such as 'V' rated tyres capable to take the car up to 240 KMPH. Our products can be classified according to the types of vehicles in which it is used and can be categorized into the following:

Type of Tyre	Description	Brands
'A' and 'B' segment	Tyres used for compact cars such as Maruti 800, Swift, Indica, Wagon R	Ultima XP, Tornado, Vectra
'C' and 'D' segment	Tyres used mid size cars and three box sedans such as Indigo, Maruti SX4 ZXI, Mahindra Renault Logan	Zephyr, Vectra, Royal, Ultima XPS,
SUV segment	Tyres used in multi-purpose vehicles and SUVs such as Scorpio, Tata Sumo, Mahindra Bolero	Brute, Brute 4X4, Elanzo, Elanzo Supra

Our key customers in this segment include Maruti Suzuki India Limited, Tata Motors, Mahindra and Mahindra Limited and the replacement market.

B. Bias Tyres

We produce bias tyres for a small part of the replacement market. Our major brand is Jetdrive XS, which is available for compact vehicles such as Maruti 800, Omni, Ambassador and Premier Padmini.

Farm

Farm segment primarily consists of tractors, tractor trailers and harvester combines. We produce mainly bias tyres in this segment and have developed radial tyres as well. The segment is divided based on the location of fitment of tyres in farm equipment especially in tractors.

Type of Tyre	Description	Brands
Tyres for front axle	Small tyres with specific steering characteristics are used in the front axle.	Sona
Tyres for rear axle	Big tyres with high floatation and traction characteristics specifically to meet the needs of farming applications are used in the rear axle	Sona, Sona 2001and Sona H/F
Tyres for trailer axle	Trailers are attached to tractors for ferrying farm produce	Sona and Sona 5.

All these sizes and brands are being produced with Bias technology. A small quantity of radial in the size 12.4 R28 had been produced. The front axle tyres are designed in rib pattern and the rear one falls in lug category. The trailer tyres are mainly lug tyres.

Our key customers in this segment include John Deere, Mahindra and Mahindra Limited, Eicher Motors Limited, Tamil Nadu Farm Equipments, International Tractors Limited, Punjad Tractors Limited and the replacement market.

OTR

The OTR segment primarily consists of earth movers, graders and cranes. We produce only bias tyres for this segment. Some of our products in this segment are:

Type of Tyre	Description	Brands
Small OTR tyres	Suitable for loading and carry services, delivery and site to site transit in mining and off the road applications	VEM 369, VEM AS, VEM 99 E-3, VEM 99 E-4

We are significant players in the replacement market in this particular segment.

Tubes and Flaps

Our tube product lines include pneumatic tubes for the entire range of trucks, buses, LCVs, passenger cars and farm. Tubes are produced in Kankroli and Mysore Tyre Plant-I. Our flap product lines include trucks, buses and LCV segments. Flaps are produced in the Kankroli Tyre Plant.

Our Production

Production Facilities in India

We have four modern production facilities located in Kankroli (Rajasthan), Banmore (Madhya Pradesh) and Mysore (Karnataka) (where we have two tyre plants) which are strategically situated in the north, central and southern parts of India. These plants have a combined production capacity of almost 87 lakhs tyres per year.

Kankroli Tyre Plant

Location: Our first manufacturing plant was set up in Kankroli, Rajasthan and is located near the National Highway 8.

Resources:

Power: Power is supplied to the plant through the Rajasthan State Electricity Board and we also have power back-up diesel generation sets up to 13.50 MW to meet our power requirements.

Water: Our water requirements are met through the supply from the Rajsumand Lake, ground water and water harvesting methods. Various measures have been deployed to keep the consumption low with negligible wastage of water by using recycling methods.

Man power: We employ largely the labour from Rajasthan and also from other nearby states.

Production: Our Kankroli plant produced approximately 17,01,399 tyres in Fiscal 2007. This plant has been continuously upgraded and has skilled work force.

Products: This plant manufactures our most premium bias truck and bus tyre products such as the Jet One Range, 1000-20 18PR, Jet Trak 39, Jet Trak 39 DX and Jet Trak DX.

Banmore Tyre Plant

We have also established a modern tyre plant at Banmore, Madhya Pradesh.

Location: Established in 1991, the Banmore tyre plant is located on the Agra-Mumbai Highway NH3.

Resources:

Power: Power is supplied to this plant through the Madhya Pradesh State Electricity Board and we also have installed a turbo generation set with a capacity of 6.25 MW along with power back-up diesel generation sets equivalent to 6.25 MW to meet our power requirements.

Water: Water is supplied to the plant from the Madhya Pradesh Audyogil Kendra Vikas Nigam.

Man power: The labour force largely belongs to two nearby districts Morena and Gwalior of Madhya Pradesh with few from other neighboring states.

Production: The Banmore tyre plant produced approximately 29,82,008 of passenger radial tyres and 6,87,469 of other tyres in Fiscal 2007.

Products: Majority of the tyres produced at Banmore tyre plant are radial tyres for passenger cars including brands such as Ultima XP, Vectra, Tornado, Zephyr and Brute.

Mysore Tyre Plant-I

Location: The plant is located on the KRS road in Mysore, Karnataka.

Resources:

Power: Currently power is being supplied from Karnataka State Electricity Board, with power back up diesel generation facility of up to 11 MW.

Water: Water is supplied from the reservoir, Krishna Raja Sagar Dam built on river Kaveri through the Karnataka Industrial Development Board.

Man power: Labour force comprises mainly from the Karnataka state, as well as from neighboring state of Tamil Nadu.

Production: The plant produced approximately 11,83,856 tyres in Fiscal 2007.

Products: The plant produces bias tyres for commercial vehicles and Off the Road (OTR) tyres. We have also added the facility for making special application tyres in this plant recently. The major brands produced here are Jet Track and VEM.

Mysore Tyre Plant-II (Truck Radial)

Location: This plant is located in the Industrial area in city of Mysore approximately two kms away from Plant I.

Resources: The workforce belongs to the District of Mysore, Karnataka.

Power: Currently power is being supplied by Karnataka State Electricity Board, with power back up diesel generation facility of 2 MW.

Water: Water is supplied from the reservoir, Krishna Raja Sagar Dam built on river Kaveri through the Karnataka Industrial Development Board.

Man power: Labour force comprises mainly from the Karnataka state, as well as from neighbouring state of Tamil Nadu.

Production: We produced approximately 4,58,837 tyres in Fiscal 2007.

Products: All steel truck and bus radials are only being produced here. Brands include Jet Steel JDH, Jet Way JUH. We also produce 22.5 inch tubeless tyres for both domestic and export markets at this plant.

We also have a technical collaboration with Continental Tires, one of the leading tyres manufacturers in the world. This technology collaboration encompasses areas of design, testing, product technology, engineering services, process technology, productivity and quality improvements. Under the terms of the collaboration agreement Continental Tires provides us, inter alia, with services including advice on raw material substitutions, conducts product related cost reduction programs and training programs for technical personnel, provides information on process specifications for production of tyres, issues revised and new standard operating practices. We believe these services have helped us modernize and strengthen our range of products to meet demands of our customers. Additionally, our collaboration has helped us acquire specialized technology such as radial technology, design chemistry for design and manufacture of tyres.

The following table sets forth our production capacity, actual production and plant utilization in lacs per annum for each of the plants:

	Fiscal 2005			*Fiscal 2006*				*Fiscal 2007*				
	Capacity (As on Sep 30, 05)	*Prodn*	*Cap Uitlisation*	*Capacity (As on Sep 30, 2006)*	*Prodn*	*Cap Uitlisation*	*% growth over 2004-05*	*Capacity (As on Sep 30, 07)*	*Prodn*	*Cap Uitlisation*	*% growth over 2005-06*	*CAGR*
BIAS												
Kankroli Tyre Plant, Kankroli, Rajasthan	15,72,557	15,45,747	98.3%	17,25,381	15,74,116	91.2%	1.8%	17,26,502	17,01,399	98.5%	8.1%	4.9%
Banmore Tyre Plant, Banmore, MP	6,60,797	6,68,424	101.2%	7,88,686	7,02,760	89.1%	5.1%	7,82,605	6,87,469	87.8%	-2.2%	1.4%
Vikrant Tyre Plant - I, Mysore, Karnataka	12,23,330	10,71,286	87.6%	13,30,182	11,98,391	90.1%	11.9%	13,26,630	11,83,856	89.2%	-1.2%	5.1%
Outsourced Production		1,73,967			2,57,019				2,03,899			
Total Bias	34,56,684	34,59,424	95.0%	38,44,249	37,32,286	90.4%	7.9%	38,35,737	37,76,623	93.1%	1.2%	4.5%
RADIAL												
Banmore Tyre Plant, Banmore, MP	25,76,661	20,69,170	80.3%	32,13,000	27,16,830	84.6%	31.3%	43,25,400	29,82,008	68.9%	9.8%	20.0%
Vikrant Tyre Plant - II, Mysore, Karnataka	2,62,700	2,45,369	93.4%	5,40,498	3,35,557	62.1%	36.8%	5,38,984	4,58,837	85.1%	36.7%	36.7%
Total Radial	28,39,361	23,14,539	81.5%	37,53,498	30,52,387	81.3%	31.9%	48,64,384	34,40,845	70.7%	12.7%	21.9%
Grand Total	62,96,045	57,73,963	88.9%	75,97,747	67,84,673	85.9%	17.5%	87,00,121	72,17,468	80.6%	6.4%	11.8%

Certifications

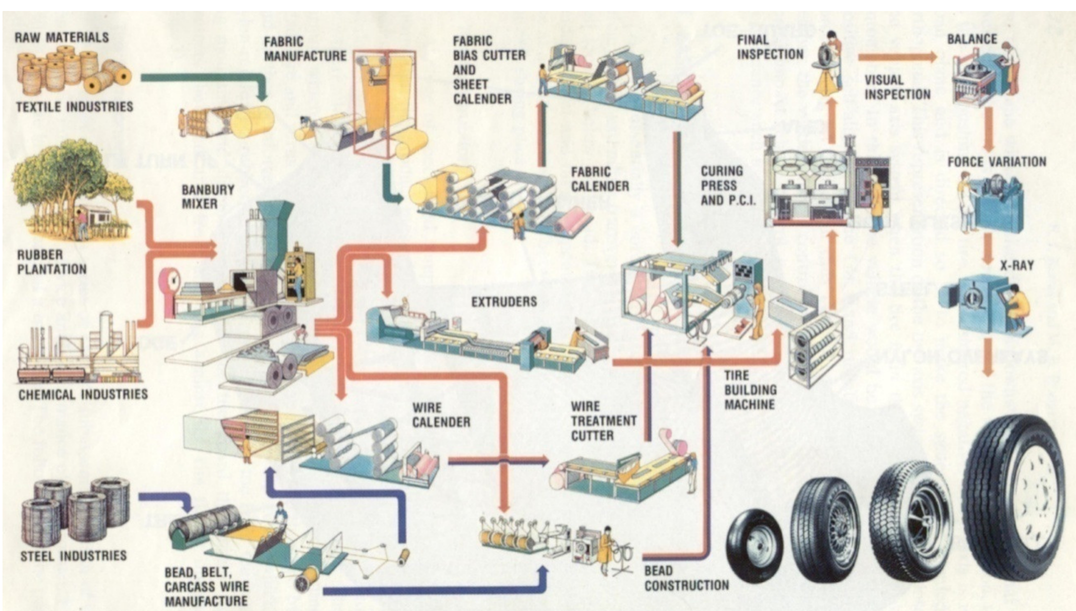
Our Company has received various certifications from time to time. We were certified as an ISO 9001 company in 1995 and received the QS 9000 certification in 1998. We also have a well placed environment management system ("EMS") which has received an ISO 14001 certification.

Production Process

The following table sets forth the critical processes involved in order to manufacture a tyre.

Compound Mixing	Process of incorporating oil, carbon black and chemicals into natural rubber and synthetic rubber into a mixer in order to produce a batch of rubber compound.
Extrusion	Process of producing rubber components of a specific shape and size by forcing the rubber compound with a barrel and screw through a die of a desired profile and then cooled and cut to required lengths.
Dipping	Process of converting the raw cord fabric to make it compatible with rubber through heat treatment, chemical coating and stretching under different controlled conditions to produce a dipped fabric.
Fabric Calendering	Sandwitching of the dipped fabric with layers of rubber of uniform thickness, desired rubber penetration into the cords and balance to produce a calendered fabric.
Stock Preparation	Process of cutting the calendered fabric at a desired bias angle, applying squeegees and finally splicing the rolls and producing cut ply rolls.
Bead Building	Process of rubberizing high tensile copper coated steel wires and winding them into rings with specified numbers of turns, strands and diameters.
Tyre Building	Process of assembling all tyre components (beads, plies, breakers, sidewalls, tread) in a specified sequence on a specified building drum. The assembled tyre is called a 'green tyre' as the vulcanization of the rubber is yet to take place at this stage.
Green Tyre Painting	Process of painting the tyres (inside and outside) with separate inner and out paint for mould and bladder lubrication.
Tyre Curing	Process of vulcanizing green tyres using steam and pressure in a tyre mould of a desired size, pattern and design in a curing press to complete the polymer cross linking process.
Final Finishing	Process wherein the cured tyres are trimmed, tested, inspected and finally sent to the warehouse for storage before sale.

The following table illustrates the production process:



Our Sales and Distribution

We believe that the spread and reach of our sales and distribution system is a significant strength of our business because it allows us to market and sell our products across India.

We have approximately 134 sales, service and stock points in India. Our sales and distribution network is managed through 13 regional offices in Delhi, Jalandhar, Kanpur, Meerut, Jaipur, Jamshedpur, Kolkata, Chennai, Hyderabad, Bangalore, Mumbai, Indore and Ahmedabad and 58 area offices within these regional offices/ across India at strategic locations. As of March 31, 2008, we had over 3,500 dealerships across India, of which over 500 were dealers that were exclusively dealing with our products only. In addition, we have over 100 steel wheel outlets for our passenger car tyres and 18 tyre care centres for truck radial service points to focus and provide sales and service exclusively to our car and truck radial customers. In order to bring further efficiencies and promptness in servicing to our customers, we have also implemented the ERP in our regional offices as of October 1, 2007.

Marketing and Distribution Arrangements

We have entered into certain arrangements to expand our reach and promote our products including alliances with Reliance Industries Limited, Indian Oil Corporation Limited, Sundaram Finance Limited and Haryali Kisaan Bazaar. Brief summaries of these agreements are as under:

(a) Reliance Industries Limited

We have entered into an alliance with Reliance Industries Limited ("RIL") vide an agreement dated July 1, 2003 and have agreed to consider an arrangement to provide our products to RIL at its various fuel stations, retail and other outlets. Such products would be offered at a discount that would depend upon a particular product segment. Under the terms of the agreement, both parties are currently exploring the feasibility of entering into a definitive agreement to foster such an arrangement. The agreement is terminable by either party upon a prior written notice of ninety days.

(b) Indian Oil Corporation Limited

We have executed an MoU with Indian Oil Corporation Limited ("IOCL") on October 20, 2004 (further supplemented by an agreement dated July 5, 2007) to promote our products and services. Our Company has agreed to provide customers of IOCL at their various sales outlets with loyalty rewards and discounts on purchase of our tyres from IOCL outlets by extending IOCL retail outlets with the same benefits as given to our exclusive dealers. In addition, to discounts on products, IOCL customers shall also be entitled to discounts on services such as wheel alignment and balancing at our steel wheel outlets and at radial tyre care centers spread across the country. Our Company has also agreed to provide special discounts to IOCL for purchase of tyres for vehicles owned by them. Further, under the terms of the arrangement, we are permitted to put up various publicity materials and promotional offers at IOCL's retail outlets, subject to the prior approval of IOCL. The arrangement is valid for a period of three years effective until October 20, 2010.

(c) Sundaram Finance Limited

We have entered into an arrangement with Sundaram Finance Limited ("Sundaram Finance") on July 30, 2007 whereby Sundaram Finance has agreed to extend finance, for purchase of our tyres, to their customers. Accordingly, customers of Sundaram Finance would be entitled to get finance up to 85% for various brands of tyres manufactured by our Company. We have agreed to pay Sundaram Finance a fixed amount of incentive on the sale of a certain number of tyres on a quarterly basis in order to promote our products and enhance our sales. The arrangement is renewable at the end of every quarter.

(d) Hariyali Kisaan Bazaar

We have executed an MoU with Hariyali Kisaan Bazaar (promoted by DCM Shriram Consolidated Limited) on January 1, 2008 to market and promote our products through Hariyali Kisaan Bazaar centres. We aim to target the rural markets through this alliance. Under the terms of the MoU and in order to effectively market our products, we shall provide technical support to the Haryali Kisaan Bazaar outlets. As consideration for distribution of our products, our Company has agreed to offer certain discounts and benefits to Haryali Kisaan Bazaar. We shall also be entitled to participate in field activities, farmer education programs to educate farmers about our products in association with Haryali Kisaan Bazaar. The arrangement is valid for a period of two years w.e.f January 1, 2008, renewable on mutually accepted terms and may be terminated by both parties pursuant to a 60 day notice.

Additionally, we have a number of marketing programmes and initiatives for our distribution network designed for various tyre segments that help to create brand awareness and customer and dealer interactions to promote our products. For instance, we have consumer contact programmes and consumer information programmes, fitters training, road and car safety awareness programme. Furthermore, we have also recently entered into an alliance with Shriram Transport Finance Company ("STFC") to offer discount coupons on some of our products to STFC customers availing loans for tyre finance. We believe that such a value added service shall increase our sales targets and improve our existing market share.

Sales in the replacement market are carried out through dealers (including steel wheels outlets) from our stocking points. Sales to OEMs are made against contracted volumes and sizes directly from our plants. Sales to STUs and Defence are mostly from the plants and some quantities are also distributed from our sales, service and stock points.

Goods are transported from the plants to various sales, service and stock points, original equipment locations and STU locations by road transport through arrangements with transporters. The local distribution from sales, service and stock points to the dealers are by local handling/carting agents. In the international markets, goods are shipped from plants to the distributor from the Mumbai or Chennai ports. We have a network of distributors who supply our tyres to various retailers for onward sales to the consumers.

Sources and Availability of Raw Materials

The principal raw materials used by us to manufacture tyres are natural and synthetic rubber, nylon tyre cord fabric, carbon black and reinforcement components including polyester and steel cord. Other important raw materials that we use in the tyre manufacturing process include chemicals, zinc oxide, latex, process oils, stearic acid and bead wire.

Natural rubber and other polymers accounts for approximately 45% of all raw materials consumed by us on an annual basis. We purchase majority of our natural rubber requirements from multiple sources in the domestic market, with the rest purchased from Indonesia, Malaysia, Thailand and few other South East Asian countries. Our synthetic rubber and nylon tyre cord fabric requirements are procured from both the domestic and international vendors depending on the availability and the cost benefit. Most of carbon black is sourced principally from Indian petrochemical suppliers.

Our contractual relationships with our raw material suppliers are generally based on long term arrangements and/ or purchase order arrangements. Natural rubber is procured generally in the spot market. For other principal materials, procurement arrangements include supply agreements that may contain formula based pricing or spot purchases contracts. These arrangements only cover quantities needed to satisfy normal manufacturing demand.

Raw materials costs have increased in recent years driven by the sharp increase in cost of natural rubber, oil, steel and petrochemicals. In Fiscal 2007 and for the six month period ended March 31, 2008, raw material costs constituted approximately 69.02% and 62.67% of our net sales. Since 2004, customs duties in India have been reduced on carbon black, nylon tyre cord fabric, chemicals and synthetic rubber, which have had some positive impact on raw material prices. However, the continued upswing of the commodity cycle for natural rubber and crude have resulted in the continuous increase in prices.

The table below provides a description of the costs of our top three raw materials, which accounted for approximately 66.52% of our Company's overall raw materials costs and 77.99% if costs of synthetic rubber is included for the Fiscal 2007. As the table shows, our raw material costs have increased significantly over the past four Fiscal years:

	(average cost per kg)			
	Fiscal 2004	**Fiscal 2005**	**Fiscal 2006**	**Fiscal 2007**
Natural Rubber	61.6	67.55	80.08	96.68
Nylon Tyre Cord	152	180	195	177
Carbon Black	32	31	34.6	40.4

In the current Fiscal natural rubber prices have remained at much higher levels Rs. 110 to Rs. 120/kg and is currently in the range of Rs. 115 to Rs. 120/kg) and crude oil price has also remained at the higher range of US$ 100 To US$ 120 / barrel and is currently in the range of US$ 120 to US$ 130/ barrel.

Our Competition

The Indian tyre industry is very competitive and we expect competition to continue and likely to increase in the future. Our market position will depend upon effective marketing initiatives and our ability to anticipate and respond to various competitive factors affecting the industry, including pricing strategies by competitors. Our principal competitors in India include MRF Limited, Apollo Tyres Limited, CEAT Limited, Birla Tyres (a division of Kesoram Industries Limited), Goodyear and Bridgestone. Additionally, the import of tyres at competitive prices, particularly, truck radial tyres from China and passenger car tyres from China, Taiwan, Japan and Europe also contribute to competition in the Indian tyre industry.

In the international bias tyre markets, we face competition presently from both Indian (as mentioned above) as well as international manufacturers. Our international competition includes Bridgestone Corporation (Indonesia/Thailand), P.T. Gajah Tunggal (Indonesia), Otani (Thailand), Dena Tyre (Iran), Casumina (Vietnam), Guangzhou Pearl River (China), Goodyear (United States of America) and Siam (Thailand).

Insurance

We obtain specialized insurance for manufacturing risks, transit risks and product liabilities. We generally maintain insurance covering our assets and operations. Our insurance policies consist of coverage for risks relating to physical loss or damage. Loss or damage to our materials and property, including materials or products supplied by us or supplied to us, are generally covered by "all risks" marine insurance. The "all risks" marine insurance policy covers loss or damage to raw materials and machineries purchased within India from suppliers while in transit to our plants by road, rail or air and marine open transit insurance policies covers loss or damage to products and machineries imported from other countries while in transit to our facilities. Our "all risks" marine insurance cover protects us against any loss in transit for our finished goods from our Banmore and Kankroli Tyre Plants to our customers.

Under our general product liability insurance policy, we are indemnified against any legal liability to pay damages for third party claims arising out of bodily injury or property damage caused by any of our export products.

We also maintain a standard fire and special perils policy, which covers loss and damage due to fire and similar perils to our buildings, plant and machineries, furniture, fixtures, fittings and stocks. Additionally, we maintain automobile policies, cash policies and workmen's compensation policies as well as medi-claim and group personnel accident policies for our permanent employees.

Our Employees

We are committed to the development of the expertise and know-how of our employees. We recruit our employees through campus placements, placement agencies, employee referrals and advertisements. Our personnel policies are aimed towards competency based recruitment of the talent that we need, to facilitate the integration of our employees into our Company and to encourage the development of their skills in order to support our performance and growth in our operations. We strongly believe in care for our employees.

As of May 31, 2008, we employed 5,938 permanent employees in India, of which 5,034 are stationed at our plants and 904 are located at our corporate office and various sales and marketing offices. As of such date, we also engaged 1,207 badli and contract labourers.

All permanent workmen located at our plants are members of registered unions and are covered by collective bargaining or similar agreements that have recently expired. The long-term settlement agreements that we entered into with the unions representing our workmen at the Mysore Tyre Plant (for both Plants I and II) are valid till May 31, 2010. The long term settlement agreement that we have entered into with the union representing our workmen at the Kankroli Tyre Plant and the Banmore Tyre Plant has expired on May 31, 2007 and November 10, 2007 respectively. We are in process of negotiating terms and conditions of new agreements with our workmen at this plant.

We have had employee strikes at our Kankroli, Banmore and Mysore Tyre Plants (Plant I and Plant II) in the past. However, in the last five years, we have only had one incident of an employee strike in the year 2004 at our Banmore Tyre Plant at Madhya Pradesh. We lost 4,495 man days of production due to such strike. Notwithstanding these incidents, we presently consider our relations with our employees to be good.

We conduct training programmes for all levels of management. Such programmes focus on leadership development, skill and competency enhancement, attitude and behaviour change. In addition, we conduct workers' training programs at each of our plants to improve productivity and skills.

Manpower for the proposed expansion will be recruited as and when required.

Health, Safety and Environment

We are committed to complying with applicable health, safety and environmental regulations and other requirements in our operations. We believe that accidents and occupational health hazards can be reduced through the systematic analysis and control of risks and by providing appropriate training to management, employees and sub-contractors.

We expended approximately Rs. 2.12 crore and 1.28 crore during Fiscal 2007 and the six month period ended March 31, 2008 to maintain and operate our pollution control facilities and conduct other environmental activities, including the control and disposal of hazardous substances. In the future, we may incur increased costs and additional charges associated with environmental compliance, the impact of new environmental laws and regulatory standards, or the availability of new technologies.

In our pursuit to positively contribute for a greener environment, we have developed a technology of silica based tyres which are called green tyres. These silica based tyres uses silica as the reinforcement filler in place of the traditional carbon black, which is a petroleum based product. Additionally, these tyres also provide better fuel efficiency as compared to the traditional carbon black tyres.

Motor Sport Initiatives

We believe that motor sports is the only platform available to auto and auto ancilliary manufacturers world over to demonstrate the potential of their products. Our motor sporting initiatives have helped us test our products under demanding conditions and develop our tyres in consonance with international standards. We have invested over Rs. 50 crore in the last decade towards developing infrastructure to improve motorsport activities in India. We have been instrumental in patronizing the JK Tyre National Racing Championship and the JK Tyre Karting Championship.

Our Properties

Registered and corporate office. Our registered office is located at 7, Council House Street, Kolkata 700 001. Our corporate office is located at Link House, 3, Bahadur Shah Zafar Marg, New Delhi 110 002.

Owned Properties. The details of our significant owned properties are as follows:

Particulars	Address	Area (sq. mt.)
Land (Truck Radial Plant –II, Mysore)	Plot No. 437-(P), Hebbal Industrial Area, Mysore	1,11,116.00
Club House Land	196/A, Brindawan Extension, Mysore	23,471.77
Land (VTP-1)	Belagula Industrial Area, Metagalli & Hebbal villages, Mysore	2,17,169.10
Land (KTP)	Land owned by KTP in Dhoinda, Emdi, Nogama, Dhoinda Tehsil Rajasmand	7,53,487

Leased properties. We hold certain properties on lease that we utilize for the purposes of the four plants, offices and godowns spread across the country. The details of our significant properties in this regard are as follows:

Plant properties (including godowns)

Particulars	Address	Area (sq. ft.)
Land at Banmore (Banmore Tyre Plant)	C-1, Industrial Area, Banmore, Distt. Morena, Madhya Pradesh	91,96,260.60
Godown	A-19 /405, Transport Nagar, Gwalior	9,687.84
Green Belt Land (Vikrant Tyre Plant)	Plot No.437, Mysore-Hebbal Industrial Area, Mysore	1,95,671.699
Land at Kankroli (Kankroli Tyre Plant)	Village Dhoinda, Nogam and Emdi, Tehsil Rajsamand, Udaipur	40,32,292.79
Land at Kankroli (Kankroli Tyre Plant)	Plot No.1205, Village Emdi, Distt. Rajsamand, Rajasthan	3,03,423.04

Depot Properties

Particulars	Address	Area (sq. ft.)
DELHI REGION		
Office / Godown	2E/4, Jhandewalan Extn., New Delhi	5,800
JAIPUR REGION		
Office / Godown	E-2, Transport Nagar, Jaipur	3,422
JALANDHAR REGION		
Office / Godown	19, G.T. Road, Jalandhar	2,800
AHMEDABAD REGION		
Office / Godown	Navagam, Anandpur, Rajkot	3,852
U.P. EAST (KANPUR REGION)		
Office/Godown	84/4, Fazalganj, Kanpur	6,970
U.P. WEST (MEERUT REGION)		
Office / Godown	Mohkampur, Meerut	1,920
INDORE REGION		
Office / Godown	160/4, Piplia Rao, AB Road, Indore	12,000
MUMBAI REGION		
Office	27, Kirol, Vidyavihar, Mumbai	2,350
Godown	Gat No.1278/79, Hiral Compound, Pune-Saswad Road, Wadki, Tal Haveli, Dist. Pune	8000
KOLKATA REGION		
Godown	Godown No.8 Of M/S. Eastern Agro Processing & Tea Warehousing, N.H.37, Beltola, Guwahati	9640
	JAMSHEDPUR REGION	
Office / Godown	Khalasi Lane, Buxi Bazar, Cuttack	13,118
HYDERABAD REGION		
Feeder Godown	108, Gajjala Ramireddy Godown, Byramalaguda, Sagar Road, Hyderabad	12,760
CHENNAI REGION		
Office/Godown	591/9, Pillayar Nagar, Salem	10,564
	BANGALORE REGION	
Godown	15, K.M. Hosur Road, Bangalore	5,420

Our Intellectual Property

Our Company owns and has licenses for intellectual property registrations, covering various aspects in the design and manufacture of our products and processes. We also own and use our trademarks in several countries abroad. For details of our intellectual properties, see the section titled "Government Approvals" beginning on page 283 of this Letter of Offer.

Research and Development

We direct our research activities toward new product development, continuous improvement of our existing product lines, value engineering of products, use of new materials, compounds and construction development. We have also established, HASETRI, a research and development centre in Asia that is engaged in the advancement of tyre technology and polymer chemistry. Our product development teams co-ordinate with HASETRI to improve its processes and product technologies. We have also been instrumental in establishing the R.P. Singhania Centre for Excellence jointly with the Indian Institute of Technology, Madras at Chennai and have established research and development capabilities in the area of predictive technologies such as finite element analysis, tyre road vehicle simulation studies, tyre noise prediction to facilitate better tyres for our customers. Apart from our simulation capabilities through predictive technologies, we validate our new products and improved products through field tests. Our research and development expenditures were Rs. 12.83 crore during Fiscal 2007.

Litigation

Except as disclosed in the chapter titled "Outstanding Litigation and Material Developments" beginning on page 234, we are not a party to any proceeding that, if finally determined against us, would result in a material adverse effect on our business and operating results. See the section titled "Outstanding Litigation and Material Developments" beginning on page 234 of this Letter of Offer for a summary of litigation to which we are a party.

Tornel Acquisition

We have acquired controlling interest in Tornel, a company incorporated under the laws of Mexico, by acquiring 100% of its equity capital for a consideration of US$ 28.75 million. Tornel is a well known Mexico based tyre manufacturing company which has seven subsidiaries in Mexico namely: (i) Compaňia Hulera Tornel, S.A. de C.V.; (ii) General de Inmuebles Industries, S.A. de C.V.; (iii) Hules y Procesos Tornel, S.A. de C.V.; (iv) Compaňia Inmobiliaria Norida, S.A. de C.V.; (v) Compaňia Hulera Tacuba, S.A. de C.V.; (vi) Gintor Administración, S.A. de C.V.; and (vii) Comercializadora America Universal, S.A. de C.V. The acquisition has been funded by a combination of internal accruals and loan from Axis Bank, Hong Kong through Sunrise Hold Co. Mexico, a newly incorporated subsidiary of our Company. All the shares of Sunrise Hold Co. Mexico and Tornel Group are proposed to be pledged and the fixed and current assets of the Tornel Group are proposed to be hypothecated in favour of Axis Bank, Hong Kong as collateral for the financial assistance. Additionally, our Company has issued a letter of comfort to Axis Bank, Hong Kong.

The Tornel Group has been manufacturing tyres for over 50 years and is engaged in the manufacturing of bias and radial tyres for passenger cars and light commercial vehicles and bias tyres for heavy duty trucks and agricultural vehicles for the Mexican market, as well as in the United States, Canada, Central and South America. The following table provides an overview of the Tornel Group's product range.

Segment	Type of Tyre
Truck	Radial* and Bias
Light Truck	Radial and Bias
Passenger cars	Radial
Farm/Agricultural	Bias
Industrial/Special Application Tyres	Radial and Bias

** Truck Radial tyres are not manufactured by the Tornel Group. However, the Tornel Group sells truck radial tyres by procuring these from other manufacturers.*

The Tornel Group currently has three operating plants, which together have a production capacity of up to 290 Mts per day and aggregate capacity of up to 69.36 lakh tyres per annum. The combined capacity of the Tornel Group and our Company is estimated to be around 940 Mts per day. The total turnover of Tornel in the year 2007 was US$ 202 million, equivalent to Rs. 808 crore.

The Tornel Group has a distribution network of 241 distributors and 282 sales outlets around Mexico and its tyres are mainly sold to tyre centres and independent dealers in Mexico. In addition, the Tornel Group supplies custom made tyres to other tyre manufactures pursuant to supply agreements.

The acquisition of the Tornel Group is expected to leverage our existing services in Latin American and North American markets and to provide our Company with an improved cost position, principally due to: (a) low cost of acquisition of additional capacity; (b) economies of scale in raw material procurement; and synergistic benefits in terms of export logistics such as freight and duties.

HISTORY AND CERTAIN CORPORATE MATTERS

Our History

Our Company was originally incorporated as “J.K. Industries Private Limited” on February 14, 1951 as a private limited company, under the provisions of the Indian Companies Act, 1913. Subsequently, our name was changed to “J.K. Industries Limited” with effect from May 24, 1974 consequent upon conversion of our Company into a public limited company. Further, in order to capture the brand “JK Tyre” and its value in the name of our Company, we changed our name to “JK Tyre & Industries Limited” with effect from April 2, 2007. The Registered Office of the Company is situated at 7, Council House Street, Kolkata, West Bengal 700 001.

We manufacture automobile tyres, tubes and flaps. Our Company has its footprints in both the Indian and foreign market with a network spread across approximately 75 countries in six continents.

Until March 31, 1970, we were engaged in the managing agency business. Thereafter, we decided to undertake manufacturing activities and obtained a Letter of Intent (No. 16/88/71/LI (III)) dated February 22, 1972 from the Government of India for manufacture of automobile tyres and tubes. The Letter of Intent referred above was converted into an Industrial License (No. C:IL54(74)) dated February 25, 1974 by the Government of India for the establishment of an industrial undertaking at Kankroli, district Udaipur in the State of Rajasthan for manufacture of 0.04 crore automobile tyres and tubes per annum. Presently, we have four manufacturing facilities located in the states of Rajasthan, Madhya Pradesh and Karnataka with a total capacity of manufacturing 0.87 crore automobile tyre and tubes per annum.

The Equity Shares of our Company were first listed on the Bombay Stock Exchange Limited, Mumbai, the Calcutta Stock Exchange Association Limited, Kolkata (the “CSE”) and the Delhi Stock Exchange Association Limited, Delhi in 1975 pursuant to prospectus dated on April 8, 1975. The Equity Shares of our Company were also listed on the Jaipur Stock Exchange Limited on May 23, 1990 and on the National Stock Exchange of India Limited on June 14, 2004. Subsequently, our Company has got voluntarily delisted from the Jaipur Stock Exchange Limited with effect from June 7, 2003 and from the Delhi Stock Exchange Association Limited with effect from January 29, 2004. The Equity Shares of our Company are presently listed at the BSE, the NSE and the CSE. The Preference Shares of our Company were also listed which have since been redeemed.

Revaluation of assets

Factory and service buildings and plant and machinery of Company’s plant at Jaykagram were revalued as on January 1, 1985 and April 1, 1991. On April 1, 1997 the revaluation of such assets was updated along with similar assets of Banmore plant. The revaluation of said assets at Jaykagram and Banmore was futher updated along with factory land and township building as on April 1, 2002 based on current replacement cost by a valuer. The gross block as on September 30, 2007 includes cumulative surplus of Rs. 667.78 crore arising on revaluation.

Restructuring

i) Scheme of Arrangement, 1998-99

A Scheme of Arrangement between our Company, J.K. Drugs & Pharmaceuticals Limited (“JKDPL”) and their respective shareholders was sanctioned by the Calcutta High Court on September 16, 1997. The scheme became effective on October 6, 1997 and operative from the appointed date i.e., on July 1, 1996. Pursuant to this scheme, the pharmaceutical undertaking of our Company was transferred to and vested in JKDPL.

Pursuant to the scheme, JKDPL issued to our Company (i) 10,000,000 equity shares of Rs. 10 each in JKDPL at a premium of Rs. 10 and aggregating to Rs. 200,000,000, (ii) 2,000,000 12% redeemable cumulative preference shares of Rs. 100 each and (iii) 1,00,087 zero coupon fully convertible debentures of Rs. 1,000 each in JKDPL, the aggregate face value of which is equal to the difference between the assets and liabilities of the pharmaceutical division as reduced by Rs. 400,000,000 being the aggregate of the consideration.

ii) Scheme of Arrangement and Amalgamation, 2002-03

A Scheme of Arrangement and Amalgamation between our Company and its shareholders, JK Agri and its shareholders, JK Sugar and its shareholders and Vikrant Tyres Limited and its creditors and shareholders was sanctioned by the Calcutta High Court on May 6, 2003 and the High Court Karnataka on September 2, 2003. The scheme became effective from September 5, 2003 and is operative from the appointed date i.e. April 1, 2002. Pursuant to this scheme, the agri-genetics undertaking of our Company was transferred to JK Agri and the sugar undertaking was transferred to JK Sugar. The scheme involved reorganization of the share capital of our Company pursuant to transmission of certain investments of our Company to JK Agri and also amalgamation of erstwhile Vikrant Tyres Limited with our Company.

Set forth below are the significant features of the Scheme of Arrangement and Amalgamation.

- Certain investments of our Company in ten companies including Vikrant Tyres Limited were transmitted and vested in JK Agri;
- the agri-genetics undertaking of our Company was transferred and vested in JK Agri as a going concern on a slump sale basis;
- the sugar undertaking of our Company was transferred to JK Sugar as a going concern on a slump sale basis;
- Vikrant Tyres Limited was amalgamated and vested in our Company, as a going concern, together with all its properties, assets, rights, benefits and interest therein; and
- the paid up equity share capital of our Company was reorganized and for every 100 Equity Shares of our Company, the shareholders were issued 75 Equity Shares of Rs. 10 each of our Company, 10 equity shares of Rs. 10 each of JK Agri and 15 equity shares of Rs. 10 each of JK Sugar.

iii) Scheme of Arrangement and Demerger, 2006

The Scheme of Arrangement and Demerger between our Company and its shareholders and Netflier Technologies Limited (name since changed to Netflier Finco Limited) and its shareholders was sanctioned by the Calcutta High Court pursuant to its order dated November 8, 2006 which became effective on January 11, 2007. The appointed date of the scheme was October 1, 2005.

Set forth below are the significant features of the Scheme of Arrangement and Demerger.

- the undertaking of our Company to hold and deal in investments in various companies and incidental matters (demerged undertaking) was transferred to and vested in Netflier Technologies Limited;
- the paid up equity share capital of our Company was reorganized and for every 100 Equity Shares of our Company, the shareholders were issued 75 Equity Shares of Rs. 10 each of our Company and 25 equity shares of Rs. 10 each of Netflier; and
- the name of Netflier Technologies Limited was changed to Netflier Finco Limited and the registered office was shifted from Kolkata to New Delhi.

Acquisition of Vikrant Tyres Limited

In June 1997, our Company acquired controlling interest in erstwhile Vikrant Tyres Limited (Vikrant) by acquiring 52% of its equity capital. Karnataka State Industrial Investment & Development Corporation Limited (KSIIDC) was a partner with 26% equity. Vikrant has two tyre plants, including a truck radial plant located at Mysore with an aggregate capacity of 0.10 crore tyres p.a. Over a period of time the plant capacity at Vikrant has been expanded to 0.19 crore tyres p.a. Vikrant Tyres Limited has since been merged with our Company pursuant to the Scheme of Arrangement and Amalgamation between our Company and its shareholders, JK Agri and its shareholders, JK Sugar and its shareholders and Vikrant Tyres Limited with effect from April 1, 2002.

Acquisition of Empresas Tornel, S.A de C.V.

In June 2008, our Company acquired controlling interest in Empresas Tornel, S.A de C.V. ("Tornel"), a company incorporated under the laws of Mexico, by acquiring 100% of its equity capital for a consideration of US$ 28.75 million.

Tornel is a Mexico based tyre manufacturing company which has seven operative subsidiaries in Mexico. The seven subsidiaries of Tornel are: (i) Compaňia Hulera Tornel, S.A. de C.V.; (ii) General de Inmuebles Industries, S.A. de C.V.; (iii) Hules y Procesos Tornel, S.A. de C.V.; (iv) Compaňia Inmobiliaria Norida, S.A. de C.V.; (v) Compaňia Hulera Tacuba, S.A. de C.V.; (vi) Gintor Administración, S.A. de C.V.; and (vii) Comercializadora America Universal, S.A. de C.V. Tornel Group has been manufacturing tyres for over 50 years and has incurred marginal losses for the last two years as a result of lower capacity utilization and pricing pressure. Tornel Group has three operative tyre manufacturing plant with an average capacity of 69.36 lakh tyres p.a. Tornel Group manufactures bias tyres for truck, LCV, farm and industrial uses, radial tyres for passenger car, LCV and industrial uses.

This acquisition was funded by a combination of internal accruals and loan from Axis Bank, Hong Kong through Sunrise Hold Co. Mexico, a subsidiary of the Company. All the shares of Sunrise Hold Co. Mexico and Tornel Group are proposed to be pledged and the fixed and current assets of Tornel Group are proposed to be hypothecated in favour of Axis Bank, Hong Kong as collateral for the financial assistance. Additionally, our Company has issued a letter of comfort to Axis Bank, Hong Kong.

Milestones achieved by our Company since incorporation are set forth below.

Year	Event
1972	Obtained a Letter of Intent No. 16/88/71/LI (III) dated February 22, 1972 from the Government of India for manufacture of automobile tyres and tubes
1973	First in India to license synthetic fibre technology to third party as well as the first to manufacture synthetic fibre machinery fibretech engineers and manufacturers
1976	First in India to produce steel belted radial tyres for passenger cars, trucks and buses
1980	First in world to make steel belted radial tyres for three wheelers
1991	Banmore Tyre Plant set-up with a capacity of 5.7 lakhs tyres p.a.
1992	Research and Development center set-up at HASETRI
1994	India's first T-Rated tyre launched Banmore Tyre Plant crossed 100 TPD
1995	Mercedes Benz Launched on JK steel radials One of the first tyre manufacturers in the world to get ISO 9001
1996	India's first dual contact high traction steel radial - aquasonic launched. Introduced steel wheels
1997	Awarded the National Export Award for 96-97. Acquired Vikrant Tyres Limited

Year	Event
	India's first H-Rated tyre launched. HASETRI became the first research institute in Asia to get ISO 9002
1998	First tyre manufacturer in the world to get QS 9000. Awarded CAPEXIL's highest export award for 1997-98.
1999	Synergy with VTL in procurement, marketing and production flexibility. Ranked 16th largest tyre manufacturing company in the world. ISA - 14000 accredition for environment and safety measures and standards
2000	Introduced the National Go-Karting Championships
2001	Recieved CAPEXIL award. Recieved FOCUS LAC export award for the year 1999-2000. Commendation Certificate of CII Exim. 2nd National Go-Karting Championships organized
2002	Received Teri Corporate Environmental Award, 2001- 2002 (first runner up) Received Rajiv Gandhi National Quality Award, 2001-2002
2005	Received Ram Krishna Bajaj National Quality Award, 2005
2006	Received CII National Energy Management Award, 2006 Received Greentech Environmental Excellence Award, 2006 Received India Manufacturing Excellence Award (silver), 2006 Received Srishti – Good Green Governance Award, 2006
2008	Acquired Tornel, a Mexico based tyre manufacturing company and its subsidiaries in Mexico

Achievements

Some of the key achievements/awards received in Fiscal 2007 and 2008 are as follows:

- Amity HR Excellence award;
- Golden Peacock Award for Environment Management for the year 2007 awarded to the Kankroli Tyre Plant;
- Golden Award in the Rubber Sector at the 6th Annual Greentech Safety Award awarded to Kankroli Tyre Plant;
- Greentech Safety Award, 2007 in the rubber sector; and
- Amity Corporate Excellence Award 2008.

Main Objects of our Company

The main objects *inter alia* as contained in our Memorandum of Association include:

1. to carry on, without in any way creating environmental pollution or ecological imbalance, the business of manufactures, fabricators, processors, producers, growers, makers, importers, exporters, buyers, sellers, suppliers, stockists, agents, merchants, distributors and concessionaires of all or any of the following kinds and providers of services of any kind to any potential user in connection therewith:

   (i) tyres, tubes and tyre-cord and automobile parts and accessories.
   (ii) rubber and rubber products of all kinds and descriptions.

2. to carry on business of stock and share brokers and dealers in and to acquire and hold investments of all kinds; to carry on business of purchasing and selling of bonds, stocks, shares, debentures or other forms of securities on behalf of constituent or others; to negotiate loans and advances and to accept all kinds of bonds, scrips or valuables on deposit or for safe custody or otherwise and to collect and transmit money and securities.

3. to acquire and hold shares in any other company, and to pay for any properties, rights or privileges acquired by this Company, either in shares of this Company or partly in shares and partly in cash, or otherwise and to give shares or stock of this Company in exchange for shares or stock of any other company.

4. to improve, manage, work, develop, lease, mortgage, abandon or otherwise deal with all or any part of the property, rights and concessions of our Company.

Changes in the Memorandum of Association

During the last ten years, the following changes have been made to our Memorandum of Association:

Date of shareholder approval	Changes
March 28, 2007	Name changed from 'J.K. Industries Limited' to 'JK Tyre & Industries Limited' and wherever the name occurred in the Memorandum of Association, the same name was replaced with the new name of our Company. The name was changed with effect from April 2, 2007.
September 7, 2006 Effective date of the Scheme: January 11, 2007 Appointed date: October 1, 2005	Pursuant to the Scheme of Arrangement and Demerger between our Company and Netflier Finco Limited, the authorized share capital of our Company was reduced to Rs. 1,80,00,00,000 divided into 12,50,00,000 Equity Shares of Rs.10 each and 55,00,000 Preference Shares of Rs. 100 each.
March 12, 2003 Effective date of the Scheme: September 5, 2003 Appointed date: April 1, 2002	Pursuant to the Scheme of Arrangement and Amalgamation between our Company, JK Agri Genetics Limited, JK Sugar Limited and Vikrant Tyres Limited, the share capital of our Company has been increased to Rs. 1,90,00,00,000 divided into 13,50,00,000 Equity Shares of Rs. 10 each and 55,00,000 Preference Shares of Rs. 100 each.

The details of the capital raised by our Company are given in the section titled "Capital Structure" on page 22 of this Letter of Offer.

Summary of Key Agreements

Detailed below are summaries of key agreements entered into by our Company:

SHAREHOLDERS AGREEMENTS

1. Shareholders agreement between our Company, Malavalli Power Plant Private Limited, CVC India Infrastructure Private Limited and Mysore Biofuels Private Limited

We have entered into a shareholders agreement dated June 16, 2006 with Malavalli Power Plant Private Limited, CVC India Infrastructure Private Limited and Mysore Biofuels Private Limited (collectively called "MPPPL Group").

Purpose: The purpose of this shareholders agreement is to operate and manage a joint venture special purpose company "Shri Chamundi Captive Energy Private Limited" for setting up (i) a 16 MW biomass fuelled captive cogeneration power plant and (ii) a stand alone steam generation unit (collectively called "Project"); both through the joint venture special purpose company with the MPPPL Group. The joint venture company is required to undertake financing, design, engineering, procurement, construction, commissioning, operation and maintenance of the plants as mentioned above. In order to facilitate the Project and pursuant to the terms of the shareholders agreement, our Company entered into (i) Power and Steam

Purchase Agreement and (ii) Steam Purchase Agreement with the joint venture special purpose company.

Term: Unless terminated earlier, the shareholders agreement continues to be valid and subsisting until the expiry or early termination of the Power and Steam Purchase Agreement and the Steam Purchase Agreement.

Equity participation: Pursuant to the shareholders agreement, our Company is required to subscribe to 2,000,000 Class A equity shares and 4,250,000 Class B equity shares and MPPPL Group is required to subscribe to 5,700,000 Class A equity shares and 1,200,000 Class B equity shares of the joint venture special purpose company. The shareholding pattern of the joint venture special purpose company is to be maintained at the agreed proportion as mentioned.

Financing: Except the initial capitalization, our Company is under no obligation to infuse additional funds in the joint venture special purpose company. Also, our Company is not obliged to encumber any of the equity shares held by our Company or to provide any guarantee, support, commitment, comfort or security to any lender in relation to the Project.

Management: The management of the joint venture special purpose company is exclusively vested with MPPPL Group. The board of the joint venture special purpose company consists of seven directors out of which two would be nominated by our Company and rest would be nominated by MPPPL Group. The chairman of the board and the managing director of the joint venture special purpose company would be nominated by MPPPL Group.

Affirmative rights: Certain matters including the following cannot be carried unless all the nominee directors of our Company vote in affirmative:

i) alteration of the charter documents;
ii) winding up or dissolution of the joint venture special purpose company or its subsidiaries;
iii) any reconstruction, consolidation, merger or amalgamation or acquisition;
iv) change in the name of the joint venture special purpose company;
v) issue or allotment of additional or new shares etc.

Indemnity: Pursuant to the shareholders agreement, our Company and the MPPPL Group have agreed to indemnify each other from any liabilities, losses, damages, claims, actions or proceedings which may arise out of any misrepresentation or breach of any representation.

Termination: The shareholders agreement can be terminated by either party by giving 60 days notice to the other party on occurrence of any of the events of default. On termination by either party, the terminating party shall buy all, and not less than all, the shares of the defaulting party. In case of our Company being the terminating party, the consideration would be Rs. 1 and in the event, MPPPL Group is the terminating party, the consideration would be the unadjusted security deposit amount still remaining unpaid.

OTHERS

1. Share Purchase Agreement with Tornel

Our Company has entered into a share purchase agreement on May 29, 2008 with the Tornel family, the erstwhile shareholders of Empresas Tornel, S.A de C.V. for purchase of 159,085,000 shares of Peso $0.10 each, representing 100% of the shareholding of Tornel.

Consideration: Pursuant to the share purchase agreement, our Company has paid an amount of US$ 28.75 million to the Tornel family, the erstwhile shareholders of Tornel.

Management: Pursuant to the agreement, our Company would nominate directors on the board of Tornel in the first meeting of the shareholders post completion of the acquisition.

Non-compete and non-solicitation: The erstwhile shareholders of Tornel, the Tornel family has undertaken not to carry on or be associated with, tyre business for a period of five years starting from the date of the completion of the acquisition.

Governing law: The agreement is governed and construed in accordance with the laws of Mexico.

Indemnification: Pursuant to the agreement, the sellers, the Tornel family has undertaken to indemnify, defend and hold harmless the Company from and against any and all losses, liabilities, claims, damages, actions, judgments, tax costs and expenses in connection with any action or omission of the sellers arising out of the agreement.

Pursuant to an Assignment and Assumption Agreement dated June 4, 2008 among our Company, Sunrise Hold Co. Mexico, S.A.de C.V., Tornel and the Tornel family, all the rights and obligations of our Company under the share purchase agreement dated May 29, 2008 have been assigned to Sunrise Hold Co. Mexico, S.A.de C.V.

2. Technical Assistance Agreement between Continental Aktiengesellschaft and our Company

Our Company had entered into a technical assistance agreement on June 19, 1998 with Continental Aktiengesellschaft ("Continental") which became effective on September 16, 1998 which is terminated by a side letter dated December 14, 2003. The Company entered into a subsequent technical assistance agreement dated December 14, 2003 ("Technical Assistance Agreement") with Continental.

Purpose: The purpose of this Technical Assistance Agreement is to gain technical know-how and assistance from Continental for (i) manufacture of tyres involving modern technologies, (ii) improvement of the quality and performance of the products of our Company by adoption of product technology provided by Continental and (iii) gaining assistance from Continental for evaluation of raw material and equipment sources.

We are permitted to use the patents even subsequent to the expiration of the Technical Assistance Agreement on payment of a reasonable royalty.

No collaboration: The Company has agreed not to enter into any exchange, assistance, license or cooperation agreement regarding tyre technology or tyre plant engineering services with any other entity directly or indirectly engaged in the manufacture of tyres.

Term: This Technical Assistance Agreement came into effect on December 16, 2003 and is effective until December 31, 2010. The parties may renew or extend this Technical Assistance Agreement on mutually agreed terms and conditions.

Termination: Both parties may terminate the agreement on the happening of certain events.

3. Shares subscription agreement between VS Lignite Power Private Limited and our Company

Our Company entered into a share subscription agreement with VS Lignite Power Private Limited (VSLP) on July 10, 2007. Pursuant to the share subscription agreement, our

Company is entitled to purchase power from the captive power plant proposed to be set up by VSLP.

Purpose: VSLP is a special purpose company established with the objective of operating the group captive power plant at Bikaner, Rajasthan on a built, own and operate basis for supply of power. Pursuant to this agreement, KSK Energy Ventures Private Limited ("KSK") is required to facilitate the implementation of the group captive power plant.

Equity participation: Pursuant to the terms and conditions of this agreement, our Company has subscribed to 577,778 Class A equity shares and 1,114,222 Class A cumulative preference shares of VSLP.

Restriction on transfer: According to the terms of this agreement, our Company is not permitted to transfer its shares held by it in VSLP to any third party without the prior written approval of KSK. However, KSK may transfer any or all of the shares held by it to its affiliates without any prior permission of our Company.

Assignment: We are not permitted to assign the rights and obligations under this agreement without the prior written consent of VSLP.

4. ***Trademark license agreement between our Company and Valiant Pacific LLC***

Our Company has entered into a trademark license agreement with Valiant Pacific LLC ("Valiant") on August 14, 2002.

Purpose: Pursuant to this trademark license agreement, our Company has granted to Valiant a transferable, non-exclusive license and privilege to use the trademarks, logos, service marks and tradenames of our Company and sub-licensed the use of the same to any third party, solely in connection with the manufacture and sale of the specified tyres.

Term: Unless terminated earlier, the trademark license agreement is effective for a period of five years from August 14, 2002.

Ownership of trademarks: Valiant has agreed not to register any trademarks, logos, service marks and tradenames of our Company. Any rights, which arise or are created as a result of the licensed use, accrue to and are owned solely by our Company.

License conditions: Valiant is required to use the trademarks only in relation to the licensed products manufactured utilizing the licensed technology in accordance with the terms of this agreement. Valiant has agreed not to use the trademarks in any manner that is deceptive or misleading or that reflects unfavourably upon the goodwill, reputation or image of the Company. Valiant is required not to adopt or use and/or authorize the use of any trademarks, tradenames or logos that include or are confusingly similar to, or a simulation or colourable imitation of the trademarks.

Protection of the trademarks: During the term of the agreement, our Company has the sole right to determine to take any action to terminate the agreement if any misuse or unauthorized use of the trademarks is done by Valiant.

Termination: The agreement can be terminated by either party by giving not less than 30 days' notice to the other on happening of certain events.

<u>Subsidiaries</u>

Our Subsidiaries as of May 31, 2008 are as follows:

1. J.K. Asia Pacific Limited
2. J.K. Asia Pacific (S) Pte Limited
3. J.K. International Limited
4. Lankros Holdings Limited
5. Sarvi Holdings Switzerland AG
6. Sunrise Hold Co Mexico, S.A. DE C.V.
7. Empresas Tornel, S.A de C.V.
8. Compaňia Hulera Tornel, S.A. de C.V.
9. General de Inmuebles Industries, S.A. de C.V.
10. Hules y Procesos Tornel, S.A. de C.V.
11. Compaňia Inmobiliaria Norida, S.A. de C.V.
12. Compaňia Hulera Tacuba, S.A. de C.V.
13. Gintor Administración, S.A. de C.V.
14. Comercializadora America Universal, S.A. de C.V.

For the purposes of this section, all financial information in relation to the foreign Subsidiaries listed below, has been converted from their respective foreign currencies into Indian rupees.

1. J.K. Asia Pacific Limited ("J.K. Asia")

J.K.Asia Pacific Limited was incorporated on May 2, 1991 under the laws of Hong Kong. J.K. Asia was incorporated for the purpose of engaging in the business of general merchants, traders, commission agents, importers, exporters and manufacturers and is yet to commence its operations.

Registered Office

The registered office of J.K. Asia is located at:

Alliance Corporate Services Limited
1403, Dominion Centre
43 Queens Road East, HongKong

Board of Directors

The Board of Directors of J.K. Asia are as follows:

1. Mr. A. K. Kinra,
2. Mr. Vinod Kr. Mathur,
3. Rackson Company Limited.

Shareholding Pattern

J.K. Asia is a wholly owned subsidiary of our Company.

Financial performance

The summary audited financial statements of J.K. Asia for the last three years are as follows:

(Figures in Rs.)

Particulars	September 30, 2007	September 30, 2006	September 30, 2005
Share Capital	71,07,144	71,07,144	71,07,144
Reserves	59,30,816	70,37,205	69,02,723
Turnover	11,318	33,455	22,023
Profit/(Loss) after Tax	(1,62,226)	(1,83,096)	(1,88,562)
Net asset value (NAV)	1,30,37,960	1,41,44,349	1,40,09,867

The company has not made any public or rights issue in the last three years. The shares of the company are not listed in any stock exchanges. The company is not under liquidation.

2. J.K. Asia Pacific (S) Pte Limited ("J.K. Asia (S)")

J.K.Asia Pacific (S) Pte Limited was incorporated on January 5, 2000 under the laws of Singapore. J.K. Asia (S) was incorporated for the purpose of engaging in the business of export, import, manufacture and distribution of goods and commodities and is yet to commence its operations.

Registered Office

The registered office of J.K. Asia (S) is located at:

10 Jalan Besar
10-12 Sim Lim Tower
Singapore 208787

Board of Directors

The Board of Directors of J.K. Asia are as follows:

1. Mr. A. K. Kinra,
2. Mr. Harsh Kumar Chopra,
3. Mr. P. S. Ramanathan

Shareholding Pattern

J.K. Asia (S) is a wholly owned subsidiary of our Company.

Financial performance

The summary audited financial statements of J.K. Asia (S) for the last three years are as follows:

(Figures in Rs.)

Particulars	September 30, 2007	September 30, 2006	September 30, 2005
Share Capital	34,14,000	34,14,000	34,14,000
Accumulated profits	56,65,523	64,44,922	60,82,102
Total revenue	3,11,799	1,32,267	61,211
Profit/(Loss) after Tax	(1,94,496)	(5,01,400)	(1,55,508)
Net asset value (NAV)	90,79,523	98,58,922	94,96,102

The company has not made any public or rights issue in the last three years. The shares of the company are not listed in any stock exchanges. The company is not under liquidation.

3. J.K. International Limited ("J.K. International")

J.K. International Limited was incorporated on March 22, 1991 under the laws of England. J.K. International was incorporated for the purpose of engaging in the business of export, import, manufacture and distribution of goods and commodities and is yet to commence its operations.

Registered Office

The registered office of J.K. International is located at:

5 Tower Hill, Hessle

Kingston upon Hull, North Humberside
HU 13 0SP

Board of Directors

The Board of Directors of J.K. International are as follows:

1. Mr. A. K. Kinra,
2. Mr. Harsh Kumar Chopra.

Shareholding Pattern

J.K. International is a wholly owned subsidiary of our Company.

Financial performance

The summary (unaudited) financial statements of J.K. International for the last three years are as follows:

(Figures in Rs.)

Particulars	March 31, 2008	March 31, 2007	March 31, 2006
Share Capital	94,69,709	94,69,709	94,69,709
Reserves	(94,32,859)	(94,30,090)	(94,33,688)
Sales	Nil*	Nil*	Nil*
Profit after Tax (PAT)	Nil*	Nil*	Nil*
Net asset value (NAV)	36,850	39,619	36,021

**The company has not traded and has not received any income and incurred no expenditure. Consequently, the company has made neither a profit nor a loss.*

The company has not made any public or rights issue in the last three years. The shares of the company are not listed in any stock exchanges. The company is not under liquidation.

4. Lankros Holdings Limited

Lankros Holdings Limited was incorporated on March 5, 2008 under the laws of Republic of Cyprus. Lankros Holdings Limited was incorporated to engage in the business of *inter alia* holding and making investments, carry on general trade works, business, imports, exports, buying, selling, exchanging or in any other way trading of goods, industrial products, agricultural products, minerals and in any kind and denomination.

Registered Office

The registered office of Lankros Holdings Limited is located at:

Lampousas, 1
P.C. 1095, Nicosia, Cyprus

Board of Directors

The board of directors of Lankros Holdings Limited are as follows:

1. Inter Jura CY (Directors) Limited,
2. Inter Jura CY (Management) Limited.

Shareholding Pattern

Lankros Holdings Limited is a wholly owned subsidiary of our Company.

Financial performance

As Lankros Holdings Limited has been incorporated in fiscal 2008, the financial results for the last three fiscals do not exist.

The company has not made any public or rights issue in the last three years. The shares of the company are not listed in any stock exchanges. The company is not under liquidation.

5. Sarvi Holdings Switzerland AG

Sarvi Holdings Switzerland AG was incorporated on May 5, 2008 under the laws of Switzerland. Sarvi Holdings Switzerland AG was incorporated for the purpose of engaging in the business of acquiring, selling and holding participations of all kind.

Registered Office

The registered office of Sarvi Holdings Switzerland AG is located at:

Acton Treuhand AG
Innere Güterstrasse 4, 6304 Zug

Board of Directors

The board of directors of Sarvi Holdings Switzerland AG are as follows:

1. Christian Roos.

Shareholding Pattern

Sarvi Holdings Switzerland AG is a wholly owned subsidiary of Lankros Holdings Limited which is a subsidiary of our Company.

Financial performance

As Sarvi Holdings Switzerland AG has been incorporated in fiscal 2008, the financial results for the last three fiscals do not exist.

The company has not made any public or rights issue in the last three years. The shares of the company are not listed in any stock exchanges. The company is not under liquidation.

6. Sunrise Hold Co Mexico, S.A. DE C.V.

Sunrise Hold Co Mexico, S.A. DE C.V. was incorporated on April 16, 2008 and registered with the Public Registry on May 8, 2008 under the laws of Mexico. Sunrise Hold Co Mexico, S.A. DE C.V. was incorporated for the purpose of engaging in the business of manufacture and sell tyres and pneumatics, tubes, ties for pneumatics and making and holding investments.

Registered Office

The registered office of Sunrise Hold Co Mexico, S.A. DE C.V. is located at:

Santa Lucia Street, No. 311,

Santa Cruz, Acayucan,
Mexico Federal District 02770, Mexico.

Board of Directors

The board of directors of Sunrise Hold Co Mexico, S.A. DE C.V. are as follows:

1. Dr. Raghupati Singhania;
2. Mr. Arun K. Bajoria; and
3. Mr. A.K. Kinra.

Shareholding Pattern

The shareholding pattern of Sunrise Hold Co Mexico, S.A. DE C.V. is as follows:

Name of the shareholder	Number of shares held	Per centage of holding
JK Tyre & Industries Limited	25	Negligible
Panchanan Investment Limited	25	Negligible
Sarvi Holdings Switzerland AG	3,14,330	99.98%
Total	**3,14,380**	**100.00%**

Financial performance

As Sunrise Hold Co Mexico, S.A. DE C.V. has been incorporated in fiscal 2008, the financial results for the last three fiscals do not exist.

The company has not made any public or rights issue in the last three years. The shares of the company are not listed in any stock exchanges. The company is not under liquidation.

7. Empresas Tornel, S.A de C.V. ("Tornel")

Tornel, S.A de C.V.was incorporated on July 27, 1982 under the laws of Mexico. Tornel was incorporated to promote, incorporate, develop and participate directly or indirectly in any type of entities, as well as in their management and their liquidation.

Registered Office

The registered office of Tornel is located at:

Santa Lucia No. 311, Col. Santa Cruz
Acayucan, CP 02770
Azcapotzalco, Mexico D.F.

Board of Directos

1. Dr. Raghupati Singhania;
2. Mr. Arun Kumar Bajoria; and
3. Mr. N.K. Maheshwari

Shareholding Pattern

The shareholding pattern of Tornel is as follows:

Name of the shareholder	Number of shares held	Per centage of holding
Sunrise Holdo Mexico	12,55,84,999	99.99

Panchanan Investment Limited	1	Negligible
Total	**12,55,85,000**	**100**

Financial performance

The summary audited financial statements of Tornel for the last three years are as follows:

(Figures in Rs.)

Particulars	December 31, 2007	December 31, 2006	December 31, 2005
Share Capital*	4,53,36,185	5,12,38,680	5,24,94,530
Reserves	2,58,74,12,567	3,03,65,37,882	3,33,46,27,642
Turnover	4,41,52,02,812	5,16,59,21,390	4,36,40,32,974
Profit/(Loss) after Tax	(14,92,38,001)	(30,31,34,970)	(3,28,44,959)
Net asset value (NAV)	20.96	24.59	26.97
EPS	(1.19)	(2.41)	(0.26)

* *Difference in share capital is due to different exchange rates*

The company has not made any public or rights issue in the last three years. The shares of the company are not listed in any stock exchanges. The company is not under liquidation.

8. Compania Hulera Tornel S.A. DE C.V.

Compania Hulera Tornel S.A. DE C.V. was incorporated on November 9, 1951 under the laws of Mexico. Compania Hulera Tornel S.A. DE C.V. was incorporated as an S.A. Compania Hulera Tornel S.A. DE C.V. was incorporated to purchase, sale, export of any kind of rubber products and raw materials related with the rubber industry.

Registered Office

The registered office of Compania Hulera Tornel S.A. DE C.V. is located at:

Santa Lucia No. 311, Col. Santa Cruz
Acayucan, CP 02770, Azcapotzalco, Mexico D.F.

Board of Directors

1. Mr. A.K. Kinra; and
2. Mr. N.K. Maheshwari.

Shareholding Pattern

Name of the shareholder	Number of shares held	Per centage of holding
Tornel	14,99,99,999	99.99
Panchanan Investment Limited	1	Negligible
Total	**15,00,00,000**	**100%**

Financial performance

The summary audited financial statements of Compania Hulera Tornel S.A. DE C.V. for the last three years are as follows:

(Figures in Rs.)

Particulars	December 31, 2007	December 31, 2006	December 31, 2005

Particulars	December 31, 2007	December 31, 2006	December 31, 2005
Share Capital*	5,41,50,000	6,12,00,000	6,27,00,000
Reserves	94,27,85,491	1,38,11,73,126	1,49,47,37,949
Turnover	7,58,31,26,699	8,34,99,59,127	7,49,49,29,113
Profit/(Loss) after Tax	(29,44,18,379)	(9,10,64,093)	(6,50,80,804)
Net asset value (NAV)	6.65	9.62	10.38
EPS	(1.96)	(0.61)	(0.43)

* *Difference in share capital is due to different exchange rates*

The company has not made any public or rights issue in the last three years. The shares of the company are not listed in any stock exchanges. The company is not under liquidation.

9. General De Inmuebles Industriales S.A. DE C.V.

General De Inmuebles Industriales S.A. DE C.V. was incorporated on July 26, 1971 under the laws of Mexico. Inmuebles Industriales was incorporated as an S.A. General De Inmuebles Industriales S.A. DE C.V. was incorporated for purchase, construction, reconstruction, lease, administration, development, etc, of urban or rustic real estates, industrial or residential constructions, as well as all kind of constructions and installations of the estates of the company or of the third parties, and in general every act related with the objects of the company.

Registered Office

The registered office of General De Inmuebles Industriales S.A. DE C.V. is located at:

Santa Lucia No. 311, Col. Santa Cruz
Acayucan, CP 02770, Azcapotzalco, Mexico D.F.

Board of Directors

1. Mr. Arun Kumar Bajoria;
2. Mr. N.K. Maheshwari

Shareholding Pattern

Name of the shareholder	Number of shares held	Per centage of holding
Tornel	1,09,99,999	99.99
Panchanan Investment Limited	1	Negligible
Total	**1,10,00,000**	**100%**

Financial performance

The summary audited financial statements of General De Inmuebles Industriales S.A. DE C.V. for the last three years are as follows:

(**Figures in Rs.**)

Particulars	December 31, 2007	December 31, 2006	December 31, 2005
Share Capital*	397,100	448,800	459,800
Reserves	29,91,25,748	33,27,75,698	33,80,19,019
Turnover	1,41,25,498	1,52,96,742	1,47,93,106
Profit/(Loss) after Tax	(68,06,246)	(1,07,28,978)	(86,49,186)
Net asset value (NAV)	27.23	30.29	30.77
EPS	(0.62)	(0.98)	(0.79)

* *Difference in share capital is due to different exchange rates*

The company has not made any public or rights issue in the last three years. The shares of the company are not listed in any stock exchanges. The company is not under liquidation.

10. Hules Y Procesos Tornel S.A. DE C.V.

Hules Y Procesos Tornel S.A. DE C.V. was incorporated on February 15, 1937 under the laws of Mexico. Hules Y Procesos was incorporated as an S.A. Hules Y Procesos Tornel S.A. DE C.V. was incorporated for importation, fabrication, reparation, purchase and sell as well as to lease within the Mexican Republic, all kinds of machinery or used in the construction industry.

Registered Office

The registered office of Hules Y Procesos Tornel S.A. DE C.V. is located at:

Santa Lucia No. 311, Col. Santa Cruz
Acayucan, CP 02770, Azcapotzalco, Mexico D.F.

Board of Directors

1. Mr. Arun Kumar Bajoria;
2. Mr. N.K. Maheswari

Shareholding Pattern

Name of the shareholder	Number of shares held	Per centage of holding
Tornel	49,999	99.99
Panchanan Investment Limited	1	Negligible
Total	50,000	100%

Financial performance

The summary audited financial statements of Hules Y Procesos Tornel S.A. DE C.V. for the last three years are as follows:

(**Figures in Rs.**)

Particulars	December 31, 2007	December 31, 2006	December 31, 2005
Share Capital*	1,805	2,040	2,090
Reserves	7,68,15,811	8,59,56,722	10,21,18,136
Turnover	1,13,86,095	1,23,29,667	79,79,400
Profit/(Loss) after Tax	(22,31,704)	(1,80,63,269)	(1,25,27,513)
Net asset value (NAV)	1,536.35	1,719.18	2,042.40
EPS	(44.63)	(361.27)	(250.55)

* *Difference in share capital is due to different exchange rates*

The company has not made any public or rights issue in the last three years. The shares of the company are not listed in any stock exchanges. The company is not under liquidation.

11. Compania Inmobiliaria Norida S.A. DE C.V.

Compania Inmobiliaria Norida S.A. DE C.V. was incorporated on September 6, 1969 under the laws of Mexico. Compania Inmobiliaria Norida S.A. DE C.V. was incorporated as an S.A. Compania

Inmobiliaria Norida S.A. DE C.V. was incorporated to purchase, sell, trade in general of all kind of real estates, urban or rustic, public or private constructions and the exploitation of all kind of rustic estate.

Registered Office

The registered office of Compania Inmobiliaria Norida S.A. DE C.V. is located at:

Santa Lucia No. 311, Col. Santa Cruz
Acayucan, CP 02770, Azcapotzalco, Mexico D.F.

Board of Directors

1. Mr. Arun Kumar Bajoria;
2. Mr. N.K. Maheswari

Shareholding Pattern

Name of the shareholder	Number of shares held	Per centage of holding
Tornel	35,99,99,999	99.99
Panchanan Investment Limited	1	Negligible
Total	**36,00,00,000**	**100%**

Financial performance

The summary audited financial statements of Compania Inmobiliaria Norida S.A. DE C.V. for the last three years are as follows:

(Figures in Rs.)

Particulars	December 31, 2007	December 31, 2006	December 31, 2005
Share Capital*	1,29,96,000	1,46,88,000	1,50,48,000
Reserves	1,07,87,54,373	1,18,60,71,818	1,18,59,91,998
Turnover	3,29,59,500	3,56,92,395	3,45,17,248
Profit/(Loss) after Tax	(1,13,00,913)	(1,93,91,070)	(65,39,775)
Net asset value (NAV)	3.03	3.34	3.34
EPS	(0.03)	(0.05)	(0.02)

* *Difference in share capital is due to different exchange rates*

The company has not made any public or rights issue in the last three years. The shares of the company are not listed in any stock exchanges. The company is not under liquidation.

12. Compania Hulera Tacuba S.A. DE C.V.

Compania Hulera Tacuba S.A. DE C.V. was incorporated on October 13, 2000 under the laws of Mexico. Compania Hulera Tacuba S.A. DE C.V. was incorporated to manufacture, sell, purchase, distribution, importation, export of any kind of rubber products and raw materials related with the rubber industry.

Registered Office

The registered office of Compania Hulera Tacuba S.A. DE C.V. is located at:

Santa Lucia No. 311, Col. Santa Cruz

Acayucan, CP 02770, Azcapotzalco, Mexico D.F.

Board of Directors

1. Mr. Arun Kumar Bajoria;
2. Mr. N.K. Maheswari

Shareholding Pattern

Name of the shareholder	Number of shares held	Per centage of holding
Tornel	9,99,99,999	99.99
Panchanan Investment Limited	1	Negligible
Total	**10,00,00,000**	**100%**

Financial performance

The summary audited financial statements of Compania Hulera Tacuba S.A. DE C.V. for the last three years are as follows:

(Figures in Rs.)

Particulars	December 31, 2007	December 31, 2006	December 31, 2005
Share Capital*	36,10,000	40,80,000	41,80,000
Reserves	2,46,99,458	2,67,14,906	2,35,45,476
Turnover	3,41,36,625	3,69,66,303	2,45,60,142
Profit/(Loss) after Tax	40,166	26,81,033	2,54,20,144
Net asset value (NAV) /Share	0.28	0.31	0.28
EPS	0.00	0.03	0.25

* *Difference in share capital is due to different exchange rates*

The company has not made any public or rights issue in the last three years. The shares of the company are not listed in any stock exchanges. The company is not under liquidation.

13. Gintor Administracion S.A. DE C.V.

Gintor Administracion S.A. DE C.V. was incorporated on September 5, 1983 under the laws of Mexico. Gintor S.A. DE C.V. was incorporated to render administrative services, marketing, purchase consulting, production and any other kind of consulting, as well as to render collection services, technical assistance and any other kind of assistance to corporations.

Registered Office

The registered office of Gintor S.A. DE C.V. is located at:

Santa Lucia No. 311, Col. Santa Cruz
Acayucan, CP 02770, Azcapotzalco, Mexico D.F.

Board of Directors

1. Mr. A. K. Kinra;
2. Mr. N.K. Maheswari

Shareholding Pattern

Name of the shareholder	Number of shares held	Per centage of holding
Tornel	19,99,999	99.99
Panchanan Investment Limited	1	Negligible
Total	20,00,000	100%

Financial performance

The summary audited financial statements of Gintor S.A. DE C.V. for the last three years are as follows:

(Figures in Rs.)

Particulars	December 31, 2007	December 31, 2006	December 31, 2005
Share Capital*	72,200	81,600	83,600
Reserves	4,10,23,683	5,28,85,919	4,75,48,700
Turnover	21,07,15,380	22,23,81,966	22,41,06,188
Profit/(Loss) after Tax	18,85,674	79,62,775	79,64,763
Net asset value (NAV)	20.55	26.48	23.82
EPS	0.94	3.98	3.98

* *Difference in share capital is due to different exchange rates*

The company has not made any public or rights issue in the last three years. The shares of the company are not listed in any stock exchanges. The company is not under liquidation.

14. Comercializadora America Universal S.A. DE C.V.

Comercializadora America Universal S.A. DE C.V. was incorporated on September 7, 1982 under the laws of Mexico. Comercializadora America Universal S.A. DE C.V. was incorporated for purchase, importation, exportation and distribution of rubber products, as well as raw materials necessary for the rubber industry.

Registered Office

The registered office of Comercializadora America Universal S.A. DE C.V. is located at:

Santa Lucia No. 311
Col. Santa Cruz
Acayucan, CP 02770
Azcapotzalco, Mexico D.F.

Board of Directors

1. Mr. A.K.Kinra; and
2. Mr. N.K. Maheswari

Shareholding Pattern

Name of the shareholder	Number of shares held	Per centage of holding
Tornel	39,99,999	99.99
Panchanan Investment Limited	1	Negligible
Total	**40,00,000**	**100%**

Financial performance

The summary audited financial statements of Comercializadora America Universal S.A. DE C.V. for the last three years are as follows:

(**Figures in Rs.**)

Particulars	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Share Capital*	1,44,400	1,63,200	1,67,200
Reserves	2,71,62,098	2,97,74,481	2,94,94,799
Turnover	Nil	Nil	Nil
Profit/(Loss) after Tax	(1,89,562)	(1,91,464)	(2,82,709)
Net asset value (NAV)	6.83	7.48	7.42
EPS	(0.05)	(0.05)	(0.07)

* *Difference in share capital is due to different exchange rates*

The company has not made any public or rights issue in the last three years. The shares of the company are not listed in any stock exchanges. The company is not under liquidation.

DIVIDEND POLICY

We have been a dividend paying company and have paid dividends in each of the last five years. The following are the dividend pay outs in the last five years by our Company:

Fiscal	Dividend per Equity Share of Rs. 10 each (Amount in Rs.)	Amount (Rs. in crore)[1]
Fiscal 2003	Rs. 2.00	8.45
Fiscal 2004	Rs. 2.00	8.47
Fiscal 2005	Rs. 2.00	8.54
Fiscal 2006	Rs. 2.50	8.78
Fiscal 2007	Rs. 2.70	9.73

(1) Including dividend tax where applicable

We do not have a formal dividend policy. Dividend amounts are determined from year to year in accordance with our Board's assessment of our earnings, cash flow, financial conditions and other factors prevailing at the time and subject to our shareholders' approval. Our Board may also from time to time pay interim dividend.

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association, we are required to have not less than three directors and not more than 18 directors. We currently have 11 directors out of which six are independent directors.

The following table sets out the current details regarding our Board as on the date of the filing of this Letter of Offer:

Name	Age (years)	Address	Other Directorships
Mr. Hari Shankar Singhania S/o. Late Lala Lakshmipat Singhania **Designation:** Chairman (Non-executive) **Occupation:** Industrialist **DIN Number**: 00051324	76	19, Prithviraj Road, New Delhi, 110 011	• JK Lakshmi Cement Limited; • JK Paper Limited; • Tanvi Commercial Private Limited; • Niyojit Properties Private Limited; • HSS Stock Holding Private Limited; • Henry F. Cockill & Sons Limited; and • Pushpawati Singhania Research Institute for Liver, Renal & Digestive Diseases
Dr. Raghupati Singhania S/o. Late Lala Lakshmipat Singhania **Designation:** Vice Chairman & Managing Director **Occupation:** Industrialist **DIN Number:** 00036129	61	40, Friends Colony (East), New Delhi, 110 065	• Fenner (India) Limited; • DCM Engineering Limited; • JK Agri Genetics Limited; • Radico Khaitan Limited; • JK Lakshmi Cement Limited; • Hari Shankar Singhania Elastomer & Tyre Research Institute; • JKI Employees Welfare Association Limited; • Niyojit Properties Private Limited; • Henry F. Cockill & Sons Limited; • RPS Securities Private Limited; • Pushpawati Singhania Research Institute for Liver, Renal & Digestive Diseases; • Radical Agro Products Private Limited; • Sunrise Hold Co Mexico, S.A. DE C.V.; • Empresas Tornel, S.A. de C.V.; and • Automotive Tyre Manufacturers' Association.
Mr. Arvind Singh Mewar S/o. Late Maharana Bhagwat Singh Mewar	63	The Palace, Udaipur 313 001	• The Lake Palace Hotels & Motels Private Limited; • Lake Palace Trade & Travels Private Limited; • The Lake Shore Palace Hotel

Name	Age (years)	Address	Other Directorships
Designation: Independent Director **Occupation:** Business **DIN Number:** 00008244			Private Limited; • Historic Resort Hotels Private Limited; • Central Office Mewar Palace Organisation Private Limited; • Chetak Exports (India) Private Limited; • Shikarbadi Hotel Private Limited; • Mewar Memorable Millennium Melodious Music Private Limited; • HRH Information Technology Private Limited; • AVA Entertainment Private Limited; • Meva Media Management Private Limited; and • Mewar Hospitality Management Solutions (India) Private Limited.
Mr. Bakul Jain **S/o.** Late Mr. Prem Chand Jain **Designation**: Independent Director **Occupation**: Business **DIN Number:** 00380256	53	'Shikar Kunj', 29A Carmichael Road, Mumbai 400 026	• DCW Limited; • Sahu Brothers (Saurashtra) Private Limited; • B.J. Holdings Private Limited; • Canvas Shoe Company (Goa) Private Limited; • Nanavati Industrial Footwear Private Limited; • D.P.B Holdings Private Limited; • Lifestyle Tradelinks India (P) Limited ; • Jain Sahubrothers Investments Private Limited; and • DCW Pigments Limited.
Mr. Govind Ballabh Pande S/o. Late Mr. C.S. Pande **Designation:** Independent Director (Representative of LIC) **Occupation:** Service **DIN Number:** 01174568	57	B-2, Jeevan Jyoti Apartments, Setalwad Lane, Napean Sea Road, Mumbai, 400 026	• Keshoram Industries Limited
Mr. Om Prakash Khaitan S/o. Late Mr. Srimohan Khaitan **Designation:** Independent Director **Occupation:** Solicitor and	64	N-12, Panchsheel Park, New Delhi 110 017	• ECE Industries Limited; • Honda Siel Power Products Limited; • Shriram Pistons and Rings Limited; • WGF Financial Services Limited;

Name	Age (years)	Address	Other Directorships
Advocate **DIN Number**:00027798			• VLCC Health Care Limited; • Sharda Motor Industries Limited; • Ilpea Paramount Limited; • Nipshell Builders Private Limited; • JKI Employees Welfare Association Limited; and • Howden Insurance Brokers India Private Limited.
Mr. V. Madhu S/o. Mr. Eacharin Vasudevan **Designation:** Independent Director Representative of KSIIDC **Occupation:** Indian Administrative Officer **DIN Number:** 01906274	56	No. 2 'A'Block, Casa Ansal Apartments, Opposite Shoppers Stop, Bennergatta Road, Bangalore 560 076	• Karnataka State Industrial Investment & Development Corporation Limited; • Karnataka Asset Management Company Private Limited; • Karnataka Trustee Co. Private Limited; • Food Karnataka Limited; • Mysore Sales International Limited; • JSW Steel Limited; • Karnataka Antibiotics & Pharmaceuticals Limited; • Vijayanagar Steel Limited; • KSIIDC- IL&FS Project Development Company Limited; • Bangalore Airport Rail Link Limited; and • The Mysore Electrical Industries Limited.
Dr. Vinayshil Gautam S/o. Acharya Devindranath Sharma **Designation:** Independent Director IDBI Nominee **Occupation:** Teaching **DIN Number:** 00037909	62	9, West Avenue, IIT, Hauz Khas, New Delhi, 110 016	• Shivam Auto Tech Limited; • Steel Authority of India Limited; • Moser Baer India Limited; • National Projects Construction Corporation Limited; and • Ginni International Limited
Mr. Bharat Hari Singhania S/o. Late Lala Lakshmipat Singhania **Designation:** Managing Director **Occupation:** Industrialist **DIN Number:** 00041156	70	19, The Greens, Rajokri, Delhi 110 038	• JK Lakshmi Cement Limited; • JK Sugar Limited; • JK Agri Genetics Limited; • Anant Design Private Limited; • Rockwood Properties Private Limited; • Tanvi Commercial Private Limited; and • Henry F. Cockill & Sons Limited
Mr. Vikrampati Singhania	42	B-16, West End, New Delhi, 110 021	• JK Agri Genetics Limited; • JK Sugar Limited;

Name	Age (years)	Address	Other Directorships
S/o. Mr. Bharat Hari Singhania **Designation:** Deputy Managing Director **Occupation:** Industrialist **DIN Number:** 00040659			• Radical Agro Products Private Limited; • The Associated Chambers of Commerce and Industry of India; and • Young President Organization.
Mr. Swaroop Chand Sethi S/o. Late Mr. Chhagan Lal Sethi **Designation:** Whole time Director **Occupation:** Service **DIN Number:** 00328990	71	58, New Rajdhani Enclave, Vikas Marg, New Delhi, 110 092	• Mayfair Finance Limited. • Bhopal Udyog Limited; • JK Agri Genetics Limited • Radial Finance Limited; • JKI Employees' Welfare Association Limited; • Hansdeep Investment Limited; • Nav Bharat Vanijya Limited; and • Hari Shankar Singhania Elastomer & Tyre Research Institute.

Details of Directors

Mr. Hari Shankar Singhania, 76 years, is our Chairman. He holds a bachelor's degree in science from Calcutta University and has nearly 55 years of experience in managing various industries including paper, cement, automotive tyres, synthetics, jute and hybrid seed industries. He has also served as the President of the International Chamber of Commerce (1993 and 1994) and also of the Federation of Indian Chambers of Commerce and Industry. He was Vice-President of the Confederation of Asia-Pacific Chambers of Commerce & Industry and Member of the Board of Commonwealth Development Corporation, United Kingdom. He has held positions as Director on a number of Boards appointed by Government of India and also in the private sector. He was conferred the prestigious national award "Padma Bhusan" by the Government of India in the year 2003 and has also been conferred with "The Royal Order of Polar Star" by his Majesty, the King of Sweden and has been named as the "Commander First Class" in recognition of his distinguished services to Sweden. Mr. Singhania is presently the chairman of JK Lakshmi Cement and JK Paper. He joined our Board on March 25, 1974 and has been the Chairman of the Board since April 27, 1974.

Dr. Raghupati Singhania, 61 years, is our Vice Chairman & Managing Director. He holds a bachelor's degree in science from the University of Calcutta and is a Fellow of the Institute of Directors, London. He has over 40 years experience in managing various industries including those engaged in the business of automotive tyres and tubes, power transmission, v-belts, conveyor belt, automotive belts, oil seals, industrial electronics, material handling systems, bulk drugs and hybrid seeds. Dr. Singhania is on the Board of Directors of various companies and is the Chairman of Fenner (India) Limited. He is also associated with a number of institutes in the field of medical research and education, besides being associated with serving trade and industrial bodies such as the CII, ASSOCHAM and CAPAXIL in various capacities. He has been conferred with an honorary doctorate in science by the Mohanlal Sukhadia University, Udaipur for his outstanding contribution in education, training and research in the field of elastomer, polymers and tyres. He is the Chairman of the Automotive Tyre Manufacturers Association and has also served as the President of the PHD Chamber of Commerce and Industry. He has been on our Board since May 29, 1967. He was appointed as our Managing Director w.e.f April 1, 1975 and was made the Vice Chairman and Managing Director on September 5, 2003.

Mr. Arvind Singh Mewar, 63 years, holds a bachelor's degree in English literature, economics and political science from Maharana Bhupal College, Udaipur. He has also studied Hotel Management from the Metropolitan College, St. Albans, UK. In recognition of his contribution for the promotion of tourism, he has been conferred the 'Agastya Award' by the Travel Agents Association of India for the year 2001. He has been an active member of the World Travel & Tourism Council. He has been advisor to the Rajiv Gandhi Tourism Development Mission and also an executive member of the Rajasthan Foundation, dedicated to the promotion of Rajasthan tourism worldwide. He is the chairman and managing director of HRH Group of Hotels, Udaipur. He is former Maharana of Udaipur and is the 76th Custodian of the House of Mewar. He joined our Board on April 7, 1975 and has been associated with our Company for over 30 years.

Mr. Bakul Jain, 53 years, is an independent Director on our Board. He holds a bachelor's degree in commerce from Sydenham College, Mumbai University and holds a master's degree in business administration from IMD Management Institute, Switzerland. He is an industrialist with over 30 years of experience. He is presently the Managing Director of DCW Limited and looks after the overall general management including strategic planning and financial functions. He is also Vice President of IMD Alumni Association of India. He joined our Board on February 22, 1989.

Mr. Govind Ballabh Pande, 57 years, is an independent Director on our Board. He is a representative of Life Insurance Corporation of India on our Board. He holds a bachelors degree in science and also a bachelors and masters degree in law from Lucknow University, Uttar Pradesh. He has over 32 years of experience in banking and insurance. At the time of joining our Board, he was the executive director (P & GS) of LIC and is presently the zonal manager (in-charge) there. He joined our Board on January 30, 2007.

Mr. Om Prakash Khaitan, 64 years, is an independent Director on our Board. He holds a bachelors degree in commerce and is also a law graduate from the Calcutta University and Attorney-at-Law (Solicitor) from Calcutta High Court. He has been practising as a solicitor and an advocate since 1967 in the field of commercial law, corporate law, industrial disputes and labour law, maritime law, insurance law, commission of inquiry, arbitration, conveyancing and foreign collaborations. He is sole proprietor of O.P. Khaitan & Co., Solicitors & Advocates. He is the recipient of Bell Chambers Gold Medal from Calcutta High Court. He joined our Board on August 30, 1974.

Mr. V. Madhu, IAS, 56 years, is an independent Director on our Board and a representative of Karnataka State Industrial Investment & Development Corporation Limited (KSIIDC) on our Board. He holds a master degree in Chemistry from the University of Kerala and also holds a MBA degree from the Southern Cross University, Lismore, New South Wales, Australia. He belongs to the Indian Administrative Services of the 1978 batch. At present, he is the managing director of KSIIDC, Bangalore. He joined our Board on July 14, 2008.

Dr. Vinayshil Gautam, 62 years, is an independent Director on our Baord. He is a nominee of Industrial Development Bank of India on our Board. Dr. Gautam holds a master's degree in arts from the Patna University and Ph.D. from the Bhagalpur University. He is also a Fellow of the Royal Asiatic Society, London. Presently, he is a professor of Management at the Indian Institute of Technology, Delhi. Dr. Gautam was the first Head of the Department of Management Studies of the Indian Institute of Technology, Delhi. Having designed and set up the comparative management research programme in Asia, he has contributed to organization management studies, entrepreneurship and start up venture efforts in the institute. He also contributed to the establishment of the Bharti School of Telecom Engineering and Management. Dr. Gautam has been a member of several policy committees of the Government. He has also been a member of a committee of the Central Vigilance Commission and the Chairman of the All India board of Management Education. He is the recipient of many national and international honors including the G-51 Millennium Award, Bharat Gaurav Award, Shiksha Rattan Puraskar, DMA Achievement Award and Fellowship of Artdo International and the Royal Asiatic Society. He joined our Board on October 1, 2002.

Mr. Bharat Hari Singhania, 70 years, is our Managing Director. He is a graduate in commerce, an industrialist with over 44 years of experience in managing various industries including cement, automotive tyres, paper, jute, synthetics, high yielding hybrid seeds and audio magnetic tapes. He has been the President of the Indian Chamber of Commerce and Chairman of the Indian Jute Mills Association. He also headed the Indian Jute Industries Research Association and has served in various government committees. He joined our Board on November 4, 1987.

Mr. Vikrampati Singhania, 42 years, is our Deputy Managing Director. He holds a master's degree in business administration from Duke University, United States of America in addition to a master's degree in commerce from the Kanpur University. He has over 15 years experience in managing various industries which include automotive tyres, pharmaceuticals, sugar, hybrid seeds and clinical research. He has been the driving force in motor sports events, brand building activities and information technology up gradation for our Group Companies. He joined our Company as an executive on April 1, 1992. He is also a member of the managing committee of Indian Sugar Mills Association and ASSOCHAM. He is a member of Expert Committee on bio-technology of CII. He joined our Board on March 14, 1994 as whole-time Director and became Deputy Managing Director on August 27, 1997.

Mr. Swaroop Chand Sethi, 71 years, is a Whole-time Director. He holds a bachelors degree in law from the Calcutta University and holds a master's degree in commerce and post graduate diploma in business administration from Calcutta University. He also holds diploma in Company Secretaries, Department of Company Affairs. He has an experience of over 49 years in various JK Group Companies and other organizations. He was the President and Chief Executive of our Company from August 1985 to November 1994. Before joining our Company, he was the Vice President of Saurashtra Chemicals, a Birla group company and prior to that he was with JK Batteries Limited. He joined our Board on November 24, 1994.

Except for Mr. Hari Shankar Singhania, Dr. Raghupati Singhania, Mr. Bharat Hari Singhania and Mr. Vikrampati Singhania who are related to each other, none of our other Directors are related to each other.

Borrowing powers of the Board of Directors

Pursuant to a resolution passed by our shareholders on December 21, 1995 and the resolution dated December 29, 1997 passed by the shareholders of erstwhile Vikrant Tyres Limited which was subsequently amalgamated with our Company, in accordance with the provisions of the Companies Act, our Board has been authorized to borrow sums of money for the purpose of our business not exceeding Rs. 1,900 crore notwithstanding that the moneys to be borrowed together with the moneys already borrowed by our Company (apart from temporary loans obtained from the bankers in the ordinary course of the business) would exceed the aggregate of the paid-up capital of our Company and its free reserves.

Details of Appointment of our Directors

Name of Director	Date of appointment	Date of shareholders resolution	Term
Mr. Hari Shankar Singhania	March 25, 1974	September 30, 1974	Liable to retire by rotation
Dr. Raghupati Sighania	May 29, 1967	October 23, 1967	Present tenure as Vice-Chairman & Managing Director - Five years with effect from October 1, 2006 until September 30, 2011

Name of Director	Date of appointment	Date of shareholders resolution	Term
Mr. Arvind Singh Mewar	April 7, 1975	July 2, 1975	Liable to retire by rotation
Mr. Bakul Jain	February 22, 1989	January 27, 1990	Liable to retire by rotation
Mr. Govind Ballabh Pande	January 30, 2007	March 28, 2007	Liable to retire by rotation
Mr. O.P. Khaitan	August 30, 1974	September 30, 1974	Liable to retire by rotation
Mr. V. Madhu	July 14, 2008	-	Liable to retire by rotation
Dr. Vinayshil Gautam	October 1, 2002	Appointed as a nominee of IDBI	Until withdrawal of the nomination by IDBI
Mr. Bharat Hari Singhania	November 4, 1987	December 21, 1987	Present tenure as Managing Director – Five years with effect from October 1, 2006 until September 30, 2011
Mr. Vikrampati Singhania	March 14, 1994	April 29, 1994	Present tenure as Deputy Managing Director – Five years with effect from April 1, 2007 until March 31, 2012
Mr. Swaroop Chand Sethi	November 24, 1994	December 21, 1995	Liable to retire by rotation Present tenure as Whole-time Director - Five years with effect from April 1, 2004

Remuneration of our Directors

The following table sets forth the details of the remuneration of our executive directors paid in Fiscal 2007.

(Rs. in crore)

Sr. No.	Name	Salary for the year (includes basic pay)	Commission for the year	Housing and Furnishing for the year	Other perquisites	Provident Fund for the year	Total income for Fiscal 2007
1.	Dr. Raghupati Singhania	0.84	2.30	0.06	0.05	0.23	**3.48**
2.	Mr. Bharat Hari Singhania	0.12	2.30	Nil	Nil	0.03	**2.46**
3.	Mr. Vikrampati Singhania	0.63	2.30	0.06	0.05	0.17	**3.21**
4.	Mr. Swaroop Chand Sethi	0.26	0.13	0.14	30,917*	0.07	**0.60**

**Figure in actuals*

Our non-executive directors are paid sitting fees of Rs. 15,000 for attending various Board meetings and Rs. 10,000 for other committee meetings. In addition to sitting fees, Rs. 0.55 crore was paid to Mr. Hari Shankar Singhania, Rs. 0.06 crore was paid to each of our non-executive Directors and Rs. 0.04 crore was paid to Mr. Arvind Narottam Lalbhai, our erstwhile Director, as commission in Fiscal 2007.

Details of terms and conditions of employment of our Directors

Our non-executive Directors are entitled to sitting fees for various Board and other committee meetings. Pursuant to the resolution of the shareholders in the AGM held on February 21, 2004, the non-executive Directors are entitled to commission up to 1% of the annual net profits of our

Company. Terms and conditions governing the appointment and remuneration of Dr. Raghupati Singhania, Mr. Bharat Hari Singhania, Mr. Vikrampati Singhania and Mr. S.C. Sethi, the Executive Directors of our Company are set forth below.

1. *Dr. Raghupati Singhania*

Dr. Raghupati Singhania is the Vice Chairman and Managing Director of our Company. The terms of appointment are enumerated in an agreement dated October 23, 2007 between our Company and Dr. Raghupati Singhania. The Remuneration Committee and the Board at their respective meetings held on January 30, 2007 approved the terms of remuneration which was subsequently approved by the shareholders in the AGM dated March 28, 2007 for the tenure commencing on October 1, 2006.

The terms and conditions governing the appointment and remuneration of Dr. Raghupati Singhania are as under:

Term	For a term of five years with effect from October 1, 2006 until September 30, 2011.
Basic salary	Rs. 0.07 crore per month with such annual increments as may be decided by the Committee of Directors in the salary range of Rs. 0.07 crore to Rs. 0.15 crore per month.
Perquisites and other benefits	Free furnished residential accommodation or house rent allowance together with gas, electricity and other amenities, car with driver, reimbursement of medical expenses incurred in India or abroad for self and family, reimbursements of expenses on servants, telephone at residence, leave travel, fees of clubs and personal accident insurance.
Performance linked incentive	As may be decided by our Board from time to time.
Commission	2% of the net profits. However, our Board may decide a higher commission.
Contribution to Provident Fund and Superanuation Fund or Annuity Fund	To the extent these contributions, singly or put together, are not taxable under the I.T. Act.
Gratuity	At the rate of 15 days salary for each completed year of service.
Others	Encashment of unavailed leave.

2. *Mr. Bharat Hari Singhania*

Mr. Bharat Hari Singhania is Managing Director of our Company. The terms of appointment are enumerated in an agreement dated October 23, 2007 between our Company and Mr. Bharat Hari Singhania. The Remuneration Committee and the Board at their respective meetings held on January 30, 2007 approved the terms of remuneration which was subsequently approved by the shareholders in the AGM dated March 28, 2007 for the tenure commencing on October 1, 2006.

The terms and conditions governing the appointment and remuneration of Mr. Bharat Hari Singhania are as under:

Term	For a term of five years with effect from October 1, 2006 until September 30, 2011.
Basic salary	Rs. 0.07 crore per month with such annual increments as may be decided by the Committee of Directors in the salary range of Rs. 0.07 crore to Rs. 0.15 crore per month.
Perquisites and other benefits	Free furnished residential accommodation or house rent allowance together with gas, electricity, water and other amenities, car with driver, reimbursement of medical expenses incurred in India or abroad for self and family, reimbursements of expenses on servants, telephone at residence, leave travel, fees of clubs and personal accident insurance.

Performance linked incentive	As may be decided by our Board from time to time.
Commission	2% of the net profits. However, our Board may decide a higher commission.
Contribution to Provident Fund and Superanuation Fund or Annuity Fund	To the extent these contributions, singly or put together, are not taxable under the I.T. Act.
Gratuity	At the rate of 15 days salary for each completed year of service.
Others	Encashment of unavailed leave.

3. *Mr. Vikrampati Singhania*

Mr. Vikrampati Singhania is Deputy Managing Director of our Company. The terms of appointment are enumerated in an agreement dated June 16, 2008 between our Company and Mr. Vikrampati Singhania. The Remuneration Committee and our Board at their respective meetings held on April 27, 2007 approved the terms of remuneration which was subsequently approved by the shareholders in the AGM held on March 26, 2008 for the tenure commencing on April 1, 2007.

The terms and conditions governing the appointment and remuneration of Mr. Vikrampati Singhania are as under:

Term	For a term of five years with effect from April 1, 2007 until March 31, 2012.
Basic salary	Rs. 0.06 crore per month with such annual increments as may be decided by the Committee of Directors in the salary range of Rs. 0.06 crore to Rs. 0.10 crore per month.
Perquisites and other benefits	Free furnished residential accommodation or house rent allowance together with gas, electricity and other amenities, car with driver, reimbursement of medical expenses incurred in India or abroad for self and family, reimbursements of expenses on servants, telephone at residence, leave travel, fees of clubs and personal accident insurance.
Performance linked incentive	As may be decided by our Board from time to time.
Commission	2% of the net profits. However, our Board may decide a higher commission.
Contribution to Provident Fund and Superanuation Fund or Annuity Fund	To the extent these contributions, singly or put together, are not taxable under the I.T. Act.
Gratuity	At the rate of 15 days salary for each completed year of service.
Others	Encashment of unavailed leave.

4. *Mr. Swaroop Chand Sethi*

Mr. Swaroop Chand Sethi is a Whole-time Director of our Company. The terms of appointment are enumerated in an agreement dated July 9, 2004 between our Company and Mr. Swaroop Chand Sethi. The Remuneration Committee and the Board at their respective meetings held on February 21, 2004 approved the terms of remuneration which was subsequently approved by the shareholders in the AGM dated February 26, 2005 for the tenure comencing on April 1, 2004.

The terms and conditions governing the appointment and remuneration of Mr. Swaroop Chand Sethi are as under:

Term	For a term of five years with effect from April 1, 2004 until March 31, 2009.
Basic salary	Rs. 0.02 crore per month with such suitable increments as may be decided by the Chairman or Vice-Chairman and Managing Director in the salary range of Rs. 0.02 crore to Rs. 0.03 crore per month.
Perquisites and other	Residential accommodation or house rent allowance together with furnishings,

benefits	gas, electricity, reimbursement of medical expenses, leave travel assistance, club fees, premium on personal accident insurance, car with driver, telephone at residence and such other perquisites as may be agreed between our Company and the appointee not exceeding one hundred percent of the annual salary.
Commission	1% of the net profits subject to a ceiling of 50% of annual salary.
Contribution to Provident Fund and Superanuation Fund or Annuity Fund	To the extent these contributions, singly or put together, are not taxable under the I.T. Act.
Gratuity	At the rate of 15 days salary for each completed year of service.
Others	Encashment of unavailed leave at the end of the tenure.

Corporate Governance

We have complied with the requirements of corporate governance contained in the equity Listing Agreement, particularly those relating to composition of Board of Directors, constitution of committees including the Audit Committee and the Shareholder / Investor Grievance Committee.

Audit Committee

The Audit Committee was constituted by our Directors at their Board meeting held on December 22, 1986. The Audit Committee at present consists of Mr. O.P. Khaitan, Chairman, Dr. Vinayshil Gautam, Mr. A.S. Mewar and Mr. S.C. Sethi.

The terms of reference of the Audit Committee include:

(a) Overseeing of our financial reporting process and the disclosure of our financial information to ensure that the financial statement is correct, sufficient and credible;

(b) Recommending to the Board, the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services;

(c) 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 the 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.

(d) Reviewing with the management, quarterly and half yearly financial statement before submission to the Board for approval, performance of statutory and internal auditors and adequacy of the internal control systems;

(e) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue and preferential issue), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to our Board to take up steps in this matter;

(f) 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;

(g) Discussing with internal auditors regarding any significant findings and follow up thereon;

(h) 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 our Board;

(i) Discussing with statutory auditors before the audit commences, about the nature and scope of the audit, as well as have post audit discussion to ascertain any area of concern;

(j) Looking into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

The Audit Committee shall have at least four meetings in a financial year and not more than four months shall elapse between two meetings. The quorum of the meetings is either one third of the total number of members or two members which ever is higher provided there is a minimum of two independent members present.

Details of last four Audit Committee meetings:

SL. No	Name of the Member	Designation	Dates of Meetings and Attendance			
			July 30, 2007	October 23, 2007	January 29, 2008	April 29, 2008
1	Mr. Om Prakash Khaitan	Chairman	Attended	Attended	Attended	Attended
2	Mr. Arvind Singh Mewar	Member	Attended	Attended	Attended	Attended
3	Dr. Vinayshil Gautam	Member	Attended	Attended	Attended	Attended
4	Mr. Swaroop Chand Sethi	Member	Attended	Attended	Attended	Attended

The major issues considered in the last four meetings of the Audit Committee included review of the follwing:

- quarterly working reports;
- significant related party transactions;
- quarterly and annual financial results;
- show cause notices issued, legal cases filed by our Company and filed against our Company during each quarters;
- internal audit reports;
- recommending appointment / reappointment of statutory auditors and tax auditors;
- cost audit report; and
- financial statements / investments and significant transaction and arrangements by subsidiary companies.

Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee was constituted by our Directors at their Board meeting held on June 19, 2001. This committee is responsible for the redressal of shareholder grievances and investor complaints such as transfer of shares and non-receipt of balance sheet/ declared dividends and to take all such steps as may be deemed necessary to effectively redress all grievances and presently consists of Dr. Vinayshil Gautam (Chairman), Mr. Om Prakash Khaitan, Mr. Swaroop Chand Sethi and Mr.Vikrampati Singhania. The committee meets as it deems fit. The quorum is two members.

Details of Shareholders/ Investors Grievance Committee:

SL.	Name of the Member	Designation	Dates of Meetings and Attendance

			July 30, 2007	October 23, 2007	January 29, 2008	April 29, 2008
1	Dr. Vinayshil Gautam	Chairman	Attended	Attended	Attended	Attended
2	Shri Om Prakash Khaitan	Member	Attended	Attended	Attended	Attended
3	Shri Vikrampati Singhania	Member	Attended	Attended	Attended	Attended
4	Shri Swaroop Chand Sethi	Member	Attended	Attended	Attended	Attended

The major issues considered in the last four meetings of the Shareholders/ Investors Grievance Committee included the follwing:

- review of grievances of investors and action taken thereon;
- review of inward/ outward correspondence with investors; and
- with the inputs of members of the committee, the process of handling of grievances has been streamlined.

Remuneration Committee

We do not have a permanent Remuneration Committee. The Remuneration Committee is constituted for approving the remuneration of the Executive Directors at the time of appointment or reappointment. The last Remuneration Committee was formed on April 27, 2007 which constituted of Mr. Arvind Singh Mewar, Dr. Vinayshil Gautam and Mr. G.B. Pande.

Shareholding of Directors in our Company

Except as provided hereunder, no other Directors hold any shares in the share capital of our Company.

Name of Directors	Number of Equity Shares (Pre-Issue)
Mr. Hari Shankar Singhania	1,13,645
Dr. Raghupati Singhania	35,099[1]
Mr. Bakul Jain	336
Mr. O.P. Khaitan	2,052
Mr. Bharat Hari Singhania	1,05,686[2]
Mr. Vikrampati Singhania	38,620[3]
Mr. Swaroop Chand Sethi	150
Total	**2,95,588**

[1] *Includes 11,250 Equity Shares held as karta of HUF*
[2] *Includes 32,062 Equity Shares held as karta of HUF and 63,562 Equity Shares held in the capacity of partner of the partnership firm Juggilal Kamlapat Lakshmipat*
[3] *Includes 31,640 Equity Shares held as karta of HUF*

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

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

O.P. Khaitan & Co., in which one of our Directors, Mr. Om Prakash Khaitan is the sole proprietor, has been paid Rs. 4,36,800, Rs. 1,45,030 and Rs. 4,69,691 for professional legal services rendered to our Company in Fiscal 2005, 2006 and 2007, respectively.

Except as stated in the section titled "Related Party Transactions" beginning on page 142 of this Letter of Offer and to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business. Further, see the section titled "Our Promoters" beginning on page 127 of this Letter of Offer.

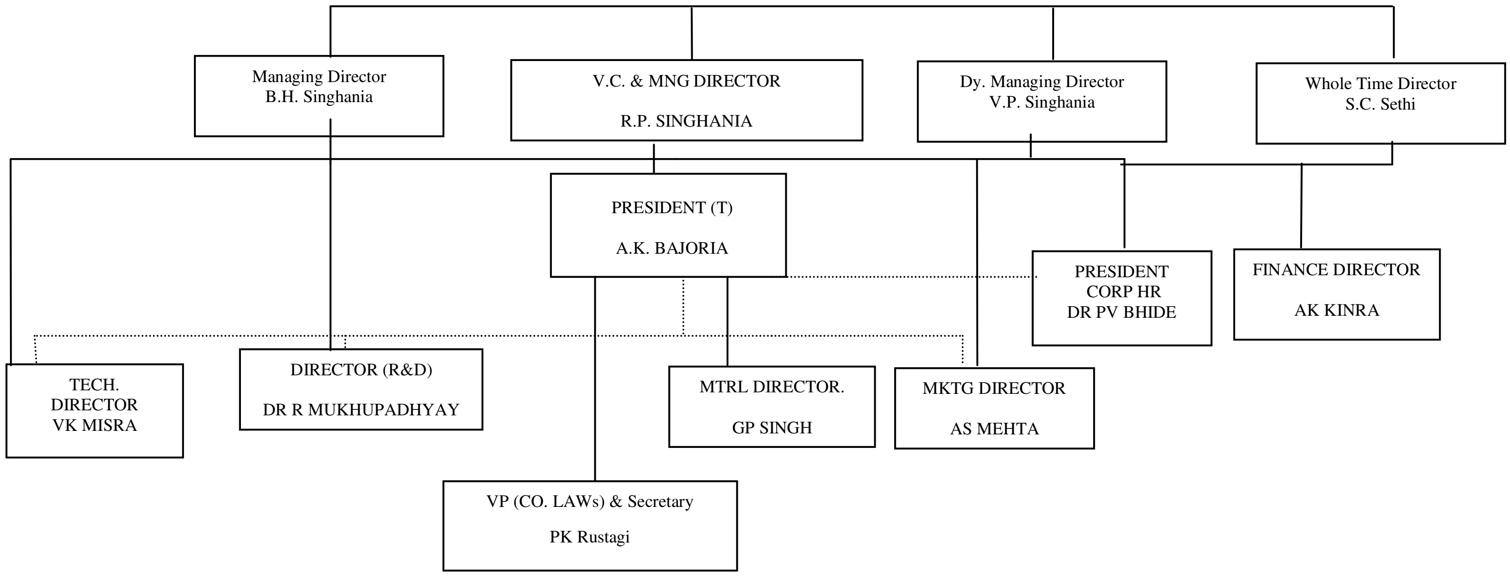
Our Directors have no interest in any property acquired by our Company two years prior to the date of this Letter of Offer.

Changes in our Board of Directors during the last three years

The changes in our Board of Directors during the last three years are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Mr. Arvind N. Lalbhai	April 7, 1975	April 21, 2007	Resignation
Mr. I.M. Vittala Murthy (Representative of KSIIDC)	December 23, 2004	July 14, 2006	Withdrawal of nomination by KSIIDC
Mr. R.K. Vashishtha (Representative of LIC)	April 29, 2005	October 26, 2006	Withdrawal of nomination by LIC
Ms. Sobha Nambisan (Representative of KSIIDC)	July 14, 2006	July 14, 2008	Withdrawal of nomination by KSIIDC
Mr. Govind Ballabh Pande (Representative of LIC)	January 30, 2007	-	Appointment
Mr. V. Madhu (Representative of KSIIDC)	July 14, 2008	-	Appointment

Our management organization structure is set forth below.



Key Managerial Personnel

The following key managerial Personnel are permanent employees of our Company:

Mr. Arun K. Bajoria, 62 years, is designated as the President (Tyres) in our Company. He holds a bachelor's degree in engineering having specialised in mechanical engineering from BITS Pilani and also holds a post graduate diploma in Advanced Management from London Business School. He has about 42 years of total work experience, out of which he has been associated with our Company for about 10 years. He has been instrumental in managing various industries and has negotiated several foreign collaborations. Prior to joining our Company, Mr. Bajoria was the Chief Executive President of Cimmco Birla Limited and the Deputy Controller of Purchase of Texmaco Limited. He joined our Company on May 30, 1997 and is in charge of the tyre division in our Company. The remuneration paid to him in Fiscal 2007 was Rs. 0.82 crore.

Mr. A.K. Kinra, 58 years, is designated as the Finance Director in our Company. He holds a bachelor's degree in commerce from Delhi University and is a Chartered Accountant by profession. He has about 35 years of total work experience, out of which he has worked in our Company for about 27 years. He has expertise in fund raising and has been instrumental in raising funds for our Company. Prior to joining our Company, Mr. Kinra was the Financial Controller of Apollo Tyres Limited. He has also worked as the Accounts Officer of Bharat Steel Tubes Limited. He joined our Company on October 1, 1980 and is in charge of the Finance Department of our Company. The remuneration paid to him in Fiscal 2007 was Rs. 0.71 crore.

Dr. P.V. Bhide, 60 years, holds the position of the President (Corporate-Human Resources) in our Company. He holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology, Mumbai and a doctorate from XLRI, Jamshedpur. He has about 37 years of total work experience, out of which he has been associated in our Company for about five years. Prior to joining our Company on July 24, 2002, Dr. Bhide was the Vice President (Human Resources) of Bombay Dyeing Limited. He has also worked in Union Carbide as the General Manager (Human Resource Division). He joined our Company on July 24, 2002 and is in charge of the Human Resource division of our Company. The remuneration paid to him in Fiscal 2007 was Rs. 0.49 crore.

Mr. V.K. Misra, 57 years, is designated as the Technical Director in our Company. He holds a bachelor's degree in science from Meerat University, Dehradun and is a Fellow of Plastic and Rubber Institute, India. He has about 34 years of total work experience out of which he has been associated in our Company for the past 21 years. He has expertise in product design, equipment design, technology and manufacturing. Prior to joining our Company, he was the Development Manager of Dunlop India Limited. He has also worked as the Deputy Manager (Technical) in Modi Rubber Limited. He joined our Company on November 9, 1986 and is in charge of the Technical division of our Company. The remuneration paid to him in Fiscal 2007 was Rs. 0.46 crore.

Dr. R. Mukhopadhyay, 59 years, holds the position of the Director (Research and Development) in our Company. He holds a degree in AMIE from the Institution of Engineers (India), a master's degree in science (Applied Chemistry) and doctorate in High Polymer Rubber Technology from the Indian Institute of Technology, Kharagpur, West Bengal. He has about 35 years of total working experience, out of which he has been associated with our Company since the past 20 years. He has expertise in tyre technology, rubber materials, compounding, rubber engineering and quality management systems. Prior to joining our Company on October 5, 1987, he was the Technical and Development Manager (Rubber Chemicals Division) of Bayer (India) Limited. He has also been a part of the Faculty at the Rubber Technology Centre, Indian Institute of Technology, Kharagpur. He is in charge of the Research and Development division of our Company. The remuneration paid to him in Fiscal 2007 was Rs. 0.45 crore.

Mr. A.S. Mehta, 48 years, holds the position of the Marketing Director in our Company. He holds a bachelor's degree in commerce, from Mohan Lal Sukhadia University, Udaipur and a degree in

Chartered Accountancy from Indian Chartered Accountants Institute, New Delhi. He has a total work experience of 25 years of which 21 years he has been associated with our Company for about 21 years with our Company. Prior to joining our Company, Mr. Mehta was the Manager (Finance) of PG Foils Limited. Prior to this, he was working as the Finance and Accounts Officer in ONGC Limited. He joined our Company on August 27, 1986 and is in charge of the Marketing and Sales division of our Company. The remuneration paid to him in Fiscal 2007 was Rs. 0.34 crore.

Mr. G.P. Singh, 60 years, holds the position of the Materials Director in our Company. He holds a bachelor's degree in technology from the Indian Institute of Technology, Kanpur. He has about 35 years of work experience out of which he has been associated with our Company for about 26 years. He is has expertise in the areas of planning and negotiations for procurement of materials. Prior to joining our Company on May 22, 1981, Mr. G.P. Singh was the Deputy Manager (Purchase) of Apollo Tyres Limited. He is in charge of the materials division of our Company. The remuneration paid to him in Fiscal 2007 was Rs. 0.28 crore.

Mr. P.K. Rustagi, 52 years, holds the position of the Vice President (Corporate Laws) and is also our Company Secretary. He holds a bachelor's degree in commerce from Kurukshetra University, ACS from ICSI, New Delhi and is an associate member of the Institute of Cost and Works Accountants of India. He has a total work experience of 29 years out of which he has been associated with our Company, for 23 years. He has expertise in the areas of company law and corporate affairs. Prior to joining our Company, Mr. Rustagi was the Deputy Company Secretary of Orissa Synthetics Limited. Prior to this, he was the Finance Officer (Project) of Straw Products Limited and Assistant Company Secretary cum Finance Executive of Jaiprakash (Jaypee) Group of Companies. He joined our Company on May 25, 1984 and is in charge of the Corporate Laws and Secretariat division of our Company. The remuneration paid to him in Fiscal 2007 was Rs. 0.18 crore.

Shareholding of the key managerial employees

Name of Key Managerial Employees	Number of Equity Shares (Pre-Issue)
Mr. Arun K. Bajoria	33
Mr. A.K. Kinra	281
Mr. V.K. Misra	112
Dr. R. Mukhopadhyay	112
Mr. G.P. Singh	112
Mr. P.K. Rustagi	27

Interest of Key Managerial Personnel

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 Equity Shares held by them in our Company, if any.

None of our Key Managerial Personnel have been paid any consideration of any nature from our Company, other than their remuneration.

Bonus or profit sharing plan for our key managerial employees

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

Changes in Key Managerial Personnel

The changes in our key managerial employees during the last three years are as follows:

Sl. No.	Name	Designation	Date of appointment as key managerial employee	Whether continuing, if not, date of cessation	Reason
1.	Mr. A.S. Mehta	Marketing Director	May 14, 2007	Continuing	Promotion

Payment or benefit to officers of our Company

Except certain statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

OUR PROMOTERS

Our Company has been promoted by four individual promoters, Mr. Hari Shankar Singhania, Mr. Bharat Hari Singhania, Dr. Raghupati Singhania, Mr. Vikrampati Singhania and one corporate promoter, Ashim Investment Company Limited.

PROMOTERS

Individual Promoters

Mr. Hari Shankar Singhania

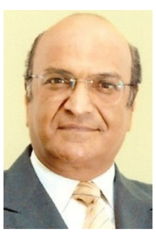
See the section titled "Our Management" on page 110 for further details.

His passport number is Z-1176471 issued by the government of India.
His voters ID number is DL/01/002/222279 and driving license number is P02042000112985.

Mr. Bharat Hari Singhania

See the section titled "Our Management" on page 110 for further details.

His passport number is E-4871830 issued by the government of India.
His voters ID number is LLZ1078591 and driving license number is P03112001291744.



Dr. Raghupati Singhania

See the section titled "Our Management" on page 110 for further details.

His passport number is F8160274 issued by the government of India.
His voters ID number is DL/02/006/156785 and driving license number is P02062005136825.

Mr. Vikrampati Singhania

See the section titled "Our Management" on page 110 for further details.

His passport number is A-8256707 issued by the government of India.
His voters ID number is KKF0662882 and driving license number is P09092005371686.

We confirm that the Permanent Account Numbers, Bank Account Numbers and Passport Numbers of our Promoters have been submitted to the BSE, CSE and NSE at the time of filing the Draft Letter of Offer with them.

Corporate Promoter

Ashim Investment Company Limited

CIN: L67120DL1975PLC116829

Ashim Investment Company Limited was incorporated as a public limited company under the Companies Act on January 25, 1975 and currently its registered office is located at Link House, 3, Bahadur Shah Zafar Marg, New Delhi 110 002.

Pursuant to the Scheme of Reconstruction, Arrangement and Demerger between JK Lakshmi and Ashim Investment Company Limited and their respective shareholders and creditors which became operative from April 1, 2005 and effective on March 31, 2006 –

(i) the pre-Scheme paid up equity share capital of Ashim Investment Company Limited of Rs. 100,000,000 divided into 10,000,000 equity shares of Rs. 10 each stood reorganized and reduced to Rs. 4,347,830 divided into 434,783 fully paid equity shares of Rs. 10 each.

(ii) 5,515,725 fully paid equity shares of Rs. 10 each and 89,161 7% cumulative redeemable preference shares of Rs. 10 each were issued and allotted to the members of JK Lakshmi.

The Scheme of Amalgamation between Ashim Investment Company Limited and its four wholly owned subsidiaries into and with Bengal & Assam Company Limited was approved by the shareholders of Ashim Investment Company Limited at the court convened meeting held on May 14, 2008. The petition for sanction of the aforesaid scheme has been filed with the High Court of Delhi on May 26, 2008.

The cumulative redeemable preference shares and equity shares of Ashim Investment Company Limited are presently listed on the BSE. While the cumulative redeemable preference shares and the equity shares of Ashim Investment Company Limited were previously also listed on the CSE, approval of the CSE for voluntary delisting of these shares was received on May 26, 2008.

Ashim Investment Company Limited is principally engaged in the business of holding and managing investments.

Shareholding pattern

The shareholding pattern of Ashim Investment Company Limited as of June 13, 2008 is as follows:

S. No	Names of the Shareholder	No of Equity Shares	% holding	No. of 7% Cumulative Preference Shares	% holding
1	Promoters	29,68,989	49.89	804	0.90
2	Banks	73,008	1.23	-	-
3	Mutual Funds and UTI	950	0.02	-	-
4	Financial Institutions	6,43,146	10.81	-	-
5	Insurance Companies	3,02,308	5.08	-	-
6.	State and Central Government Institutions	60,295	1.01	-	-
7	Foreign Institutional Investors	63	Negligible	-	-
8	Non Resident Individuals	59,400	1.00	152	0.17
9	Corporate Bodies	5,78,388	9.72	24,167	27.11
10	Resident Individuals and HUF	12,06,260	20.27	64,038	71.82
11	Trusts and Foundations	168	Negligible	-	-
12	Clearing Member	-	-	-	-
13	Overseas Corporate Bodies/ Foreign Banks	1,086	0.02	-	-
14	Foreign Nationals (Depository Receipts)	56,447	0.95	-	-

S. No	Names of the Shareholder	No of Equity Shares	% holding	No. of 7% Cumulative Preference Shares	% holding
	Total	**59,50,508**	**100.00**	**89,161**	**100.00**

Board of Directors

The board of directors of Ashim Investment Company Limited as on June 13, 2008 consists of:

1. Mr. L.R. Puri
2. Mr. S.C. Jain
3. Mr. A.K. Kinra
4. Mr. P.K. Jain
5. Mr. Deepak Kumar Rajgarhia

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Rs. in crore)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	5.95	5.95	10
Reserves	114.63	113.05	1.65
Total income	3.65	5.92	0.42
Profit after tax (PAT)	2.29	3.00	0.38
Earnings per share (EPS) (Rs).	3.83	5.04	0.39
Book value per share (Rs.)	202.64	199.98	11.65

The reserves and surplus of Ashim Investment Company Limited increased from Rs. 1,65,03,038 as on March 31, 2005 to Rs. 1,13,04,81,815 as on June 30, 2006. The increase in the reserves and surplus of Ashim Investment Company Limited is primarily on account of additions of Rs. 1,09,07,85,434 in the general reserves of Ashim Investment Company Limited pursuant to the scheme of Reconstruction, Arrangement and Demerger between JK Lakshmi Cement Limited and Ashim Investment Company Limited and their respective creditors and shareholders sanctioned by High Courts of Rajasthan (Jodhpur) and Delhi, which became effective on March 31, 2006.

Pursuant to the terms of the aforesaid scheme, the existing paid-up capital of Ashim Investment Company Limited was reorganized and reduced to Rs. 43,47,830 from Rs. 10 crore. The amount of Rs. 9,56,52,170 arising on cancellation of the equity shares was credited to the general reserve of Ashim Investment Company Limited. The excess value of the assets over the value of liabilities of JK Lakshmi Cement Limited vested in Ashim Investment Company Limited, after adjusting the value of equity shares and cumulative redeemable preference shares issued to the shareholders of JK Lakshmi Cement Limited, amounting to Rs. 99,51,33,264 was credited to the general reserve of Ashim Investment Company Limited.

Share quotation

The cumulative redeemable preference shares and the equity shares of Ashim Investment Company Limited are listed on the BSE. Though the cumulative redeemable preference shares and the equity shares of Ashim Investment Company Limited were listed on the CSE, the shares of Ashim Investment Company Limited has been delisted from the CSE on May 26, 2008. No trading has been reported on the CSE. The details of the highest and lowest price of the equity shares of Ashim Investment Company Limited on the BSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
January 2008	100.15	48.05
February 2008	80.10	48.15
March 2008	85.00	39.20
April 2008	58.95	46.10
May 2008	60.50	44.10
June 2008	52.50	35.00

Source: www.bseindia.com

The company has not made any public or rights issue in the last three years. It has not become a sick company under the meaning of SICA and is not under winding up.

Mechanism for redressal of investor grievance

The board of directors of Ashim Investment Company Limited have constituted a shareholders/investors grievance committee comprising of Mr. L.R. Puri, Mr. S.C. Jain and Mr. P.K. Jain, in accordance with clause 49 of the Listing Agreement with the Stock Exchanges to look into the redressal of complaints of investors such as transfers or credit of shares to demat accounts and non receipt of dividend/interest/annual reports. The shareholders/investors grievance committee focuses on servicing the needs of investors, analysts, brokers and the general public. Mr. Dillip Swain (Company Secretary) is the Compliance Officer. As on March 31, 2008 there were no investor grievances pending against the company.

We confirm that the Permanent Account Numbers, Bank Account Numbers, the company Registration Numbers and the addresses of the Registrars of Companies where Ashim Investment Company Limited is registered have been submitted to the BSE, NSE and CSE at the time of filing the Draft Letter of Offer with them.

Interest of our Promoters

Except as stated in "Related Party Transactions" beginning on page 142 of this Letter of Offer, and to the extent of shareholding in our Company and the remuneration received, our Promoters do not have any other interest in our business.

Our Promoters have no interest in any property acquired by us within two years from the date of filing this Letter of Offer.

Payment of benefit to our Promoters

Except as stated in the section titled "Related Party Transactions" beginning on page 142 of this Letter of Offer, there has been no payment of benefits to the Promoters during the last two years from the date of filing of this Letter of Offer.

Disassociation by the Promoters in the last three years

Name of the Company	Reasons for Disassociation	Date of Disassociation
BMF Beltings Limited	Amalgamated with Fenner (India) Limited pursuant to the Scheme of Arrangement, Demerger and Amalgamation, 2005	January 1, 2006*
Hari Shankar Singhania (HUF)	Dissolution	October 6, 2005

** Appointed date of the Scheme*

Our Promoter Group

1. Individuals forming part of ourPromoter Group:

Name	Relationship (at least with one Promoter)
Ms. Sharda Singhania	Wife of Mr. Bharat Hari Singhania
Ms. Vinita Singhania	Wife of brother of Mr. Hari Singhania
Ms. Sunanda Singhania	Wife of Dr. Raghupati. Singhania
Mr. H.P. Singhania	Son of Mr. Bharat Hari. Singhania
Ms. Swati Singhania	Wife of Mr. Vikrampati. Singhania
Mr. Anshuman Singhania	Son of brother of Mr. Hari Shankar Singhania
Mr. Shrivats Singhania	Son of brother of Mr. Hari Shankar Singhania
Ms. Durga Jain	Sister of Mr. Hari Shankar Singhania
Ms. Urmila Pittie	Sister of Mr. Hari Shankar Singhania
Ms. Usha Jhunjhunwala	Sister of Mr. Hari Shankar Singhania
Ms. Prabha Agarwal	Sister of Mr. Hari Shankar Singhania
Ms. Shubha Kanoria	Daughter of Mr. Bharat Hari Singhania
Ms. Aadyaa Singhania	Daughter of Mr. Vikrampati Singhania
Ms. Avani Singhania	Daughter of Mr. Vikrampati Singhania

2. Body corporate and other entities that form a part of our Promoter Group:

i) Mr. Shripati Singhania (HUF)
ii) Mr. Bharat Hari Singhania (HUF)
iii) Dr. Raghupati Singhania (HUF)
iv) Mr. Harsh Pati Singhania (HUF)
v) Mr. Vikrampati Singhania (HUF)
vi) Juggilal Kamlapat Lakshmipat (Firm)
vii) Habras International (Firm)
viii) Juggilal Kamlapat Udyog Limited
ix) Mayfair Finance Limited
x) Pranav Investment (M.P.) Co. Limited
xi) Sidhi Vinayak Investment Limited
xii) Terrestrial Finance Limited
xiii) Yashodhan Investment Limited
xiv) Nav Bharat Vanijya Limited
xv) BMF Investments Limited
xvi) JK Agri Genetics Limited
xvii) Fenner (India) Limited
xviii) Hidrive Finance Limited
xix) Panchanan Investment Limited
xx) Radial Finance Limited
xxi) Umang Dairies Limited
xxii) JK Paper Limited
xxiii) JK Lakshmi Cement Limited
xxiv) JK Sugar Limited
xxv) JK Pharmachem Limited
xxvi) Udaipur Cement Works Limited
xxvii) Bengal & Assam Co. Limited
xxviii) Panchmahal Properties Limited
xxix) Netflier Finco Limited
xxx) Accurate Finman Services Limited

OUR GROUP COMPANIES

The following entities form a part of our Group Companies under clause 6.10.3 of the SEBI Guidelines :

- i) Mr. Shripati Singhania (HUF)
- ii) Mr. Bharat Hari Singhania (HUF)
- iii) Dr. Raghupati Singhania (HUF)
- iv) Mr. Harsh Pati Singhania (HUF)
- v) Mr. Vikrampati Singhania (HUF)
- vi) Juggilal Kamlapat Lakshmipat (Firm)
- vii) Habras International (Firm)
- viii) Juggilal Kamlapat Udyog Limited
- ix) Mayfair Finance Limited
- x) Pranav Investment (M.P.) Company Limited
- xi) Sidhi Vinayak Investment Limited
- xii) Terrestrial Finance Limited
- xiii) Yashodhan Investment Limited
- xiv) Nav Bharat Vanijya Limited
- xv) BMF Investments Limited
- xvi) JK Agri Genetics Limited
- xvii) Fenner (India) Limited
- xviii) Hidrive Finance Limited
- xix) Panchanan Investment Limited
- xx) Radial Finance Limited
- xxi) Umang Dairies Limited
- xxii) JK Paper Limited
- xxiii) JK Lakshmi Cement Limited
- xxiv) JK Sugar Limited
- xxv) JK Pharmachem Limited
- xxvi) Udaipur Cement Works Limited
- xxvii) Bengal & Assam Company Limited
- xxviii) Panchmahal Properties Limited
- xxix) Netflier Finco Limited
- xxx) Accurate Finman Services Limited
- xxxi) Akhand Investment Private Limited
- xxxii) Crossbow Investment Private Limited
- xxxiii) Tanvi Commercial Private Limited
- xxxiv) HSS Stock Holding Private Limited
- xxxv) Anant Design Private Limited
- xxxvi) RPS Securities Private Limited
- xxxvii) Bhopal Udyog Limited
- xxxviii) Saptrishi Consultany Services Limited

Pursuant to clause 6.10.3.2 of the SEBI Guidelines, the details of our top five listed Group Companies including our Promoter Ashim Investment Company Limited, in terms of market capitalization, and details of the three Group Companies with negative net worth or losses are set forth below. The details of Ashim Investment Company Limited have been mentioned in the section titled "Our Promoters" beginning on page 127 of the Letter of Offer.

Top five listed Group Companies:

- i) JK Lakshmi Cement Limited
- ii) JK Paper Limited
- iii) JK Agri Genetics Limited

iv) Netflier Finco Limited
v) Ashim Investment Company Limited

Loss making or Group Companies with negative net worth:
i) Umang Dairies Limited
ii) Udaipur Cement Works Limited
iii) JK Pharmachem Limited

JK Lakshmi Cement Limited ("JK Lakshmi")

CIN: L74999RJ1938PLC019511

JK Lakshmi was incorporated on August 6, 1938 under the name of "Straw Products Limited" as a public limited company. Subsequently, the name was changed to "JK Corp Limited" on June 17, 1994. Further, the name of the company was changed to "JK Lakshmi Cement Limited" on October 6, 2005.

The registered office of JK Lakshmi is at Jaykaypuram, Basantgarh, District Sirohi, Rajasthan 307 019. The registered office was shifted from the State of Orissa to the State of Rajasthan on July 21, 2004. The equity shares of JK Lakshmi are listed on the BSE and the NSE.

JK Lakshmi is principally engaged in the business of manufacture and sale of cement.

Shareholding pattern

The shareholding pattern of JK Lakshmi as of June 13, 2008 is as follows:

S. No	Names of the Shareholder	No of Shares	% holding
1	Promoters	2,79,02,902	45.61
2	Banks	2,75,613	0.45
3	Mutual Funds/UTI	1,77,265	0.29
4	Financial Institutions	79,18,236	12.94
5	Insurance Companies	22,73,864	3.72
6.	State and Central Government Institutions	1,53,115	0.25
7	Foreign Institutional Investors	26,70,021	4.36
8	Non Resident Individuals	9,13,810	1.49
9	Corporate Bodies	54,13,946	8.85
10	Resident Individuals and HUF	1,29,66,781	21.20
11	Trusts	1,080	-
12	Clearing Member	-	-
13	Overseas Corporate Bodies/ Foreign Banks	4,802	0.01
14	Foreign Nationals (Depository receipts)	5,08,027	0.83
	Total	**61,179,462**	**100.00**

Board of Directors

The board of directors of JK Lakshmi as on June 13, 2008 consists of:

1. Mr. Hari Shankar Singhania
2. Mr. Bharat Hari Singhania
3. Mr. B.V. Bhargava
4. Mr. Nand Gopal Khaitan
5. Mr. V.K. Guruswamy
6. Mr. Pradip Roy
7. Dr. Raghupati Singhania

8. Mrs. Vinita Singhania
9. Mr. Sushil Kumar Wali
10. Mr. Shailendra Chouksey

Financial Performance

The summary audited financial statements for the last three years ending on March 31, 2006, 2007 and 2008 are as follows:

(Rs. in crore except per share data)

Particulars	Financial year ended March 31, 2008	Financial year ended March 31, 2007	Financial year ended March 31, 2006
Equity Capital	61.19	57.09	49.77
Reserves(excluding revaluation reserve) (Net)	573.49	331.98	129.72
Sales (Net)	1,107.66	843.83	582.48
Profit after tax (PAT)	223.67	178.11	55.45
Earnings per share - Basic (EPS) (Rs).	38.72	32.34	11.14
Book value per share (Rs.)	103.74	68.17	36.07

Share quotation

The equity shares of JK Lakshmi are listed on the BSE and the NSE. The details of the highest and lowest price on the BSE and the NSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
January 2008	217.50	111.45
February 2008	150.30	125.05
March 2008	135.90	99.50
April 2008	129.80	110.00
May 2008	120.50	101.10
June 2008	103.00	83.50

Source: www.bseindia.com

Month	Monthly High (Rs.)	Monthly Low (Rs.)
January 2008	216.90	90.00
February 2008	156.20	125.00
March 2008	135.35	99.10
April 2008	130.00	109.55
May 2008	120.90	101.20
June 2008	104.00	83.50

Source: www.nse-india.com

The company has not made any public or rights issue in the last three years. It has not become a sick company under the meaning of SICA and is not under winding up.

Mechanism for redressal of investor grievance

The Board of JK Lakshmi has constituted a shareholders/investors grievance committee comprising of Dr. Raghupati Singhania, Mr. N.G. Khaitan and Mr. Bharat Hari Singhania, in accordance with clause 49 of the Listing Agreement with the Stock Exchanges to specifically look into the redressal of complaints of investors such as transfers/transmission or credit of shares to demat accounts, non receipt of dividend/ interest/ annual reports and queries relating to the scheme of demerger. The shareholders/investors grievance committee focuses on servicing the needs of investors, analysts, brokers and the general public. Mr. B.K. Daga (Company Secretary) is the Compliance Officer. As on March 31, 2008, there was one investor grievance pending against the company.

JK Paper Limited ("JK Paper")

CIN: L21010GJ1960PLC018099

JK Paper was incorporated on July 4, 1960 under the name of "the Central Pulp Mills Limited" as a public company. Subsequently, the name was changed to "JK Paper Limited" on November 5, 2001.

The registered office of JK Paper is at Central Pulp Mills, Fort Songadh, District Tapi, 394 660 Gujarat. The registered office was shifted from the State of Maharashtra to the State of Gujarat on August 4, 1992. The equity shares of JK Paper are presently listed on the BSE and the NSE.

JK Paper is principally engaged in the business of manufacture and sale of writing and printing papers, speciality papers and packaging board.

Shareholding pattern

The shareholding pattern of JK Paper as of June 13, 2008 is as follows:

S. No	Names of the Shareholder	No of Shares	% holding
1	Promoters	3,08,99,539	39.54
2	Banks	1,00,000	0.13
3	Mutual Funds	Nil	Nil
4	Financial Institutions	77,40,000	9.90
5	Insurance Companies	34,50,903	4.41
6.	State and Central Government Institutions	Nil	Nil
7	Foreign Institutional Investors	69,98,609	8.96
8	Non Resident Individuals	17,17,386	2.20
9	Corporate Bodies	29,43,340	3.77
10	Resident Individuals and HUF	1,13,85,669	14.57
11	Trusts	1,04,14,493	13.32
12	Clearing Member	Nil	Nil
13	Overseas Corporate Bodies	25,00,000	3.20
14	Foreign Nationals	Nil	Nil
15	Custodian banks for GDRs	Nil	Nil
	Total	**7,81,49,939**	**100**

Board of Directors

The board of directors of JK Paper as on June 13, 2008 consists of:

1. Mr. Hari Shankar Singhania
2. Mr. Harshpati Singhania
3. Mr. Om Prakash Goyal
4. Mr. Arun Bharat Ram
5. Mr. Dhirendra Kumar
6. Mr. Gajanan Khaitan
7. Mr. R.V. Kanoria
8. Mr. S.K. Pathak
9. Mr. Shailendra Swarup
10. Mr. Udayan Bose

Financial Performance

The summary audited financial statements for the last three years ended on June 30, 2005, 2006 and 2007 are as follows:

(Rs. in crore except per share data)

Particulars	Financial year ended June 30, 2007	Financial year ended June 30, 2006	Financial year ended June 30, 2005
Equity Capital	78.15	78.15	55.07
Reserves (excluding revaluation reserve) (Net)	291.02	272.27	129.20
Sales (Net)	756.41	663.75	570.09
Profit after tax (PAT)	45.91	35.52	38.53
Earnings per share – Basic (EPS) (Rs).	5.85	5.35	6.53
Book value per share (Rs.)	47.24	44.84	33.46

Share quotation

The equity shares of JK Paper are presently listed on the BSE and the NSE.

The details of the highest and lowest price on the BSE and the NSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
January 2008	67.95	35.10
February 2008	43.65	36.40
March 2008	39.95	32.60
April 2008	42.25	34.50
May 2008	43.50	36.00
June 2008	40.00	33.65

Source : www.bseindia.com

Month	Monthly High (Rs.)	Monthly Low (Rs.)
January 2008	68.00	33.00
February 2008	43.70	36.10
March 2008	42.85	32.65
April 2008	45.95	34.15
May 2008	43.50	37.55
June 2008	44.90	33.70

Source: www.nse-india.com

The company has not made any public or rights issue in the last three years. It has not become a sick company under the meaning of SICA and is not under winding up.

Mechanism for redressal of investor grievance

The Board of JK Paper has reconstituted a shareholders/investors grievance committee comprising of Mr. Shailendra Swarup (Chairman), Mr. Arun Bharat Ram, Mr. Harsh Pati Singhania and Mr. O.P. Goyal, in accordance with clause 49 of the Listing Agreement with the Stock Exchanges to specifically look into the redressal of complaints of investors such as transfers or credit of shares to demat accounts and non receipt of dividend/ interest/ annual reports. Mr. S.C. Gupta (Company Secretary) is the Compliance Officer. As on March 31, 2008 there was no investor grievance pending against the company.

JK Agri Genetics Limited ("JK Agri")

CIN: L24211WB1993PLC092885

JK Agri was incorporated on May 25, 1993 as a public company with the name "JK Agro Products Limited" and subsequently the name was changed to "Roshni Agro Chemicals Limited" on January

28, 1998. The name of the company was further changed to JK Agri Genetics Limited on November 25, 2002. The registered office of the JK Agri was shifted from NCT of Delhi to the state of West Bengal on February 20, 1998.

The registered office of JK Agri is at 7, Council House Street, Kolkata 700 001. The equity shares of JK Agri are listed on the BSE and the CSE.

JK Agri is principally engaged in the business of research and development, production and marketing of hybrid seeds.

Shareholding pattern

The shareholding pattern of JK Agri as of June 13, 2008 is as follows:

S. No	Names of the Shareholder	No of Shares	% holding
1	Promoters and promoter group	14,47,071	41.27
2	Banks	300	0.01
3	Mutual Funds	405	0.01
4	Financial Institutions	1,132	0.03
5	Insurance Companies	1,49,170	4.25
6.	State and Central Government Institutions	-	-
7	Foreign Institutional Investors	1,66,407	4.75
8	Non Resident Individuals	83,485	2.38
9	Corporate Bodies	5,09,013	14.52
10	Resident Individuals and HUF	7,83,253	22.34
11	Trusts	55	Negligible
12	Clearing Member	3,303	0.09
13	Overseas Corporate Bodies	3,62,916	10.35
14	Foreign Nationals	-	-
15	Custodian banks for GDRs and ADRs	-	-
	Total	**3,506,510**	**100.00**

Board of Directors

The board of directors of JK Agri as on June 13, 2008 consists of:

1. Mr. Bharat Hari Singhania
2. Dr. Raghupati Singhania
3. Mr. Vikrampati Singhania
4. Mr. Swaroop Chand Sethi
5. Mr. J.R.C.Bhandari
6. Mr. Sanjay Kumar Khaitan
7. Mr. Sanjeev Kumar Jhunjhunwala

Financial Performance

The summary audited financial statements for the last three years ended on March 31, 2007, 2006 and 2005 are as follows:

(Rs. in crore except per share data)

Particulars	March 31, 2007	March 31, 2006	March 31, 2005
Equity Capital	3.51	3.51	3.51
Reserves	36.74	31.49	20.81
Sales (Net)	78.69	61.76	66.14
Profit after tax (PAT)	5.47	10.68	1.24
Earnings per share	15.61	30.45	3.54
Book value per share	114.78	99.81	69.36

Share quotation

The equity shares of JK Agri are listed on the BSE and the CSE. No trading has been reported on the CSE since its listing.

The details of the highest and lowest price on the BSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
January 2008	624.00	318.00
February 2008	364.00	303.00
March 2008	339.90	275.00
April 2008	325.00	267.00
May 2008	353.80	270.00
June 2008	308.90	270.25

Source: www.bseindia.com

The company has not made any public or rights issue in the last three years. It has not become a sick company under the meaning of SICA and is not under winding up.

Mechanism for redressal of investor grievance

The Board of JK Agri has constituted a shareholders/investors grievance committee comprising of Mr. Swaroop Chand Sethi, Mr. Sanjay Kumar Khaitan and Mr. Vikrampati Singhania, in accordance with clause 49 of the Listing Agreement with the Stock Exchanges to specifically look into the redressal of complaints of investors such as transfers or credit of shares to demat accounts and non receipt of dividend/ interest/ annual reports. The shareholders/investors grievance committee focuses on servicing the needs of investors, analysts, brokers and the general public. Mr. Anand Kumar Das (Company Secretary) is the Compliance Officer. As at March 31, 2008 there are no investor grievances pending against the company.

Netflier Finco Limited ("Netflier")

CIN: U72900DL2000PLC162904

Netflier was incorporated under the name "Netflier Technologies Limited" on March 9, 2000 as a public limited company. Subsequently, the name of the company was changed to "Netflier Finco Limited" with effect from January 18, 2007 and the registered office was shifted from the state of West Bengal to NCT of Delhi on April 18, 2007 pursuant to the Scheme of Arrangement and Demerger between our Company and Netflier Technologies Limited.

Prior to the aforesaid scheme, Netflier was a wholly-owned subsidiary of our Company. Pursuant to the scheme and consequent upon allotment of 1,02,64,836 equity shares of Rs. 10 each by Netflier to the shareholders of our Company, Netflier ceased to be our subsidiary.

The registered office of Netflier is at Link House 3, Bahadur Shah Zafar Marg, New Delhi 110 002. The equity shares of Netflier are listed on the BSE, the NSE and the CSE.

The board of directors of Netflier at its meeting held on October 31, 2007 has given its in-principle approval for the proposal for amalgamation of Netflier and its four wholly-owned subsidiaries with Bengal & Assam Company Limited. The proposed scheme of amalgamation was approved by the shareholders of Netflier pursuant at the court convened meeting held on May 14, 2008. The petition for sanction of the aforesaid scheme has been filed with the High Court of Delhi on May 26, 2008.

Netflier is principally engaged in the business of holding and dealing in investments.

Shareholding pattern

The shareholding pattern of Netflier as of June 13, 2008 is as follows:

S. No	Names of the Shareholders	No of Shares	% holding
1	Promoters	52,79,801	51.19
2	Banks	1,186	0.01
3	Mutual Funds	3,52,946	3.42
4	Financial Institutions	3,063	0.03
5	Insurance Companies	4,61,519	4.47
6.	State and Central Government Institutions	1,84,938	1.79
7	Foreign Institutional Investors	64,259	0.62
8	Non Resident Individuals	3,12,462	3.03
9	Corporate Bodies	7,51,657	7.29
10	Resident Individuals and HUF	20,28,637	19.67
11	Trusts	524	0.01
12	Clearing Member	1,969	0.02
13	Overseas Corporate Bodies	8,71,875	8.45
14	Foreign Nationals	-	-
15	Custodian banks for GDRs and ADRs	-	-
	Total	**1,03,14,836**	**100.00**

Board of Directors

The board of directors of Netflier as on June 13, 2008 consists of:

1. Mr. S.C. Jain
2. Mr. J.R.C. Bhandari
3. Mr. P.K. Jain
4. Mr. P.K. Rustagi
5. Mr. S.N. Tripathi
6. Mr. Sanjiv Saxena

Financial Performance

The summary audited financial statements for the last three years ended on September 30, 2006, March 31, 2005 and March 31, 2004 are as follows:

(Rs. In crore except per share data)

Particulars	Financial year ended September 30, 2006	Financial year ended March 31, 2005	Financial year ended March 31, 2004
Equity Capital	10.31	0.05	0.05
Reserves (Net)	186.48	(0.03)	(0.03)
Total income	1.69	Negligible	Negligible
Profit after tax (PAT)	1.15	-	(0.02)
Earnings per share (EPS) (Rs).	1.66	(0.01)	Negligible
Book value per share (Rs.)	190.78	4.18	4.18

Share quotation

The equity shares of Netflier are listed on the BSE, the NSE and the CSE. No trading has been reported on the CSE since its listing.

The details of the highest and lowest price on the BSE and the NSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
January 2008	68.70	37.05
February 2008	41.80	30.95
March 2008	39.50	23.50
April 2008	34.00	27.20
May 2008	33.95	27.00
June 2008	29.50	22.75

Source : www.bseindia.com

Month	Monthly High (Rs.)	Monthly Low (Rs.)
January 2008	67.00	36.50
February 2008	39.75	31.05
March 2008	38.80	22.95
April 2008	35.85	26.55
May 2008	34.80	24.10
June 2008	31.50	22.70

Source: www.nse-india.com

The company has not made any public or rights issue in the last three years. It has not become a sick company under the meaning of SICA and is not under winding up.

Mechanism for redressal of investor grievance

The Board of Netflier has constituted a shareholders/investors grievance committee comprising of Mr. S.C. Jain, Mr. J.R.C. Bhandari and Mr. P.K. Rustagi, in accordance with clause 49 of the Listing Agreement with the Stock Exchanges to specifically look into the redressal of complaints of investors such as transfers or credit of shares to demat accounts and non receipt of dividend/ interest/ annual reports. The shareholders/investors grievance committee focuses on servicing the needs of investors, analysts, brokers and the general public. Mrs. Neha Saluja (Assistant Company Secretary) is the Compliance Officer. As on March 31, 2008 there were no investor grievances pending against the company.

Sick group companies

Umang Dairies Limited ("Umang Dairies")

Financial Performance

(Rs. in crore except share data)

Particulars	Financial year ended March 31, 2007	Financial year ended March 31, 2006	Financial year ended March 31, 2005
Sales and other income	43.67	77.44	81.60
Profit/(Loss) after tax	(2.25)	(4.45)	(0.62)
Reserves and Surplus (Net)	(28.23)	(25.71)	(20.90)
Equity capital	12.00	12.00	12.00
Earnings per share (in Rs.)	(2.10)	(4.01)	(0.81)
Book value per equity share (in Rs.)	(13.52)	(11.42)	(7.41)

** Face value of the share was Rs. 10 per share.*

Udaipur Cement Works Limited

Financial Performance

(Rs. in Crore except share data)

Particulars	Financial year ended December 31, 2007	Financial year ended December 31, 2006	Financial year ended December 31, 2005 (15 months)
Sales and other income	0.05	0.02	0.26
Profit/(Loss) after tax	(7.47)	(7.79)	(10.50)
Reserves and Surplus (Net)	(220.23)	(212.76)	(204.96)
Equity capital	63.37	63.37	63.37
Earnings per share (in Rs.)	(1.18)	(1.24)	(1.66)
Book value per equity share (in Rs.)	(16.78)	(23.67)	(22.44)

** Face value of the share was Rs. 10 per share*

The Bombay Stock Exchange vide its letter dated February 4, 2003 suspended trading of the shares of Udaipur Cement Works Limited (previously known as JK Udaipur Udyog Limited) w.e.f. February 3, 2002, on account of non compliance with the provisions of the Listing Agreement including on account of non-payment of the annual listing fees.

Group companies with negative net worth

Umang Dairies Limited

Group companies under liquidation

JK Pharmachem Limited ("JK Pharmachem")

Financial Performance

As JK Pharmachem is currently under the process of liquidation, the financial statements of JK Pharmachem for the financial year ending September 30, 2007 and September 30, 2006 are not available. The audited financial results for the years ended on September 30, 2005, 2004 and 2003 are as follows:

(Rs. in crore except per share data)

Particulars	Fiscal 2005	Fiscal 2004	Fiscal 2003
Sales and other income (Net)	5.63	38.69	91.36
Profit/(Loss) after tax	(10.91)	(28.30)	(6.17)
Reserves and Surplus (Net)	(100.10)	(87.62)	(51.00)
Equity capital	62.68	62.68	62.68
Earnings per share (in Rs.)	(1.74)	(4.52)	(0.98)
Book value per Equity share (in Rs.)	(5.97)	(4.03)	1.86

The High Court of Judicature at Madras pursuant to its order dated November 20, 2006 in the company petition No. 32 of 2006 (Sukhjit Starch and Chemicals Limited v. JK Pharmachem Limited) has passed the order for winding up of the company.

Common Pursuits

We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details on the related party transactions, to the extent which our Company is involved, see the section titled "Related Party Transactions" begininng on page 142 of this Letter of Offer.

RELATED PARTY TRANSACTIONS

For details on our related party transactions, see the section titled “Financial Statements” beginning on page 143 of this Letter of Offer

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITOR'S REPORT ON FINANCIAL INFORMATION IN RELATION TO OFFER DOCUMENT

(on stand alone financial information of JK Tyre & Industries Ltd.)

To
The Board of Directors,
JK Tyre & Industries Ltd.
7, Council House Street,
Kolkata – 700001

Dear Sirs,

1) We have examined the attached financial information of JK Tyre & Industries Ltd. (as set out in Annexure 1 to 13 attached to this report) as prepared by the Company and approved by the Board of Directors of the Company, prepared in terms of the requirements of paragraph B (1) - part II of schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time (SEBI Guidelines), to the extent applicable and in terms of our engagement agreed upon with you in accordance with terms of our engagement letter in connection with the proposed Rights Issue of the Company.

2) We have also examined the financial information of the company for the period from October 1, 2007 to March 31, 2008 prepared and approved by the management for the purpose of disclosure in the offer document of the company mentioned in paragraph (1) above.

   The financial information for the above period was examined to the extent practicable, for the purpose of audit of financial information in accordance with the Auditing and Assurance standards issued by the Institute of Chartered Accountant of India. Those standards require that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatements.

   Based on the above, we report that, in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been accordingly used in the financial information appropriately.

3)

   3.1 We have examined the attached Restated Summary Statement of Assets and Liabilities of the Company as at March 31, 2008, September 30, 2007, 2006, 2005, 2004, 2003 (Annexure 2); Restated Summary Statement of Profit or Loss of the Company for the six months ended March 31, 2008, for the year ended September 30, 2007, 2006, 2005, 2004, 2003 (Annexure 1) and Restated Summary Statement of Cash Flows of the Company for the six months ended March 31, 2008, for the year ended September 30, 2007, 2006, 2005, 2004, 2003 (Annexure 3) together with Significant Accounting Policies as at March 31, 2008 and selected Notes to the Restated Summary Statements set out in Annexure 5,6,7, 7(A) & 4 respectively.

   These Restated Summary Statements have been extracted by the management from the financial statements of the company for the respective periods all of which have been audited by us, approved by the Board of Directors of the company and adopted by the members of the company, other than the accounts for six months ended March 31, 2008, which have been approved only by an officer of the company.

3.2 Based on our examination of these Summary Statements, we confirm that:

(a) The accounting policies applied as at March 31, 2008 and for the six months period then ended and also for each of the years ended September 30, 2007, 2006, 2005, 2004, 2003 are materially consistent based on the Accounting Standards then existing. Accordingly, no adjustments on account of changes in accounting policies have been made to the audited financial statements for years presented, and adjustments duly made vide note No. 3 (b) of Annexure 6.

(b) There are no material adjustments relating to previous year, which needs to be adjusted in the financial information in the period to which they relate.

(c) There are no extra ordinary items which needs to be disclosed separately in the financial information.

(d) There are no qualification in the auditor's report, which require any adjustment to the financial information other than as referred to in Note Nos. 1 & 2 of Annexure 7(A), effect of which could not be determined; on incorporating adjustments duly made vide note No. 5 of Annexure 6.

3.3 We have also examined the following other financial information setout in Annexure prepared by the management and approved by the Board of Directors relating to the Company for the six months ended March 31, 2008, for the year ended September 30, 2007, 2006, 2005, 2004, 2003:

(i) Statement of Dividend paid/proposed included in Annexure 10
(ii) Statement of Accounting Ratios included in Annexure 9
(iii) Statement of Capitalisation as at March 31, 2008 Included in Annexure 11
(iv) Statement of outstanding Secured and Unsecured Loans as at March 31, 2008 included in Annexure 12 respectively
(v) Statement of Other Income included in Annexure 8
(vi) Statement of Tax Shelter included in Annexure 13.

4) In our opinion the financial information of the company, as attached to this report, as mentioned in paragraph 3 above, prepared by the company after making adjustments and regrouping as considered appropriate have been prepared in accordance with Paragraph B(1)-Part II of Schedule II of the Act and the DIP Guidelines as amended from time to time subject to and read with other notes.

5) This report should not, in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us for the respective years nor should this report be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed Right Issue of the Company and is not to be used, relied upon, referred to or distributed for any other purpose without our prior written consent.

For Lodha & Co.,
Chartered Accountants

(N.K Lodha)
Partner
Membership Number: 85155

Place: New Delhi
Date: June 23, 2008

ANNEXURE-1

SUMMARY STATEMENT OF PROFIT & LOSS - RESTATED

Rs. In Crore (10 Million)

	Six months ended March 31st, 2008	**Year ended September 30th, 2007**	**Year ended September 30th, 2006**	**Year ended September 30th, 2005**	**Year ended September 30th, 2004**	**Year ended September 30th, 2003**
Income						
Gross Sales :						
- Of Products Manufactured By The Company	1739.27	3168.77	2923.78	2355.25	2206.69	1986.77
- Of Products Traded By The Company	26.31	26.94	28.91	28.57	30.81	31.76
Total	1765.58	3195.71	2952.69	2383.82	2237.50	2018.53
Less : Excise Duty	210.87	379.55	343.48	304.74	334.51	338.32
Net Sales	1554.71	2816.16	2609.21	2079.08	1902.99	1680.21
Other Income	6.53	10.50	17.61	16.44	20.37	58.81
Increase / (Decrease) In Finished Goods	(34.47)	93.13	92.16	22.32	(55.52)	30.50
Total Income	**1526.77**	**2919.79**	**2718.98**	**2117.84**	**1867.84**	**1769.52**
Expenditure						
Raw Material Consumed	974.37	1943.66	1886.31	1392.12	1157.78	1038.16
Staff Cost	95.23	176.72	155.70	142.66	138.84	125.86
Other Manufacturing Expenses	146.74	258.88	264.01	219.18	189.99	183.45
Selling And Distribution Expenses	111.70	197.40	179.18	169.54	164.86	161.39
Administration And Other Expenses	39.50	77.90	64.90	62.80	60.36	63.78
Interest	47.80	89.04	76.15	64.45	78.19	98.70
Total Expenditure	**1415.34**	**2743.60**	**2626.25**	**2050.75**	**1790.02**	**1671.34**
Profit Before Depreciation & Tax	**111.43**	**176.19**	**92.73**	**67.09**	**77.82**	**98.18**
Depreciation	50.38	101.33	97.50	90.22	88.00	85.85
Transfer From Capital Reserve	(11.73)	(25.89)	(26.57)	(26.57)	(26.66)	(26.72)
Exceptional Item:						
-Additional Excise Duty For Earlier Years (Refer: Note 5 Of Annexure :6)	**-**	**-**	**-**	**-**	36.70	-
Profit Before Tax	**72.78**	**100.75**	**21.80**	**3.44**	**(20.22)**	**39.05**
Provision For Current Tax	12.42	7.54	0.47	-	-	0.90
Mat Credit Entitlement	(2.56)	(7.54)	(0.47)	-	-	-
Deferred Tax / (Deferred Tax Credit)	17.43	31.15	1.44	(1.09)	(9.14)	16.06
Provision For Fringe Benefit Tax	1.70	2.87	3.31	1.20	-	-
Profit After Tax	**43.79**	**66.73**	**17.05**	**3.33**	**(11.08)**	**22.09**
Tax Adjustment For Earlier Years	-	-	-	(0.28)	-	1.25
Debenture Redemption Reserve No Longer Required	-	5.25	3.35	1.01	0.45	0.45
Surplus From Previous Year	(11.59)	(8.82)	4.83	17.05	43.01	33.21
Profit Available For Appropriation	32.20	**63.16**	**25.23**	**21.11**	**32.38**	**57.00**
Appropriations						
Debenture Redemption	-	5.02	5.27	5.99	5.36	3.04

	Six months ended March 31st, 2008	Year ended September 30th, 2007	Year ended September 30th, 2006	Year ended September 30th, 2005	Year ended September 30th, 2004	Year ended September 30th, 2003
Reserve						
General Reserve	-	60.00	20.00	1.75	1.50	2.50
Dividends	-	8.32	7.70	7.49	7.49	7.49
Corporate Dividend Tax	-	1.41	1.08	1.05	0.98	0.96
Surplus Carried To Balance Sheet	32.20	(11.59)	(8.82)	4.83	17.05	43.01
	32.20	**63.16**	**25.23**	**21.11**	**32.38**	**57.00**

Notes :-

The Above information should be read with significant accounting policies appearing in Annexure 5, together with notes to the Summary Statement of Profit & Losses and Assets and Liabilities, as restated, appearing in Annexure 6 & 7**.**

ANNEXURE-2

SUMMARY STATEMENT OF ASSETS AND LIABILITIES - RESTATED

Rs. In Crore (10 Million)

		As at March 31, 2008	**As at September 30, 2007**	**2006**	**2005**	**2004**	**2003**
A	**Fixed Assets :**						
	Gross Block	2170.44	2156.07	2084.22	1938.72	1884.26	1855.63
	Less : Depreciation	1007.16	957.27	860.03	764.74	677.15	590.80
	Net Block	1163.28	1198.80	1224.19	1173.98	1207.11	1264.83
	Less : Revaluation Reserve	154.22	165.95	191.84	403.44	430.21	457.03
	Net Block After Adjustment Of Revaluation Reserve	1009.06	1032.85	1032.35	770.54	776.90	807.80
	Capital Work In Progress	32.01	20.34	22.51	61.63	16.43	7.02
	Total Fixed Assets	**1041.07**	**1053.19**	**1054.86**	**832.17**	**793.33**	**814.82**
B	**Investments**	**63.61**	**62.60**	**61.46**	**250.04**	**252.26**	**252.02**
C	**Current Assets, Loans And Advances**						
	Inventories	519.61	502.85	368.59	244.03	178.17	211.31
	Sundry Debtors	447.10	435.52	477.89	411.79	449.52	412.59
	Cash And Bank Balances	40.23	29.22	39.32	36.11	38.23	25.32
	Loans And Advances	159.27	132.34	127.54	120.52	108.75	136.30
	Other Current Assets	0.37	0.25	0.18	0.38	1.63	0.84
	Total Current Assets, Loans And Advances	**1166.58**	**1100.18**	**1013.52**	**812.83**	**776.30**	**786.36**
D	**Total Assets (A+B+C)**	**2271.26**	**2215.97**	**2129.84**	**1895.04**	**1821.89**	**1853.20**
E	**Liabilities And Provisions**						
	Secured Loans	676.12	686.82	724.77	671.28	656.51	738.19
	Unsecured Loans	286.11	228.13	219.10	159.22	94.16	99.87
	Deferred Tax Liabilities	122.75	105.32	74.17	72.73	73.82	82.96
	Current Liabilities And Provisions	787.56	835.95	796.86	701.37	685.86	585.41
	Total Liabilities And Provisions	**1872.54**	**1856.22**	**1814.90**	**1604.60**	**1510.35**	**1506.43**
F	**Net Worth (D-E)**	**398.72**	**359.75**	**314.94**	**290.44**	**311.54**	**346.77**
	Represented By :-						
	1) Equity Share Capital	**30.79**	**30.79**	**30.79**	**37.46**	**37.46**	**37.46**
	2) Reserves	529.67	503.13	485.15	669.36	719.71	780.75
	Less : Revaluation Reserve	(154.22)	(165.95)	(191.84)	(403.44)	(430.21)	(457.03)
	LESS : MISCELLANEOUS EXPENDITURE (To The Extent Not Written off Or Adjusted)	(7.52)	(8.22)	(9.16)	(12.94)	(15.42)	(14.41)
	RESERVES (Net Of Revaluation Reserve And Misc. Expenditures)	**367.93**	**328.96**	**284.15**	**252.98**	**274.08**	**309.31**
	Net Worth	**398.72**	**359.75**	**314.94**	**290.44**	**311.54**	**346.77**

Notes :-

The Above information should be read with significant accounting policies appearing in Annexure 5, together with notes to the Summary Statement of Profit & Losses and Assets and Liabilities, as restated, appearing in Annexure 6 & 7.

ANNEXURE – 3

SUMMARY STATEMENT OF CASH FLOW - RESTATED

Rs. In Crore (10 Million)

		Six months ended March 31st, 2008	Year ended September, 30th,2007	Year ended September 30th, 2006	Year ended September 30th, 2005	Year ended September 30th, 2004	Year ended September 30th, 2003
A	**CASH FLOW FROM OPERATING ACTIVITIES**						
	Net profit before tax and extra-ordinary items	72.78	100.75	21.80	3.44	(20.22)	39.05
	Adjustment For:						
	Depreciation	50.38	101.33	97.50	90.22	88.00	85.85
	Transferred from capital reserve	(11.73)	(25.89)	(26.57)	(26.57)	(26.66)	(26.72)
	Interest Expenses	49.12	91.10	79.06	66.77	84.84	101.00
	(Profit)/Loss on sale of assets	(0.02)	0.37	(0.01)	(0.41)	0.06	0.37
	Deferred revenue expenditure written off	1.69	4.35	5.68	5.70	5.21	4.75
	(Profit)/Loss on sale of Investment	-	0.01	(5.44)	(7.46)	0.04	-
	Foreign Exchange Fluctuation	(0.97)	(3.04)	(0.41)	2.63	1.76	1.33
	Reversal of Provision for Diminution in value of Investments *(Rs.5000)	-	*	(0.05)	(0.06)	(0.03)	(0.05)
	Interest / Dividend Received	(1.46)	(2.39)	(3.28)	(4.93)	(10.32)	(4.47)
	Provision for Doubtful Debts/Advances and Balances written off	0.20	0.50	0.30	0.19	0.27	0.46
	Operating Profit before working capital changes	**159.99**	**267.09**	**168.58**	**129.52**	**122.95**	**201.57**
	(Increase)/Decrease in Trade and Other Receivables	(25.87)	49.79	(70.46)	29.35	(22.86)	(61.04)
	(Increase)/Decrease in Inventories	(16.76)	(134.26)	(124.56)	(65.86)	33.14	(24.24)
	Increase/(Decrease) in Trade Payables	(64.22)	26.12	79.12	(3.22)	81.91	37.91
	Cash generated from Operations	53.14	208.74	52.68	89.79	215.14	154.20
	Deferred revenue expenditure	(0.99)	(3.41)	(1.90)	(3.22)	(6.22)	(3.22)
	Direct taxes (net)	(9.75)	(10.32)	(5.14)	(0.67)	6.65	(0.40)
	Cash flow before extra ordinary items	42.40	195.01	45.64	85.90	215.57	150.58
	Extra ordinary items	-	-	-	-	-	-
	Net Cash from operating activities	**42.40**	**195.01**	**45.64**	**85.90**	**215.57**	**150.58**
B	**CASH FLOW FROM INVESTING ACTIVITIES :**						
	Purchase of Fixed Assets	(27.20)	(76.93)	(114.22)	(102.50)	(41.34)	(47.72)
	Sale of Fixed Assets	0.69	2.06	1.77	2.13	1.23	2.60
	Movement of Loans &	-	-	1.00	2.72	5.95	1.85

		Six months ended March 31st, 2008	Year ended September, 30th,2007	Year ended September 30th, 2006	Year ended September 30th, 2005	Year ended September 30th, 2004	Year ended September 30th, 2003
	Advances						
	Purchase of Investments	(1.01)	(1.69)	(1.40)	(0.02)	(1.00)	(0.52)
	Sale of Investments	-	0.54	7.27	9.25	0.76	1.18
	Interest Received	1.34	2.32	4.02	4.28	6.68	3.59
	Dividend Received	-	-	-	1.82	0.95	1.25
	Net Cash used in Investing activities	**(26.18)**	**(73.70)**	**(101.56)**	**(82.32)**	**(26.77)**	**(37.77)**
C	**CASH FLOW FROM FINANCING ACTIVITIES :**						
	Equity share Capital	-	-	37.80	-	-	-
	Proceeds from borrowings	149.54	145.76	246.13	204.10	90.12	103.91
	Repayment of borrowings	(102.33)	(174.87)	(132.85)	(130.14)	(178.19)	(125.15)
	Interest Paid	(50.96)	(93.44)	(83.39)	(71.21)	(79.34)	(102.70)
	Dividend paid (including dividend tax)	(1.46)	(8.86)	(8.56)	(8.45)	(8.48)	(3.41)
	Net cash used in financing activities	**(5.21)**	**(131.41)**	**59.13**	**(5.70)**	**(175.89)**	**(127.35)**
	Net increase in cash and cash equivalents	11.01	(10.10)	3.21	(2.12)	12.91	(14.54)
	Cash and Cash Equivalent as at the beginning of the year	29.22	39.32	36.11	38.23	25.32	39.86
	Cash and Cash equivalents as at the end of the year / Period	**40.23**	**29.22**	**39.32**	**36.11**	**38.23**	**25.32**

Notes:

1.	Cash and cash Equivalents Include:						
	- Cash, Cheques in hand and Remittances in transit	16.11	18.87	26.79	20.54	15.55	7.01
	- Balances with Schedule Banks	24.12	10.35	12.53	15.57	22.68	18.31
	Total	**40.23**	**29.22**	**39.32**	**36.11**	**38.23**	**25.32**

2. The Above information should be read with significant accounting policies appearing in Annexure 5, together with notes to the Summary Statement of Profit & Losses and Assets and Liabilities, as restated, appearing in Annexure 6 & 7.

ANNEXURE - 4

1) Reconciliation of Profit, Reserves and Surplus Surplus&, Deferred Tax (Assets) / Liabilities (Net) & Current Liabilities & Provisions

Rs. In Crore (10 Million)

	For Six month ended March 31,	For the year ended September 30,				
	2008	**2007**	**2006**	**2005**	**2004**	**2003**
a) Audited Profit before Tax	72.78	100.75	21.80	3.44	16.48	39.05
Less: Additional Excise duty (AED) for earlier years	-	-	-	-	36.70	-
Profit before Tax as restated	72.78	100.75	21.80	3.44	(20.22)	39.05
b) Audited Profit after Tax	43.79	66.73	17.05	16.76	12.19	22.09
Less: Additional Excise duty for earlier years	-	-	-	-	36.70	-
Add / (Less) Impact on Deferred Tax due to adjustment of AED for earlier years	-	-	-	(13.43)	13.43	-
Profit / (Loss) after Tax as restated	43.79	66.73	17.05	3.33	(11.08)	22.09
c) Audited Surplus carried to Balance Sheet	68.90	25.11	27.88	41.53	40.32	43.01
Less: Additional Excise duty for earlier years	36.70	36.70	36.70	36.70	36.70	-
Add / (Less) Impact on Deferred Tax due to adjustment of AED for earlier years	-	-	-	-	13.43	-
Surplus carried to Balance Sheet as retated	32.20	(11.59)	(8.82)	4.83	17.05	43.01
d). Audited Reserves & Surplus	529.67	503.13	560.93	745.14	818.76	856.53
Less : Deferred Tax Liability (net) for transitional Period upto 31st March, 2001	-	-	75.78	75.78	75.78	75.78
Less: Additional Excise duty for earlier years	-	-	-	-	36.70	-
Add: Impact on Deferred Tax due to adjustment of AED for earlier years	-	-	-	-	13.43	-
Reserves & Surplus as restated	529.67	503.13	485.15	669.36	719.71	780.75
e) Audited Deferred Tax (Assets)/ Liabilities (net)	122.75	105.32	(1.61)	(3.05)	11.47	7.18
Add: Deferred Tax Liability (net) for transitional Period upto 31st March, 2001	-	-	75.78	75.78	75.78	75.78
Less: Impact on Deferred Tax due to adjustment of AED for earlier years	-	-	-	-	13.43	-
Deferred Tax Liabilities (net) as restated	122.75	105.32	74.17	72.73	73.82	82.96
f) Audited Current Liabilities & Provisions	787.56	835.95	796.86	701.37	649.16	584.41
Add: Additional Excise duty for earlier years	-	-	-	-	36.70	-
Current Liabilities & Provisions as restated	787.56	835.95	796.86	701.37	685.86	584.41

2. Details of Investments are as follows :-

LONG-TERM INVESTMENTS (Other than trade)

Rs. In Crore (10 Million)

	As at March 31, 2008	As at September 30, 2007	2006	2005	2004	2003
Investement in Shares of Body Corporates						
Equity	2.96	1.95	1.37	142.80	128.31	128.31
Preference	14.61	14.61	13.50	60.25	61.75	61.75
Bonds	45.79	45.79	46.34	46.79	62.07	61.86
Mutual Funds	0.25	0.25	0.25	0.20	0.13	0.10
Government and Trust Securities*						
TOTAL	63.61	62.60	61.46	250.04	252.26	252.02
Quoted :						
Cost	1.06	0.05	0.00	33.57	19.08	19.08
Market Value	1.19	0.31	0.09	72.82	36.12	39.11
Unquoted :						
Cost	62.55	62.55	61.46	216.47	233.18	232.94

*As at 31.03.2008: Rs.12000; 30.09.2007: Rs. 12000; 30.09.2006: Rs.18500; 30.09.2005:Rs.18500; 30.09.2004: Rs.20500; 30.09.2003: Rs.38500.

3. Details of Loans (Secured & Unsecured) are as follows:

Rs. In Crore (10 Million)

	As at March 31, 2008	As at September 30, 2007	2006	2005	2004	2003
Secured Loans :						
Zero Coupon Non-Convertible Debentures	57.76	74.22	95.22	108.63	104.79	64.83
15% Non - Convertible Debentures	-	-	-	-	-	1.80
Term Loans :						
Financial Institutions	30.09	39.96	53.92	66.63	86.09	249.46
Banks	208.80	211.24	221.54	215.93	214.75	85.24
Other Loans from Banks	308.52	290.45	271.59	189.18	154.91	236.49
Deferred Sales Tax	70.95	70.95	82.50	90.91	95.97	100.37
	676.12	686.82	724.77	671.28	656.51	738.19
Unsecured Loans :						
Non Convertible Debentures	-	20.00	-	-	-	-
Fixed Deposits	44.69	44.24	47.13	58.58	66.98	71.86
Deferred Sales Tax	44.87	40.66	29.78	13.20	5.88	2.85
Others	0.25	0.58	2.46	4.50	-	15.16
Short Term Loans - Banks	190.30	110.65	139.73	82.19	21.30	-
- Subsidiary Company	-	-	-	0.75	-	-
- Others	6.00	12.00	-	-	-	10.00
	286.11	228.13	219.10	159.22	94.16	99.87

Note: The details of principle terms and conditions of secured loans and unsecured loans outstanding as at March 31, 2008 are disclosed in Annexure 12.

4.

A. **Details of Sundry Debtors are as follows :-**

Rs. In Crore (10 Million)

	As at March 31, 2008	**As at September 30,**				
		2007	**2006**	**2005**	**2004**	**2003**
Debtors (unsecured, considered goods) :						
(I) Debts over six months	18.19	11.76	14.35	18.24	16.51	19.84
(II) Other Debts	432.03	426.68	467.44	397.68	437.03	396.62
Total	450.22	438.44	481.79	415.92	453.54	416.46
Less: Provision for doubtful debts	3.12	2.92	3.90	4.13	4.02	3.87
Net Debtors	**447.10**	**435.52**	**477.89**	**411.79**	**449.52**	**412.59**

B. **Details of Loans and Advances are as follows:**

Rs. In Crore (10 Million)

	As at March 31,	**As at September 30,**				
	2008	**2007**	**2006**	**2005**	**2004**	**2003**
Secured Loans						
Promoter Group	1.52	1.52	1.52	0.02	-	-
Others	-	-	-	1.50	-	-
TOTAL - A	1.52	1.52	1.52	1.52	-	-
Unsecured Loans						
Promoter Group	6.60	6.60	6.60	9.10	9.57	2.79
Others	-	-	-	-	2.25	4.38
TOTAL - B	6.60	6.60	6.60	9.10	11.82	7.17
Advances recoverable in cash or in kind or value to be received	101.09	86.63	97.69	94.73	82.30	99.76
Deposit with Government Authorities and Others	12.30	12.14	10.96	10.08	9.94	15.53
Fringe Benefit Tax Advance Payment	5.87	3.97	3.47	0.34	-	-
Mat Credit Entitlement	10.57	8.01	0.47	-	-	-
Income Tax Advance Payments	21.64	13.79	7.15	5.07	5.01	14.18
TOTAL - C	151.47	124.54	119.74	110.22	97.25	129.47
TOTAL (D= A+B+C)	159.59	132.66	127.86	120.84	109.07	136.64
Less: Provision for doubtful advances	0.32	0.32	0.32	0.32	0.32	0.34
TOTAL LOANS & ADVANCES	159.27	132.34	127.54	120.52	108.75	136.30

5. Details of Other Current Assets :

Rs. In Crore (10 Million)

	As at March 31, 2008	**As at September 30,**				
		2007	**2006**	**2005**	**2004**	**2003**
Interest Accrued on Investments	0.37	0.25	0.18	0.38	1.63	0.84

6. Details of Current Liabilities and Provisions:

Rs. In Crore (10 Million)

	As at March 31, 2008	**As at September 30,**				
		2007	**2006**	**2005**	**2004**	**2003**
A) Current Liabilities:						
Acceptances	13.65	10.93	7.12	8.76	36.36	49.56
Sundry Creditors	498.24	581.69	549.45	459.84	420.66	347.56
Investor Education and Protection Fund	10.17	1.97	2.26	2.11	1.89	1.35
Other Liabilities	219.99	199.47	204.27	195.67	193.45	159.84
Interest accrued but not due on loans	4.15	5.99	6.17	8.75	12.08	6.14
Total (A)	746.20	800.05	769.27	675.13	664.44	564.45
B) Provisions:						
Provision for Retirement Benefits	14.20	13.13	13.00	15.74	12.19	9.22
Provision for Taxation	21.26	8.84	1.30	0.76	0.76	3.29
Fringe Benefit Tax	5.90	4.20	4.51	1.20	-	-
Proposed Dividend	-	8.32	7.70	7.49	7.49	7.49
Provision for Corporate Dividend Tax	-	1.41	1.08	1.05	0.98	0.96
Total (B)	41.36	35.90	27.59	26.24	21.42	20.96
Total (A) + (B)	787.56	835.95	796.86	701.37	685.86	585.41

ANNEXURE - 5

SIGNIFICANT ACCOUNTING POLICIES

1. Accounts are maintained on accrual basis. Claims/Refunds not ascertainable with reasonable certainty are accounted for on settlement basis.

2. Fixed assets are stated at cost adjusted by revaluation of certain assets.

3. Expenditure during construction / erection period is included under capital work in progress and is allocated to the respective fixed assets on completion of construction / erection.

4 a) Depreciation on fixed assets is calculated on straight line method. Depreciation on the assets purchased prior to 2nd April 1987 is provided at the rates in force at the time of respective additions to the assets and on the assets purchased on or after 2nd April 1987 on the basis of Schedule XIV of the Companies Act, 1956. Continuous process Plants as defined in Schedule XIV have been considered on technical evaluation.

b) Leasehold Land is being amortised over the lease period.

c) Depreciation on the increased amount of assets due to revaluation is computed on the basis of residual life of the assets as estimated by the valuer on straight line method.

5. Assets and liabilities related to foreign currency transactions are translated at exchange rate prevailing at the end of the year and all exchange gains/ losses adjusted to the Profit and Loss Account. Non Monetary Foreign Currency items are stated at cost. Premium in respect of forward contracts is recognised over the life of contract.

6. 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. The Current Investments are stated at lower of cost or quoted / fair value computed category-wise.

7. Inventories are valued at lower of cost and net realisable value. The cost is computed on weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

8. Revenue Expenditure on Research and Development is charged to Profit & Loss Account and Capital Expenditure is added to Fixed Assets.

9. Borrowing Cost is charged to Profit & Loss Account except cost of borrowings for acquisition of qualifying assets which is capitalised till the date of commercial use of the asset.

10. Employee Benefits:

i. Defined-contribution plans

Contributions to the employees' provident fund, superannuation fund and Employees' State Insurance are recognized as defined contribution plan and charged as expenses during the period in which the employees perform the services.

ii. Defined-benefit plans

Retirement benefit in form of gratuity, and Leave Encashment and PF (Funded) are considered as defined benefit plan and determined on actuarial valuation using the Projected Unit Credit Method at the balance sheet date. Actuarial Gains and Losses are recognized immediately in the Profit and Loss Account.

iii. Short term employee benefits

Short term benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

11. Expenditure incurred upto 30.9.2003 against which benefit is expected to flow into future periods is treated as Deferred Revenue Expenditure and charged to Revenue Account over the expected duration

of benefit. Compensation paid to employees under voluntary retirement scheme is treated as Deferred Revenue Expenditure and is amortised over a period of 5 years.

12. Export incentives and other benefits are recognised in the Profit & Loss Account. Project subsidy is credited to Capital Reserve.

13. Current Tax is the amount of tax payable on the estimated taxable income for the current year as per the provisions of Income Tax Act 1961. Deferred Tax is recognised for timing differences. However, Deferred Tax Asset is recognised on the basis of reasonable / virtual certainty that sufficient future taxable income will be available against which the same can be realised.

14. Intangible Assets are being recognised if the future economic benefits attributable to the assets are expected to flow to the company and the cost of the asset can be measured reliably. The same are being amortised over the expected duration of benefits.

15. The Financial Statements, as restated, have been prepared in accordance with applicable Accounting Standards then existing.

ANNEXURE-6

Notes to the summary Statement of Assets and Liabilities - Restated and Summary Statement of Profit & Losses - Restated for the Six Month ended March 31, 2008 and for each of the year ended 30th September 2007, 2006,2005,2004 & 2003.

1. Estimated amount of contracts remaining to be executed on capital account and not provided for are as under:

Rs. In Crore (10 Million)

	As at March 31, 2008	As at September 30,				
		2007	2006	2005	2004	2003
Outstanding contracts/Capital commitments	86.64	21.91	17.15	55.19	43.12	10.84

2. a) Details of Contingent Liabilities :

Rs. In Crore (10 Million)

	As at March 31, 2008	As at September 30,				
		2007	2006	2005	2004	2003
a) Bill Discounted with Banks outstanding	31.34	31.55	35.95	29.91	45.87	38.28
b) Claims made against the company not acknowledge as debts						
- Excise Duty Matters	3.52	3.52	3.91	10.32	24.04	38.12
- Service Tax Matters	1.69	1.47	3.01	-	0.85	-
- Sales Tax Matters	2.52	1.78	2.77	2.87	2.80	0.80
- Other Matters	18.19	18.71	21.95	9.92	11.50	9.43
c) Custom Duty on capital goods imported under EPCG scheme,against which export obligation is to be fulfilled	-	-	-	15.55	2.47	3.47
d) Guarantees/Letter of Comfort to certain Banks and Financial Institutions on behalf of bodies corporate against counter indemnities from such body corporates for any liability that may arise in respect of loans outstanding	11.13	11.88	14.80	4.13	2.53	3.83
TOTAL	68.39	68.91	82.39	72.70	90.06	93.93

b) In respect of certain disallowances and additions made by the Income Tax Authorities, appeals are pending before the Appellate Authorities and adjustment, if any, will be made after the same are finally determined.

c) Excise Duty liability on account of valuation of Finished Goods is disputed and is yet to be determined. Without prejudice to the Company's stand in this behalf, as per Government's desire an adhoc amount of Rs. 5.45 Crs. was paid under protest in earlier years and debited to 'Advances Recoverable' and an equivalent amount was provided in Profit and Loss Account. On Writ Petition filed by the Company in the Hon'ble Delhi High Court, the said Court directed the Excise Authorities to determine the valuation of finished goods in accordance with law and observations made in the order.

d) The Company has worked out reversal of Modvat Credit availed on exports under Value Based Advance Licence in earlier years and had reversed the same in accounts. Pursuant to special scheme announced by the Government, the Company has also paid interest on such reversals. Further, the Excise department has issued certain basis for reversal of Modvat, which is disputed and has been contested by the Company in a Writ Petition before the Hon'ble Delhi High Court and directions have been issued to treat the reversal already made by the Company as provisional.

3. a) Details of Deferred Tax Liability/(Asset)

Rs. In Crore (10 Million)

	As at March 31,	As at September 30,				
	2008	2007	2006	2005	2004	2003
Deferred Tax Liability						
Related to Fixed Assets	130.26	127.17	130.85	128.37	130.94	129.97
Others	0.55	0.56	0.56	0.76	0.94	1.30
TOTAL	130.81	127.73	131.41	129.13	131.88	131.27
Deferred Tax Asset						
Disallowance under Income Tax Act, 1961	6.89	9.58	14.33	15.87	20.89	9.63
Provision for doubtful debts	1.17	1.21	1.43	1.50	1.51	1.45
Unabsorbed Depreciation	-	11.62	41.48	34.67	35.66	35.31
Others	-	-	-	4.36	-	1.92
TOTAL	8.06	22.41	57.24	56.40	58.06	48.31
Deferred Tax Liability/(Asset) - Net	122.75	105.32	74.17	72.73	73.82	82.96

b) Pursuant to the order passed by Hon'ble Supreme Court, the company has provided for deferred tax liability (net) of Rs. 75.78 Crs at prevailing rate of tax as at June 30, 2007 for transitional period upto 31st March 2001 during the year ended September 30, 2007 from general reserve in order to give effect to the provisions of Para 33 of AS-22.Accordingly, figures of financial Statements for the year ended September 30, 2006, 2005, 2004, 2003 have been restated by giving impact thereof in the Financial Statements for the eighteen months ended September 30, 2002.

4. Factory & Service buildings and Plant and Machinery of Company's Plant at JayKaygram were revalued as at 1st January, 1985 & 1st April, 1991. On 1st April, 1997 the revaluation of such assets was updated along with similar assets of Banmore plant. The revaluation of said assets of JayKaygram and Banmore was further updated alongwith Factory Land and Township building as at 1st April, 2002 based on current replacement cost by a Valuer. The Gross Block as at 31.03.2008, 30.09.2007, 30.09.2006, 30.09.2005, 30.09.2004 and 30.09.2003 includes cumulative surplus of Rs.667.78 crs, Rs. 667.78 Crs., Rs.667.78 Crs., Rs.667.82 Crs., Rs.668.70 Crs. and Rs.669.09 Crs. respectively arising on revaluation.

5. As per the Central Government Notification dated 1.3.2003, the Company had utilized Additional Excise Duty (AED) paid in earlier years on certain raw materials against excise duty payable on goods manufactured by the Company. The above Notification was amended by the Central Government with retrospective effect in the year 2004 in respect of utilization of AED paid prior to 1.4.2000. Henceforth, a sum of Rs.31.81 crs. and interest thereon Rs.4.89 crs. aggregating Rs. 36.70 crs. had been charged to Profit & Loss Account and an equivalent amount transferred from General Reserve in Annual Accounts for the year ended 30th September, 2005. Accordingly, necessary adjustment in the Restated Financial Statement for the six month ended March 31st, 2008 and year ended September 30, 2007, 2006, 2005, 2004 have been carried out by giving impact thereof under the head Restated Summary Statement of Profit & Loss of the company for the year ended September 30, 2004 and derecognizing said transfer from General Reserve.

6. REALATED PARTIES:-

a) Subsidiaries:

Hansdeep Investment Ltd (Ceased to be Subsidiary w.e.f. 1.10.2005 pursuant to Scheme)
Hidrive Finance Ltd. (Ceased to be Subsidiary w.e.f. 1.10.2005 pursuant to Scheme)
Panchanan Investment Ltd. (Ceased to be Subsidiary w.e.f. 1.10.2005 pursuant to Scheme)
Radial Finance Ltd. (Ceased to be Subsidiary w.e.f. 1.10.2005 pursuant to Scheme)

J.K.International Ltd.

J.K.Asia Pacific Ltd.
J.K.Asia Pacific(S) Ltd. (Subsidiary of J.K.Asia Pacific Ltd.)
Netflier Technologies Ltd. (Became and ceased to be subsidiary during the year 2005-06)

b) Associates:

Valiant Pacific LLC (w.e.f.1.10.2002)
J.K. Paper Ltd. (Ceased to be Associate w.e.f 01.10.2005 pursuant to Scheme)
Hari Shankar Singhania Elastomer and Tyre Research Institute
J.K. Pharmachem Ltd. (Ceased to be Associate w.e.f 1.10.2004)
JK Lakshmi Cement Ltd. (formerly J.K. Corp. Ltd.)
J.K Sugar Ltd. (Associate w.e.f 01.10.2004 and ceased to be Associate w.e.f 1.10.2005 pursuant to scheme)

c) Key Managerial Personnel:

Shri Raghupati Singhania	Vice Chairman & Managing Director
Shri Bharat Hari Singhania	Managing Director
Shri Vikrampati Singhania	Dy. Managing Director
Shri Swaroop Chand Sethi	Whole Time Director

7. Summary of Related Party Transactions

Rs. in Crore (10 Million)

Sl.No.	Nature of Transactions	For the Year / Period ended	Nature of Relationship			Total
			Subsidiaries	Associates	Key Managerial Personnel	
1	Sale of Goods					
		31.03.2008	-	128.42	-	128.42
		30.09.2007	-	223.98	-	223.98
		30.09.2006	-	214.18	-	214.18
		30.09.2005	-	178.53	-	178.53
		30.09.2004	-	136.34	-	136.34
		30.09.2003	1.80	85.24	-	87.04
2	Purchase of Goods					
		31.03.2008	-	0.08	-	0.08
		30.09.2007	-	0.13	-	0.13
		30.09.2006	-	0.07	-	0.07
		30.09.2005	-	0.08	-	0.08
		30.09.2004	-	0.08	-	0.08
		30.09.2003	-	0.10	-	0.10
3	Sale of Fixed Assets					
		31.03.2008	-	0.03		0.03
		30.09.2007	-	0.07	-	0.07
		30.09.2006	-	-	-	-
		30.09.2005	-	-	-	-
		30.09.2004	-	-	-	-
		30.09.2003	-	-	-	-
4	Sharing of Expenses Received					
		31.03.2008	-	0.30	-	0.30
		30.09.2007	-	2.65	-	2.65
		30.09.2006	-	0.55	-	0.55
		30.09.2005	0.03	0.73	-	0.76
		30.09.2004	0.03	0.60	-	0.63
		30.09.2003	1.22	1.07	-	2.29

Sl.No.	Nature of Transactions	For the Year / Period ended	Nature of Relationship			Total
			Subsidiaries	Associates	Key Managerial Personnel	
5	Sharing of Expenses Paid					
		31.03.2008	-	1.11	-	1.11
		30.09.2007	-	2.29	-	2.29
		30.09.2006	-	2.07	-	2.07
		30.09.2005	-	2.80	-	2.80
		30.09.2004	-	1.44	-	1.44
		30.09.2003	-	1.66	-	1.66
6	Loans / Advances Given					
		31.03.2008	-	6.68	-	6.68
		30.09.2007	-	3.88	-	3.88
		30.09.2006	-	3.52	-	3.52
		30.09.2005	-	2.26	-	2.26
		30.09.2004	1.52	2.05	-	3.57
		30.09.2003	1.04	0.76	-	1.80
7	Loans / Advances recovered					
		31.03.2008	-	4.64	-	4.64
		30.09.2007	-	3.50	-	3.50
		30.09.2006	-	2.55	-	2.55
		30.09.2005	1.44	1.73	-	3.17
		30.09.2004	2.93	0.90	-	3.83
		30.09.2003	3.87	0.15	-	4.02
8	Loans / Advances received					
		31.03.2008	-	2.05	-	2.05
		30.09.2007	-	-	-	-
		30.09.2006	-	0.49	-	0.49
		30.09.2005	0.80	0.61	-	1.41
		30.09.2004	-	0.77	-	0.77
		30.09.2003	-	0.03	-	0.03
9	Loans / Advances repaid					
		31.03.2008	-	0.66	-	0.66
		30.09.2007	-		-	-
		30.09.2006	-	1.28	-	1.28
		30.09.2005	0.05	1.75	-	1.80
		30.09.2004	-	1.07	-	1.07
		30.09.2003	15.00	3.00	-	18.00
10	Interest Expenses					
		31.03.2008	-	-	-	-
		30.09.2007	-	-	-	-
		30.09.2006	-	-	-	-
		30.09.2005	0.01	-	-	0.01
		30.09.2004	-	-	-	-
		30.09.2003	0.82	0.16	-	0.98
11	Interest Income					
		31.03.2008				
		30.09.2007	-	-	-	-
		30.09.2006	-	-	-	-
		30.09.2005	0.02	0.83	-	0.85
		30.09.2004	0.01	-	-	0.01

Sl.No.	Nature of Transactions	For the Year / Period ended	Nature of Relationship			Total
			Subsidiaries	Associates	Key Managerial Personnel	
		30.09.2003	0.35	-	-	0.35
12	Contribution					
		31.03.2008	-	2.75	-	2.75
		30.09.2007	-	2.90	-	2.90
		30.09.2006	-	1.25	-	1.25
		30.09.2005	-	0.90	-	0.90
		30.09.2004	-	0.50	-	0.50
		30.09.2003	-	-	-	-
13	Royalty Income					
		31.03.2008	-	1.25	-	1.25
		30.09.2007	-	1.58	-	1.58
		30.09.2006	-	2.09	-	2.09
		30.09.2005	-		-	-
		30.09.2004	-		-	-
		30.09.2003	-		-	-
14	Managerial Remuneration			-		
		31.03.2008	-	-	1.66	1.66
		30.09.2007	-	-	1.96	1.96
		30.09.2006	-	-	2.27	2.27
		30.09.2005	-	-	1.99	1.99
		30.09.2004	-	-	2.33	2.33
		30.09.2003	-	-	2.52	2.52
	Outstanding as at year end:					
15	-Receivable					
		31.03.2008	-	58.66	-	58.66
		30.09.2007	-	45.79	-	45.79
		30.09.2006	-	39.94	-	39.94
		30.09.2005	-	40.56	-	40.56
		30.09.2004	1.41	28.37	-	29.78
		30.09.2003	2.79	23.84	-	26.63
16	-Payable					
		31.03.2008				
		30.09.2007	-	-		-
		30.09.2006	-	-	-	-
		30.09.2005	0.75	0.03		0.78
		30.09.2004	-	0.05	-	0.05
		30.09.2003	-	-	-	-

8. Figures less than Rs. 50000 have been shown at actuals.

ANNEXURE - 7

OTHER NOTES

A) For the period ended , 31st March, 2008

1. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006 are as given below:

a)(i) **Defined Benefit Plan -**

Rs. in Crore (10 Million)

		Leave Encashment (Non Funded)	Gratuity (Funded)
I	**Expenses recognised in the Statement of Profit & Loss Account for the 6 month ended March 31,2008***		
1	Current Service Cost	0.61	2.18
2	Interest Cost	0.29	1.34
3	Expected return on plan assets	-	(1.14)
4	Actuarial (Gains) / Losses	0.48	(0.04)
5	Total expense	1.38	2.34
II	**Net Asset/(Liability) recognised in the Balance Sheet as at March 31, 2008**		
1	Present Value of Defined Benefit Obligation as at March 31, 2008	8.21	35.17
2	Fair value of plan assets as at March 31, 2008	-	29.19
3	Funded status [Surplus/(Deficit)]	(8.21)	(5.98)
4	Net asset / (liability) as at March 31, 2008	(8.21)	(5.98)
III	**Change in obligation during the 6 month ended March 31, 2008**		
1	Present Value of Defined Benefit Obligation at the beginning of the year	7.35	33.22
2	Current Service Cost	0.61	2.18
3	Interest Cost	0.29	1.34
4	Actuarial (Gains) / Losses	0.43	(0.41)
5	Benefits Payments	(0.46)	(1.15)
6	Present Value of Defined Benefit Obligation as at March 31, 2008	8.22	35.18
IV	**Change in Assets during the 6 month ended March 31, 2008**		
1	Fair value of plan assets at the beginning of the year	-	26.75
2	Expected return on plan assets	-	1.14
3	Contributions by employers	-	2.83
4	Actual benefits paid	-	(1.15)
5	Actuarial gains / (losses)	-	(0.39)
6	Fair value of plan assets as at March 31, 2008	-	29.18
7	Total Actual Return on Plan Assets	-	0.75
V	**The major categories of plan assets as % of total plan**		
	Insurer Managed Funds	-	100%
VI	**Actuarial Assumptions :**		
1.	Discount Rate	8%	8%
2.	Expected rate of return on plan assets	-	8%
3.	Mortality	LIC (1994-96) Ultimate	
4.	Salary Escalation	5.50% -6.00%	

* Included Under the head Staff Cost - Refer Annexure -1

(ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of assets management, historical results of return on plan assets and the policy for plan assets management.

(iii) The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(iv) Contributions to PF (funded) during the six month ended 31st March, 2008 of Rs.1.02 crs has been included under the head Staff Cost. (Refer Annexure-1)

The Guidance issued by the Accounting Standard Board (ASB) on implementing AS-15, Employee Benefits (revised 2005) states that provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. The Fund does not have any existing deficit or Interest shortfall. In regard to any future obligation arising due to interest shortfall (i.e. government interest to be paid on provident fund scheme exceeds rate of interest earned on investment), pending the issuance of the Guidance Note from the Actuarial Society of India, the company's actuary has expressed his inability to reliably measure the same.

(b) Defined Contribution Plans -
Employer's Contributions to Provident and other Funds charged off during the six month ended 31st March, 2008 of Rs.6.37 crs has been included under the head Staff Cost. (Refer Annexure-1)

(c) The Company has made provision for the employee benefits in accordance with the Accounting Standard (AS) 15 (revised 2005) "Employee Benefits" which has become applicable to the company.

2. The company has acquired 100% holding in Empresas Tornel, S.A.de CV alongwith its subsidiaries (Tornel Group), a well known company in Mexico engaged in the manufacture of tyres. The acquisition planned through SPV route is now complete with takeover of Management control on 13 th June, 2008.The company has funded the acquisition through a mix of internal accruals and debt raised partly in the SPV floated for the purpose in Mexico and partly in Tornel Group.

3. Expenditure incurred on ERP Software, recognized as Intangible Asset is amortized over a period of five years.

4. These accounts have been prepared in accordance with AS-11 (Revised 2003) and there is no impact on financial results.

5. Pursuant to amendment made in Finance Act 2008, deferred tax has been considered as an inadmissible deduction for determining Book Profit under Section 115 JB (2) of the Income Tax Act, 1961. Accordingly, figures of Provision for Current tax and MAT credit entitlement include Rs. 1.79 crs pertaining to Assessment year 2007-08 and the same has no impact on financial results.

B) <u>For the year ended , 30th September, 2007</u>

1 The name of the Company has been changed from J.K. Industries Ltd. to JK Tyre & Industries Ltd. w.e.f. 02.04.2007.

2 During the previous year (2005-06), 36 lacs equity shares were allotted on preferential basis aggregating Rs.37.80 crs. The balance out of said proceeds has been utilized for the purpose, for which, it was raised.

C) <u>For the year ended , 30th September, 2006</u>

1 Pursuant to the Scheme of Arrangement and Demerger (The Scheme) between the Company and Netflier Technologies Limited being the transferee company (name since changed to Netflier Finco Limited), approved by Hon'ble High Court of Calcutta vide their Order dated 8.11.2006 becoming effective from the Appointed date i.e. 1.10.2005:

a) Investments of Rs.188.20 crs., immovable properties of Rs.7.19 crs. and movable Fixed Assets of Rs.0.23 cr. of demerged undertaking stand demerged and transferred to and vested in the transferee company on a going concern basis at book values.

b) The existing issued, subscribed and paid up equity share capital of the company of Rs.37.46 crs. is reorganized by way of allocation in the ratio of 3:1 between JKI (Residual) for Rs.28.10 crs. and Netflier Finco Limited for Rs.9.36 crs. Equity Share Capital of the company has been reorganised by cancellation of Rs.2.50 paid up per equity share of Rs.10. Accordingly, a sum of Rs.28.10 crs.

representing the balance paid up value of Rs.7.50 per Equity Share has been consolidated into equity share of Rs.10 each fully paid up.

36,00,000 equity shares were allotted on preferential basis on 23rd August, 2006 to a group Company. Upon coming into effect of the Scheme, the paid up equity share capital of JKI was reorganized by way of allocation of the same between JKI (Residual) for Rs.2.70 crs. and Netflier Finco Limited for Rs. 0.90 cr. in the ratio of 3:1. Equity Share Capital of the company has been reorganized by cancellation of Rs.2.50 paid up per equity share of Rs.10. Accordingly, a sum of Rs.2.70 crs. representing the balance paid up value of Rs. 7.50 per Equity Share has been consolidated into equity share of Rs.10 each fully paid up. The amount of Rs. 10.27 crs. arising on cancellation of the said equity capital has been transferred to Capital reserve.

c) The difference of Rs.185.35 crs. arising in the books of JKI (Residual) between 'the aggregate of equity shares allocated to JKI (Residual) and the reserves retained by JKI (Residual)' and `the net book value of assets and liabilities of JKI (Residual)' is appropriated against capital reserve, including revaluation reserves in JKI (Residual)'s books of account.

d) JKI carried on the business of demerged undertaking w. e. f. 1.10.2005 for and on account of and in trust for the transferee Company and all profits accrued and/or losses incurred in respect of the business of demerged undertaking were accordingly transferred to transferee Company.

e) The necessary steps and formalities in respect of transfer of investments and assets in favour of Netflier Finco Limited are under implementation.

2. During the year, 36 lacs equity shares were allotted on preferential basis to a Group Company aggregating to Rs.37.80 Crs. (including premium). The proceeds are being used towards augmenting long term resources. Pending utilization, balance funds are retained in working capital.

D) <u>For the year ended, 30th September, 2005</u>

1. The Company has not provided diminution in the value of certain unquoted long term strategic investments made in some companies, since in the opinion of the Board, such diminution in their value is temporary in nature, considering the inherent value, nature of investments, the investees' assets and expected future cash flow from such investments.

2. Pursuant to the Scheme of Arrangement and Restructuring of J.K. Sugar Ltd. approved by Hon'ble High Court of Calcutta:

   a) 134760 Nos. Bonds out of a total of 150000 Non-Convertible Bonds (NCBs) of Rs. 1000/- each held by the Company have been cancelled and extinguished and in lieu thereof 33,69,000 Nos. fully paid up Equity Shares of Rs. 10 each of J.K. Sugar Ltd. were allotted at a premium of Rs. 30 per share.

   b) The balance 15240 Nos. NCBs have been converted into term loan carrying interest @ 12.50% p.a. w.e.f. 01.10.2004, 14.50% p.a. w.e.f. 01.04.2005 and 16.50% p.a. w.e.f. 01.04.2006 till final repayment. The Term Loan will be repaid in 3 installments of Rs. 40 Lacs, Rs. 50 Lacs and Rs. 62.40 Lacs due on 31st March, 2007, 2008 and 2009 respectively.

   c) In lieu of interest receivable (net of TDS) for the period from 01.04.2004 to 30.09.2004 on 1,50,000 Nos. NCBs, 252790 Nos. Equity shares of J.K. Sugar Ltd. of Rs. 10 each at a premium of Rs. 30 per share were allotted.

The above scheme became effective from the appointed date i.e. 01.10.2004, Accordingly, interest income has been recognised only in respect of (b) above commencing from 01.10.2004 onwards.

E) <u>For the year ended , 30th September, 2004</u>

1. As per the Central Government notification dated 01.03.2003, the Company became entitled to set off Additional Excise Duty (AED) paid on certain raw materials against Excise Duty payable on the goods manufactured by it. Accordingly, AED credit for the earlier period utilised during the year Rs. 5.26 crs.

has been included in other income. Further, pursuant to appeals allowed by the Commissioner (Appeals) Gwalior, an AED credit of Rs. 5.52 crs. (paid under protest) had been included in other income.

2. The Company has not provided diminution in value of certain unquoted long term strategic investments made in some companies, since in the opinion of the Board, such diminution in their value is temporary in nature, considering the inherent value, nature of investments, the investees' assets and expected future cash flow from such investments

F) For the year ended , 30th September, 2003

1. As per the Central Government Notification dated 01.3.03, the Company became entitled to set off Additional Excise Duty (AED) paid on certain raw materials against Excise Duty Payable on the goods manufactured by it. Accordingly, AED credit of Rs. 49.15 crore for the period prior to 01.10.2002 utilised during the year has been included in other income. Balance amount of Rs.5.34 crore shall be accounted for on its settlement / utilisation.

2. The Company has not provided for the diminution in the value of long term strategic investments made in some companies, since in the opinion of the Board, such diminution in their value is temporary in nature, considering the inherent value, nature of investments, the investees' assets and expected future cash flow from such investments.

Annexure 7(A)

Notes pertaining to Unadjusted Audit Qualification in Stand alone Financial Information

1. In the year 2003-04: The Company has not provided diminution in value of certain unquoted long term strategic investments made in some companies, since in the opinion of the Board, such diminution in their value is temporary in nature, considering the inherent value, nature of investments, the investees' assets and expected future cash flow from such investments

2. In the year 2002-03: The Company has not provided for the diminution in the value of long term strategic investments made in some companies, since in the opinion of the Board, such diminution in their value is temporary in nature, considering the inherent value, nature of investments, the investees' assets and expected future cash flow from such investments.

ANNEXURE - 8

Details of Other Income - Restated

Rs. In Crore (10 Million)

	Six month ended March 31st, 2008	Year ended September 30th, 2007	Year ended September 30th, 2006	Year ended September 30th, 2005	Year ended September 30th, 2004	Year ended September 30th, 2003	Recurring/ Non-Recurring
Not Related to Business:							
Income From Long Term Investments (other than trade)							
Dividends							
- Subsidiaries	-	-	-	-	-	-	Non-Recurring
- Others (2006-07: Rs.7000; 2005-06 :Rs.5500)	-			1.55	1.21	1.21	Non-Recurring
Interest (Including Tax deducted at source)	0.14	0.33	0.37	0.50	1.79	0.54	Recurring
Profit on sale of Investments (Net)	-	-	5.44	7.46	-	-	Non-Recurring
Reversal of provision for Diminution in value of long-term Investments * (Rs. 5,000)		*	0.05	0.06	0.03	0.05	Non-Recurring
Related to Business:							
Profit on sale of Assets (Net)	0.02	-	0.01	0.41	-	-	Non-Recurring
Additional Excise Duty Credit	-	-	-	-	10.78	49.15	Non-Recurring
Provision of earlier years no longer required	-	0.02	0.15	0.48	0.43	1.17	Non-Recurring
Scrap Sales	3.87	7.12	6.13	4.98	4.69	4.21	Recurring
Royalty Income	1.25	1.58	2.09	-	-	-	Recurring
Balances written back	-	0.35	2.52	-	0.41	0.10	Recurring
Processing Charges	-	-	-	-	-	0.39	Non-Recurring
Rental Income	0.12	0.23	0.20	0.31	0.31	0.32	Recurring
Miscellaneous Income	1.13	0.87	0.65	0.69	0.72	1.67	Recurring
TOTAL	**6.53**	**10.50**	**17.61**	**16.44**	**20.37**	**58.81**	

Notes: -

1. The classification of Income as recurring/non recurring in nature and related /not related to business activity is based on the current operations and business activity of the Company as determined by the management.

2. The above amounts are as per the Summary Statement of Profit and Losses of the Company, as restated.

ANNEXURE: 9

Statement of Accounting Ratios of the Company

Rs. in Crore (Expect per share Data)

Particulars		Financial Years				
	Six month ended March 31st, 2008	**Year ended September 30th, 2007**	**Year ended September 30th, 2006**	**Year ended September 30th, 2005**	**Year ended September 30th, 2004**	**Year ended September 30th, 2003**
1. Net Profit after Tax	43.79	66.73	17.05	3.33	(11.08)	22.09
Less: Tax provision for earlier years	-	-	-	0.28	-	-
Earning attributable to equity shareholders	43.79	66.73	17.05	3.05	(11.08)	22.09
2. Weighted average number of Equity Shares outstanding during the year / period - Basic/ Diluted	30794510	30794510	28383003	37459346	37459346	37459346
3. Number of Equity Shares outstanding at the end of the year / period	30794510	30794510	30794510	37459346	37459346	37459346
4. Net Worth	398.72	359.75	314.94	290.44	311.54	346.77
Accoutning Ratios						
Earning per Share: Basic/ Diluted (Rs.)	14.22	21.67	6.01	0.81	(2.96)	5.90
Return on Net Worth (1) /(4)-%	10.98%	18.55%	5.41%	1.05%	-3.56%	6.37%
Net Asset Value Per Share (Rs.)(4) / (3)	129.48	116.82	102.27	77.53	83.17	92.57

Note:

1) The Above information should be read with significant accounting policies appearing in Annexure 5, together with notes to the Summary Statement of Profit & Losses and Assets and Liabilities, as restated, appearing in Annexure 6 & 7.

2) The ratios have been computed as under:

Basic / Diluted earning per share (Rs.) = $\frac{\text{Earning attributable to equity shareholders}}{\text{Weighted average number of equity shareholders outstanding during the year/ period}}$

Return on Net Worth (%) = $\frac{\text{Net Profit after Tax, as restated}}{\text{Net worth, as restated, at the end of the year/ period}}$

Net asset value per share (Rs.) = $\frac{\text{Net worth, as restated, at the end of the year/ period}}{\text{Number of equity shares outstanding at the end of year/ period}}$

ANNEXURE: 10

Statement of Rates of Dividend paid by the Company in respect of the period / year ended

Particulars	**Financial Years**				
	30th September , 2007	**30th September , 2006**	**30th September , 2005**	**30th September , 2004**	**30th September , 2003**
Number of Equity Shares	30794510	30794510	37459346	37459346	37459346
Face Value Per Share (Rs.)	10	10	10	10	10
Paid up Value Per Share (Rs.)	10	10	10	10	10
Rate of Dividend -%	27%	25%	20%	20%	20%
Total Dividend Paid / Proposed (Rs. in Crore)	8.32	7.70	7.49	7.49	7.49
Corporate Dividend Tax (Rs in Crore)	1.41	1.08	1.05	0.98	0.96

Note: The figures disclosed above are based on the financial statements of the company.

ANNEXURE: 11

Statement of Capitalisation as at 31st March, 2008

Rs. In Crore (10 Million)

Particulars	**Pre-issue as at 31st March, 2008**	**Adjusted for issue***
Borrowings:		
Short Term	527.62	527.62
Long Term	434.61	434.61
Total Debt	**962.23**	**962.23**
Shareholders Funds		
Equity Share Capital	30.79	41.06
Reserve & Surplus		
Capital Reserve	154.22	154.22
Capital Redemption reserve	7.00	7.00
Debenture Redemption Reserve	14.84	14.84
Securities Premium	159.37	236.35
General Reserve	162.04	162.04
Surplus in Profit and Loss Account	32.20	32.20
Total Reserves & Surplus	**529.67**	**606.65**
Less: Revaluation Reserve	154.22	154.22
Less: Miscellaneous Expenditure (to the extent not written off or adjusted)	7.52	7.52
RESERVES (Net of Revaluation Reserve and Misc. Expenditures)	**367.93**	**444.91**
Total Shareholders Funds	**398.72**	**485.97**
Long Term Debt / Equity Ratio	**1.09**	**0.89**

* Note : This is not a part of the Auditor's report but has been separately certified by the Auditors. The figures disclosed above are based on the restated financial statements of the Company.

Notes:

1. Short Term Debt is considering as debt having original repayment term not exceeding 12 months.
2. Long Term Debt is considering as debt other than short term debt, as defined above.

ANNEXURE: 12

DETAILS OF OUTSTANDING SECURED & UNSECURED LOAN AS ON 31.03.2008

S. No.	NAME OF LENDER	BALANCE O/S AS ON 31.03.08 (Rs. in Crs)	RATE OF INTEREST AS ON 31.03.08 (%)	REPAYMENT SCHEDULE	SECURITY
SECURED LOANS					
A	**TERM LOAN**				
1	Industrial Development Bank of India Limited	7.08	9.00%	In 24 Quarterly Installments Beginning - Apr'2005 Ending - Jan'2011	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) of Banmore tyre plant and Kankroli tye plant
2	Industrial Development Bank of India Limited	22.75	9.19%	In 20 Quarterly Installments Beginning - Oct'2006 Ending - July'2011	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) of Banmore tyre plant, Kankroli tye plant & Vikrant Tyre plant
3	State Bank of India	14.00	10.50%	In 20 Quarterly Installments Beginning - Oct'2006 Ending - July'2011	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) of Banmore tyre plant, Kankroli tye plant & Vikrant Tyre plant
4	State Bank of Bikaner & Jaipur	27.00	10.75%	In 20 Quarterly Installments Beginning - Oct'2006 Ending - July'2011	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) of Banmore tyre plant, Kankroli tye plant & Vikrant Tyre plant
5	UCO Bank	19.50	11.00%	In 20 Quarterly Installments Beginning - Oct'2006 Ending - July'2011	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) of Banmore tyre plant, Kankroli tye plant & Vikrant Tyre plant
6	Life Insurance Corporation of India	6.02	9.00%	In 24 Quarterly Installments Beginning - Apr'2005 Ending - Jan'2011	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) of Banmore tyre plant & Kankroli tye plant
7	General Insurance Corporation of India	3.54	9.00%	In 24 Quarterly Installments Beginning - Apr'2005 Ending - Jan'2011	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) of

S. No.	NAME OF LENDER	BALANCE O/S AS ON 31.03.08 (Rs. in Crs)	RATE OF INTEREST AS ON 31.03.08 (%)	REPAYMENT SCHEDULE	SECURITY
					Banmore tyre plant & Kankroli tye plant
8	Bank of India	16.50	11.00%	In 28 Quarterly Installments Beginning - Oct'2004 Ending - July'2011	First pari - passu mortgage/ Charge on all movable and immovable properties of Banmore Tyre Plant & Kankroli Tyre Plant. Also secured by exclusive hypothecation by specified book debts.
9	Axis Bank Limited (Formerly UTI Bank Limited)	1.50	13.25%	In 20 Quarterly Installments Beginning - Dec'2003 Ending - Sept'2008	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) of Banmore tyre plant & Kankroli tye plant
10	Axis Bank Limited (Formerly UTI Bank Limited	3.75	12.20%	In 16 Quarterly Installments Beginning - Sept'2005 Ending - June'2009	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) of Banmore tyre plant
11	INDIAN BANK	33.25	10.75%	In 20 Quarterly Installments Beginning - March '2008 Ending - Dec '2012	Exclusive charge by way of hypothecation on specified assets of Banmore Tyre Plant, Kankroli Tyre Plant & Vikrant Tyre Plant
12	Madhya Pradesh State Industrial Development Corporation Limited (Deferred Sales Tax Loan)	66.71	NIL	In 12 yearly Installments Beginning - Mar'2002 Ending - Mar'2013	First available Mortgage/ Charge on all Movable & Immovable properties (except Book Debts) of Banmore Tyre Plant
13	Industrial Development Bank of India Limited	19.04	11.95%	In 28 Quarterly Installments Beginning - Apr'2003 Ending - Jan'2010	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) of Vikrant Tyre Plant
14	Industrial Development Bank of India Limited	0.03	11.95%	In 28 Quarterly Installments Beginning - Apr'2003 Ending - Jan'2010	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) at Vikrant Tyre Plant
15	IFCI Limited	0.79	12.50%	In 20 Quarterly Installments Beginning - Apr'2006 Ending - Jan'2011	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) at Vikrant Tyre Plant

S. No.	NAME OF LENDER	BALANCE O/S AS ON 31.03.08 (Rs. in Crs)	RATE OF INTEREST AS ON 31.03.08 (%)	REPAYMENT SCHEDULE	SECURITY
16	IFCI Limited	0.44	12.50%	In 20 Quarterly Installments Beginning - Apr'2006 Ending - Jan'2011	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) at Vikrant Tyre Plant
17	IFCI Limited	4.43	12.50%	In 24 Quarterly Installments Beginning - Apr'2005 Ending - Jan'2011	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) at Vikrant Tyre Plant
18	Industrial Investment Bank Of India Limited	1.96	13.75%	In 28 Quarterly Installments Beginning - Apr'2003 Ending - Jan'2010	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) at Vikrant Tyre Plant
19	Life Insurance Corporation of India	3.50	9.00%	In 28 Quarterly Installments Beginning - Apr'2003 Ending - Jan'2010	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) at Vikrant Tyre Plant
20	General Insurance Corporation Of India	0.53	9.00%	In 28 Quarterly Installments Beginning - Apr'2003 Ending - Jan'2010	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) at Vikrant Tyre Plant
21	National Insurance Company Limited	0.33	9.00%	In 28 Quarterly Installments Beginning - Apr'2003 Ending - Jan'2010	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) at Vikrant Tyre Plant
22	The New India Assurance Company Limited	0.53	9.00%	In 28 Quarterly Installments Beginning - Apr' 2003 Ending - Jan' 2010	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) at Vikrant Tyre Plant
23	The Oriental Insurance Company Limited	0.31	9.00%	In 28 Quarterly Installments Beginning - Apr' 2003 Ending - Jan' 2010	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) at Vikrant Tyre Plant
24	United India Insurance Company Limited	0.42	9.00%	In 28 Quarterly Installments Beginning - Apr' 2003 Ending – Jan' 2010	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) at Vikrant Tyre Plant
25	Export Import Bank of India	7.30	9.00%	In 23 Quarterly Installments Beginning - Apr' 2005 Ending - Oct	First pari - passu mortgage/ Charge on all movable and immovable properties

S. No.	NAME OF LENDER	BALANCE O/S AS ON 31.03.08 (Rs. in Crs)	RATE OF INTEREST AS ON 31.03.08 (%)	REPAYMENT SCHEDULE	SECURITY
				'2010	(except book debts) at Vikrant Tyre Plant
26	Indian Bank	2.96	10.50%	In 20 Quarterly Installments Beginning - Apr' 2005 Ending - Jan ' 2010	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) at Vikrant Tyre Plant
27	State Bank Of Mysore	5.96	8.50%	In 20 Quarterly Installments Beginning - Apr' 2006 Ending - Jan' 2011	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) at Vikrant Tyre Plant
28	Government of Karnataka Department of Industries & Commerce (Deferred Sales Tax)	4.24	0.00%	Not Specified	Second Charge on all Immovable properties at Vikrant Tyre plant
29	Industrial Development Bank of India Limited	35.00	10.65%	In 28 Quarterly Installments Beginning - July 2011 Ending - Apr' 2018	First pari - passu mortgage/ Charge created / to be created on all movable and immovable properties (except book debts) at Vikrant Tyre Plant
30	Industrial Development Bank of India Limited	0.18	8.95%	In 28 Quarterly Installments Beginning - Apr' 2003 Ending - Jan' 2010	First pari - passu mortgage/ Charge on all movable and immovable properties (except book debts) at Vikrant Tyre Plant
31	HDFC Bank Ltd	0.27	10.39%	In 60 monthly Installments Ending - Nov'2012	Hypothecation of Specified Vehicles
32	HDFC Bank Ltd	0.03	Various Rates	In 36 monthly Installments	Hypothecation of Specified Vehicles
B	**ZERO COUPON NON- CONVERTIABLE DEBENTURE**				
33	Industrial Development Bank of India Limited	28.22	9.00%	In 5 equal annual installments Beginning - Apr'2005 Ending - Jan'2011	First pari -passu charge on all Immovable properties at Gujarat and Mortgage/ Charge on all Movable & Immovable properties (except Book Debts) at both Tyre Plants, Banmore Tyre Plant & Kankroli Tyre Plant
34	Industrial Development Bank of India Limited	17.83	9.00%	In 5 equal annual installments Beginning - Apr'2006 Ending - Jan'2012	First pari -passu charge on all Immovable properties at Gujarat and Mortgage/ Charge on all Movable & Immovable

S. No.	NAME OF LENDER	BALANCE O/S AS ON 31.03.08 (Rs. in Crs)	RATE OF INTEREST AS ON 31.03.08 (%)	REPAYMENT SCHEDULE	SECURITY
					properties (except Book Debts) at Vikrant Plant
35	State Bank of India	5.79	13.50%	In 5 equal annual installments Beginning - Apr'2005 Ending - Jan'2011	First pari -passu charge on all Immovable properties at Gujarat and Mortgage/ Charge on all Movable & Immovable properties (except Book Debts) at both Tyre Plants, Banmore Tyre Plant & Kankroli Tyre Plant
36	(a) Life Insurance Corporation of India	2.97	9.00%	In 5 equal annual installments Beginning - Apr'2006 Ending - Jan'2012	First pari -pasu charge on all Immovable properties at Gujarat and Mortgage/ Charge on all Movable & Immovable properties (except Book Debts) at Vikrant Tyre Plant
	(b) General Insurance Corporation of India	0.39	9.00%		
	(c) The New India Assurance Company Limited	0.39	9.00%		
	(d) National Insurance Company Limited	0.24	9.00%		
	(e) The Oriental Insurance Company Limited	0.23	9.00%		
	(f) Industrial Investment Bank of India Limited	1.69	13.75%		
C	**Working Capital Borrowings**	308.52	Various Rates	Payable on Demand	Working Capital Borrowings secured by hypothecation of stock and book debts except specified book debt exclusively hypothecated to a bank as referred to in serial no. 8 above etc., both present and Future.
	Total Secured Loans	**676.12**			
UNSECURED LOANS					
(i)	Fixed Deposits	44.69	8%-10%	1 to 3 years	N.A
(ii)	Government of Karnataka (Deferred Sales Tax Loan)	44.87	0.00%	5 equal Annual Installments Beginning -2013 Ending-2017	N.A
(iii)	Mahindra & Mahindra	0.25	0.00%	1-2years	N.A
(vi)	Federal Bank Ltd.	67.82	9.00%	90 days	N.A
(viii)	South Indian Bank Ltd.	26.94	9.00%	90 days	N.A

S. No.	NAME OF LENDER	BALANCE O/S AS ON 31.03.08 (Rs. in Crs)	RATE OF INTEREST AS ON 31.03.08 (%)	REPAYMENT SCHEDULE	SECURITY
(ix)	ING Vysya	49.99	9.00%	90 days	N.A
(x)	Bank of India	13.99	9.00%	90 days	N.A
(xi)	IDBI Bank	31.56	9.00%	90 days	N.A
(xii)	**Inter Corporate Deposits**	.			
	-Fenner India Ltd	6.00	13.00%	Payable on 31.05.2008	N.A
	Total Unsecured Loans	**286.11**			

ANNEXURE- 13

Statement of Tax shelter of the Company

Rs. In Crore (10 Million)

Sl No.	Particulars	Six Month ended March 31, 2008	Year ended September 30, 2007	Year ended September 30, 2006	Year ended September 30, 2005	Year ended September 30, 2004	Year ended September 30, 2003
A	Net Profit/(Loss) before current and Deferred taxes, as restated	72.78	100.75	21.80	3.44	(20.22)	39.05
	Income Tax rates applicable (Including surcharge and education cess)	33.99%	33.99%	33.66%	33.66%	36.59%	35.88%
	Tax at applicable rate (A)	**24.74**	**34.24**	**7.34**	**1.16**	**(7.40)**	**14.01**
B	**Permanent Differences**						
	Permanent Allowances/(Disallowances) as per Income Tax act (Net)	2.40	1.72	8.16	7.15	5.14	(5.13)
	Total (B)	**2.40**	**1.72**	**8.16**	**7.15**	**5.14**	**(5.13)**
C	**Timing Differences**						
	Difference between tax Depreciation and Book depreciation(including loss On sale of depreciable asset)	9.08	(11.23)	7.38	(4.34)	1.94	13.15
	Other allowances/(Disallowances) as per Income-tax Act	8.01	14.87	17.12	(1.89)	(26.43)	(9.56)
	Set off of unabsorbed depreciation as per Income - tax Act	34.19	88.07	(20.24)	2.52	(0.87)	40.59
	Total (C)	**51.28**	**91.71**	**4.26**	**(3.71)**	**(25.36)**	**44.18**
D	Unabsorbed depreciation adjusted (Tax)	(9.92)	7.32	9.38	-	-	-
E	Net adjustments (B + C + D)	**43.76**	**100.75**	**21.80**	**3.44**	**(20.22)**	**39.05**
F	Tax Savings thereon (E)	**14.87**	**34.24**	**7.34**	**1.16**	**(7.40)**	**14.01**
G	**Taxation Charge - Current (A - F)**	9.86	-	-	-	-	-
H	Incremental tax due to Minimum Alternative Tax (MAT)	2.56	7.54	0.47	-	-	0.90
I	**Total Current taxes (G+H)**	**12.42**	**7.54**	**0.47**	**-**	**-**	**0.90**
J	**Deferred tax Debit/(Credit) (CxTax Rate)**	**17.43**	**31.17**	**1.44**	**(1.25)**	**(9.28)**	**15.85**
K	Impact of change in tax rate and review of opening deferred tax Asset/Liability(net)	-	(0.02)	-	0.16	0.14	0.21
L	**Deferred tax Adjustment in Profit and Loss A/c.**	**17.43**	**31.15**	**1.44**	**(1.09)**	**(9.14)**	**16.06**

Note: The Above information should be read with significant accounting policies appearing in Annexure 5, together with notes to the Summary Statement of Profit & Losses and Assets and Liabilities, as restated, appearing in Annexure 6 & 7.

Auditor's Report on Financial Information in Relation to Offer Document
(on consolidated financial information of JK Tyre & Industries Ltd.)

To
The Board of Directors,
JK Tyre & Industries Ltd.
7, Council House Street,
Kolkata – 700001

Dear Sirs,

1) We have examined the attached consolidated financial information of JK Tyre & Industries Ltd. , prepared on the basis of financial information of JK Tyre & Industries Ltd. , its subsidiaries and associates (the Group), (as set out in Annexure A to J attached to this report) in terms of the requirements of paragraph B - part II of schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time (SEBI Guidelines), to the extent applicable and in terms of our engagement agreed upon with you in accordance with terms of our engagement letter in connection with the proposed Rights Issue and approved by the board of Directors of the company.

2) We have also examined the consolidated financial information of the Group for the period from October 1, 2007 to March 31, 2008 prepared by the management and approved by an officer of the company for the purpose of disclosure in the offer document of the company mentioned in paragraph (1) above.

   The consolidated financial information for the above period was examined to the extent practicable, for the purpose of audit of financial information in accordance with the Auditing and Assurance Standards issued by The Institute of Chartered Accountant of India. Those standards require that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatements.

   We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 2.26 crs. as at March 31, 2008 (including 0.01 cr. for J.K International Limited as at March 31, 2008) and total revenues of Rs. 0.01 cr for the period then ended. The financial statements of the subsidiary, namely, J.K International Limited, which was furnished to us by the management, was unaudited. Further the financial statements of other subsidiaries, namely, J.K Asia Pacific Limited and J.K Asia Pacific (S) Pte Limited have been audited by other auditors, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of the said subsidiaries, is based solely on the reports of other auditors.

   The financial statements of associate, namely, Hari Shankar Singhania Elastomer & Tyre Research Institute have been audited by us, whose financial statements reflect total assets of Rs. 18.32 crs. as at March 31, 2008 and total revenue of Rs.3.91 crs for the period then ended.

   We did not audit the financial statements of associate, namely, Valliant Pacific L.L.C., whose audited financial statements reflect total assets of Rs. 68.53 crs. as at March 31, 2008 and total revenues of Rs. 180.68 crs for the period then ended. The said financial statements have been audited by other auditors, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of the interest in said associate, is based solely on the reports of other auditors.

   Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been accordingly used in the financial information appropriately.

3)

3.1 We have examined the attached Consolidated Restated Summary Statement of Assets and Liabilities of the Group as at March 31, 2008, September 30, 2007, 2006, 2005, 2004, 2003 (Annexure B); Consolidated Restated Summary Statement of Profit or Loss of the Group for the six months ended March 31, 2008, for the year ended September 30, 2007, 2006, 2005, 2004, 2003 (Annexure A) and Consolidated Restated Summary Statement of Cash Flows of the Group for the six months ended March 31, 2008, for the year ended September 30, 2007, 2006, 2005, 2004, 2003 (Annexure C) together with Principals of Consolidation and the selected Notes to the Restated Summary Statements set out in Annexure F,G, G(1) & D respectively.

These Consolidated Restated Summary Statements have been extracted by the management from the consolidated financial statements of the Group for the respective periods. We did not audit the financial statements of the subsidiaries and certain associates whose assets and revenues for the said period are as detailed below. These Financial statements (other than referred to in footnote below) have been audited by other auditors (including an associate, namely, JK Paper Ltd. which has been jointly audited by us with other auditor), whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in these consolidated Restated Summary Statement of Assets & Liabilities, consolidated Restated Summary Statement of Profit & Loss Account and consolidated Restated Summary Statement of Cash Flows are based solely on the reports of other auditors.

(Rs. in Crore)

Particulars	March 31, 2008	September 30, 2007	September 30, 2006	September 30, 2005	September 30, 2004	September 30, 2003
Assets *	70.79	50.49	51.28	1400.76	1170.02	1061.06
Revenues	180.69	297.23	286.08	953.43	783.22	688.63

* includes Assets as at March 31, 2005,2006,2007,2008 of Rs. 0.01 crs. each year of a subsidiary, namely J.K. International Ltd. whose unaudited financial statements was furnished to us by the management.

3.2 Based on our examination of these Consolidated Summary Statements and also as per the reliance placed on the reports submitted by other auditors for subsidiaries and certain associates for the respective years/periods , we confirm that:

(a) The accounting policies applied as at March 31, 2008 and for the six months period then ended and also for each of the years ended September 30, 2007, 2006, 2005, 2004, 2003 are materially consistent based on the Accounting Standards then existing. Accordingly, no adjustments on account of changes in accounting policies have been made to the audited financial statements for years presented and adjustment duly made vide note No. 4 (b) of Annexure F.

(b) There are no material adjustments relating to previous year, which need to be adjusted in the consolidated financial information in the period to which they relate;

(c) There are no extra ordinary items, which needs to be disclosed separately in the consolidated financial information.

(d) There are no qualification in the auditor's report, which require any adjustment to the consolidated financial information other than those referred to in Note Nos. 1, 2 ,3 & 4 of Annexure G (1), effect of which could not be determined except to the extent stated in Note No.4 (ii) of Annexure G(1); on incorporating adjustments duly made vide Note No. 6 of Annexure F.

3.3 We have also examined the following other consolidated financial information setout in Annexure prepared by the management and approved by the Board of Directors relating to the

Group for the six months ended March 31, 2008, for the year ended September 30, 2007, 2006, 2005, 2004, 2003:

(i) Statement of Accounting Ratios included in Annexure I
(ii) Statement of Capitalisation as at March 31, 2008 included in Annexure J
(iii)Statement of Other Income included Annexure H

4) In our opinion the consolidated financial information of the Group, as attached to this report, as mentioned in paragraph 3 above, prepared by the company after making adjustments and regrouping as considered appropriate have been prepared in accordance with Paragraph B- Part II of Schedule II of the Act and the DIP Guidelines as amended from time to time.

5) This report should not, in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us for the respective years nor should this report be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed Right Issue of the Company and is not to be used, relied upon, referred to or distributed for any other purpose without our prior written consent.

For Lodha & Co.,
Chartered Accountants

(N.K Lodha)
Partner
Membership Number: 85155

Place: New Delhi
Date: June 23, 2008

Annexure – A

SUMMARY STATEMENT OF CONSOLIDATED PROFIT & LOSS – RESTATED

Rs. in Crore (10 Million)

	Six months ended March 31, 2008	Year ended September 30, 2007	Year ended September 30, 2006	Year ended September 30, 2005	Year ended September 30, 2004	Year ended September 30, 2003
Income						
Gross Sales :						
- Of Products Manufactured By The Company	1,739.27	3,168.77	2,923.78	2,355.25	2,206.69	1,986.69
- Of Products Traded By The Company	26.31	26.94	28.91	28.57	30.81	34.93
Total	1,765.58	3,195.71	2,952.69	2,383.82	2,237.50	2,021.62
Less : Excise Duty	210.87	379.55	343.48	304.74	334.51	338.32
Net Sales	1,554.71	2,816.16	2,609.21	2,079.08	1,902.99	1,683.30
Other Income	6.53	10.50	17.61	17.79	20.52	59.37
Increase / (Decrease) In Finished Goods	(34.47)	93.13	92.16	22.32	(55.52)	30.50
Total Income	**1,526.77**	**2,919.79**	**2,718.98**	**2,119.19**	**1,867.99**	**1,773.17**
Expenditure						
Raw Material Consumed	974.37	1,943.66	1,886.31	1,392.12	1,157.78	1,038.16
Staff Cost	95.23	176.72	155.70	142.70	138.89	126.01
Other Manufacturing Expenses	146.74	258.88	264.01	219.18	189.99	186.25
Selling And Distribution Expenses	111.70	197.40	179.18	169.55	164.86	161.39
Administration And Other Expenses	39.58	77.97	64.98	63.27	60.43	64.13
Interest	47.80	89.01	76.14	64.52	78.23	98.59
Total Expenditure	**1,415.42**	**2,743.64**	**2,626.32**	**2,051.34**	**1,790.18**	**1,674.53**
Profit Before Depreciation & Tax	**111.35**	**176.15**	**92.66**	**67.85**	**77.81**	**98.64**
Depreciation	50.38	101.33	97.50	90.23	88.02	85.86
Transfer From Capital Reserve	(11.73)	(25.89)	(26.57)	(26.57)	(26.66)	(26.72)
Exceptional Item: Additional Excise Duty Earlier Years (Refer Note 6 Of Annexure F)	-	-	-	-	36.70	-
Profit Before Tax	**72.70**	**100.71**	**21.73**	**4.19**	**(20.25)**	**39.50**
Provision For Current Tax	12.42	7.54	0.47	0.07	0.01	0.97
Mat Credit Entitlement	(2.56)	(7.54)	(0.47)	-	-	-
Deferred Tax / (Deferred Tax Credit)	17.43	31.15	1.44	(1.09)	(9.14)	16.06
Provision For Fringe Benefit Tax	1.70	2.87	3.31	1.20	-	-
Profit After Tax	**43.71**	**66.69**	**16.98**	**4.01**	**(11.12)**	**22.47**
Share In Profit Of Associates	1.63	2.68	2.80	2.98	2.89	3.19
Tax Adjustment For Earlier Years	-	-	-	(0.28)	-	1.27
Debenture Redemption Reserve No Longer Required	-	5.25	3.35	1.01	0.45	0.45
Surplus From Previous Year	(1.36)	(1.23)	15.98	24.76	47.87	34.48

(Net Of Transfer)						
Less : Share In Accumulated Profit Of Ceased Subsidiaries & Associates De- Recognised	-	-	(6.29)	-	-	-
Profit Available For Appropriation	**43.98**	**73.39**	**32.82**	**32.48**	**40.09**	**61.86**
Appropriations						
Debenture Redemption Reserve	-	5.02	5.27	5.99	5.36	3.04
General Reserve	-	60.00	20.00	1.75	1.50	2.50
Reserve Fund	-	-	-	0.22	-	-
Dividends	-	8.32	7.70	7.49	7.49	7.49
Corporate Dividend Tax	-	1.41	1.08	1.05	0.98	0.96
Surplus Carried To Balance Sheet	43.98	(1.36)	(1.23)	15.98	24.76	47.87
	43.98	**73.39**	**32.82**	**32.48**	**40.09**	**61.86**

Notes :-

The Above information should be read with notes to the Summary Statement of Consolidated Profit & Losses and Assets and Liabilities -Restated as appearing in Annexure F & G.

Annexure - B

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES – RESTATED

Rs. in Crore (10 Million)

		As at March 31,	As at September 30,				
		2008	**2007**	**2006**	**2005**	**2004**	**2003**
A	**Fixed Assets :**						
	Gross Block	2,170.44	2,156.07	2,084.22	1,940.05	1,885.59	1,856.94
	Less : Depreciation	1,007.16	957.27	860.03	764.81	677.21	590.84
	Net Block	1,163.28	1,198.80	1,224.19	1,175.24	1,208.38	1,266.10
	Less : Revaluation Reserve	154.22	165.95	191.84	403.44	430.21	457.03
	Net Block After Adjustment Of Revaluation Reserve	1,009.06	1,032.85	1,032.35	771.80	778.17	809.07
	Capital Work In Progress	32.01	20.34	22.51	61.63	16.43	7.02
	Total Fixed Assets	**1,041.07**	**1,053.19**	**1,054.86**	**833.43**	**794.60**	**816.09**
B	**Investments**	**74.04**	**71.40**	**67.58**	**277.16**	**279.99**	**265.64**
C	**Current Assets, Loans And Advances**						
	Inventories	519.61	502.85	368.59	244.03	178.17	211.31
	Sundry Debtors	447.10	435.52	477.89	411.79	449.52	412.59
	Cash And Bank Balances	41.02	30.03	40.21	37.47	39.68	26.60
	Loans And Advances	159.85	132.91	128.21	122.45	111.50	137.10
	Other Current Assets	0.37	0.25	0.18	0.38	1.63	0.84
	Total Current Assets, Loans And Advances	**1,167.95**	**1,101.56**	**1,015.08**	**816.12**	**780.50**	**788.44**
D	**Total Assets (A+B+C)**	**2,283.06**	**2,226.15**	**2,137.52**	**1,926.71**	**1,855.09**	**1,870.17**
E	**Liabilities And Provisions**						
	Secured Loans	676.14	686.84	724.78	671.28	656.51	738.19
	Unsecured Loans	286.11	228.13	219.10	159.97	101.66	99.87
	Deferred Tax Liabilities	122.75	105.32	74.17	72.73	73.82	82.96
	Current Liabilities And Provisions	787.60	835.98	796.89	701.16	686.01	585.60
	Total Liabilities And Provisions	**1,872.60**	**1,856.27**	**1,814.94**	**1,605.14**	**1,518.00**	**1,506.62**
F	**Net Worth (D-E)**	**410.46**	**369.88**	**322.58**	**321.57**	**337.09**	**363.55**
	Represented By :-						
	1) Equity Share Capital	**30.79**	**30.79**	**30.79**	**37.46**	**37.46**	**37.46**
	2) Reserves	541.41	513.26	492.79	700.49	745.26	797.53
	Less : Revaluation Reserve	(154.22)	(165.95)	(191.84)	(403.44)	(430.21)	(457.03)
	Less : Miscellaneous Expenditure (To The Extent Not Written Off Or Adjusted)	(7.52)	(8.22)	(9.16)	(12.94)	(15.42)	(14.41)
	Reserves (Net Of Revaluation Reserve And Misc. Expenditures)	**379.67**	**339.09**	**291.79**	**284.11**	**299.63**	**326.11**
	Net Worth	**410.46**	**369.88**	**322.58**	**321.57**	**337.09**	**363.55**

Notes :-

The Above information should be read with notes to the Summary Statement of Consolidated Profit & Losses and Assets and Liabilities -Restated as appearing in Annexure F & G

Annexure – C

SUMMARY STATEMENT OF CONSOLIDATED CASH FLOW – RESTATED

Rs. in Crore (10 Million)

	Six months ended March 31, 2008	**Year ended September 30, 2007**	**Year ended September 30, 2006**	**Year ended September 30, 2005**	**Year ended September 30, 2004**	**Year ended September 30, 2003**
A CASH FLOW FROM OPERATING ACTIVITIES						
Net profit before tax and extra-ordinary items	72.70	100.71	21.73	4.19	(20.25)	39.50
Adjustment For:						
Depreciation	50.38	101.33	97.50	90.23	88.02	85.86
Transferred from capital reserve	(11.73)	(25.89)	(26.57)	(26.57)	(26.66)	(26.72)
Interest Expenses	49.12	91.10	79.06	67.01	85.46	100.98
(Profit)/Loss on sale of assets	(0.02)	0.37	(0.01)	(0.41)	0.06	0.24
Deferred revenue expenditure written off	1.69	4.35	5.68	5.70	5.21	4.75
(Profit)/Loss on sale of Investment	-	0.01	(5.44)	(8.69)	0.04	(0.01)
Foreign Exchange Fluctuation	(0.97)	(3.03)	(0.40)	2.64	1.74	1.44
Reversal/Provision for Diminution in value of Investments *(30.09.2007 : Rs. 5000)	-	*	(0.05)	0.35	(0.03)	(0.05)
Interest / Dividend Received	(1.47)	(2.42)	(3.30)	(5.17)	(10.97)	(4.59)
Provision for Doubtful Debts/Advances and Balances written off	0.20	0.50	0.30	0.19	0.27	0.46
Operating Profit before working capital changes	159.90	267.03	168.50	129.47	122.89	201.86
(Increase)/Decrease in Trade and Other Receivables	(25.87)	49.79	(70.45)	28.99	(23.03)	(56.51)
(Increase)/Decrease in Inventories	(16.76)	(134.26)	(124.56)	(65.84)	33.14	(24.24)
Increase/(Decrease) in Trade Payables	(64.22)	26.12	79.12	(3.10)	82.01	31.59
Cash generated from Operations	53.05	208.68	52.61	89.52	215.01	152.70
Deferred revenue expenditure	(0.99)	(3.41)	(1.90)	(3.22)	(6.22)	(3.22)
Direct taxes (net)	(9.75)	(10.32)	(5.14)	(0.74)	6.96	(0.25)
Cash flow before extra ordinary items	42.31	194.95	45.57	85.56	215.75	149.23
Extra ordinary items	-	-	-	-	-	-
Net Cash from operating activities	**42.31**	**194.95**	**45.57**	**85.56**	**215.75**	**149.23**
B CASH FLOW FROM INVESTING ACTIVITIES :						
Purchase of Fixed Assets	(27.20)	(76.93)	(114.22)	(102.50)	(41.35)	(47.91)
Sale of Fixed Assets	0.69	2.06	1.77	2.13	1.23	3.10

		Six months ended March 31, 2008	Year ended September 30, 2007	Year ended September 30, 2006	Year ended September 30, 2005	Year ended September 30, 2004	Year ended September 30, 2003
	Movement of Loans & Advances	-	-	1.00	3.07	5.20	1.85
	Purchase of Investments	(1.01)	(1.69)	(1.40)	(0.02)	(6.30)	(1.27)
	Sale of Investments	-	0.54	7.27	15.64	0.75	1.31
	Interest Received	1.35	2.35	4.03	4.34	7.13	3.69
	Dividend Received	-	-	-	1.93	1.02	1.28
	Net Cash used in Investing activities	**(26.17)**	**(73.67)**	**(101.55)**	**(75.41)**	**(32.32)**	**(37.95)**
C	**CASH FLOW FROM FINANCING ACTIVITIES :**						
	Equity share Capital	-	-	37.80	-	-	-
	Proceeds from borrowings	149.54	145.78	246.14	206.75	98.39	119.75
	Repayment of borrowings	(102.33)	(174.87)	(132.85)	(139.05)	(180.33)	(143.82)
	Interest Paid	(50.96)	(93.44)	(83.39)	(71.56)	(79.95)	(103.10)
	Dividend paid (including dividend tax)	(1.46)	(8.86)	(8.56)	(8.46)	(8.48)	(3.41)
	Net cash used in financing activities	**(5.21)**	**(131.39)**	**59.14**	**(12.32)**	**(170.37)**	**(130.58)**
	Net increase in cash and cash equivalents	10.93	(10.11)	3.16	(2.17)	13.06	(19.30)
	Cash and Cash Equivalent as at the beginning of the year	30.03	40.21	37.47	39.68	26.60	45.98
	Transferred Pursuant to the Scheme of Arrangement and Demerger	-	-	(0.50)	-	-	-
	Foreign Currency Translation gain/(loss) on Cash and Cash equivalent	0.06	(0.07)	0.08	(0.04)	0.02	(0.08)
	Cash and Cash equivalents as at the end of the year	**41.02**	**30.03**	**40.21**	**37.47**	**39.68**	**26.60**

Notes:							
1	Cash and cash Equivalents Include:						
	- Cash, Cheques in hand and Remittances in transit	16.11	18.87	26.79	20.56	15.55	7.01
	- Balances with Schedule Banks	24.85	11.23	13.34	16.95	24.11	19.67
	- Unrealised Translation gain/(loss) on Foreign Currency balances	0.06	(0.07)	0.08	(0.04)	0.02	(0.08)
	Total	**41.02**	**30.03**	**40.21**	**37.47**	**39.68**	**26.60**

2 The Above information should be read with notes to the Summary Statement of Consolidated Profit & Losses and Assets and Liabilities -Restated as appearing in Annexure F & G.

Annexure –D

1) Reconciliation of Profit, Reserves and Surplus & Deferred Tax (Assets)/Liabilities (Net)

Rs. in Crore (10 Million)

	As at March 31, 2008	As At September 30,				
		2007	2006	2005	2004	2003
a) Audited Profit before tax	72.70	100.71	21.73	4.19	16.45	39.50
Less: Additional Excise duty for earlier year	-	-	-	-	(36.70)	-
Profit / (Loss) before Tax as restated	72.70	100.71	21.73	4.19	(20.25)	39.50
b) Audited Profit after tax	43.71	66.69	16.98	17.44	12.15	22.47
Less: Additional Excise duty for earlier year	-	-	-	-	(36.70)	-
Add/ (Less) impact on Deferred Tax due to adjustment of AED for earlier year	-	-	-	(13.43)	13.43	-
Profit / (Loss) after Tax as restated	43.71	66.69	16.98	4.01	(11.12)	22.47
c) Audited Surplus carried to Balance Sheet	80.68	35.34	35.47	52.68	48.03	47.89
Less: Additional Excise duty for earlier year	(36.70)	(36.70)	(36.70)	(36.70)	(36.70)	-
Add/ (Less) impact on Deferred Tax due to adjustment of AED for earlier year	-	-	-	-	13.43	-
Less: Difference between Unaudited & Audited Profit of Valiant Pacific L.L.C	-	-	-	-	-	(0.02)
Surplus carried to Balance Sheet as restated	43.98	(1.36)	(1.23)	15.98	24.76	47.87
d) Audited Reserve & Surplus	541.41	513.26	568.57	776.27	844.31	873.33
Less: Deferred Tax Liability (net) for transitional Period upto 31st March, 2001	-	-	75.78	75.78	75.78	75.78
Less: Additional Excise duty for earlier Year	-	-	-	-	(36.70)	-
Add/ (Less) impact on Deferred Tax due to adjustment of AED for earlier year	-	-	-	-	13.43	-
Less: Difference between Unaudited & Audited Profit of Valiant Pacific L.L.C	-	-	-	-	-	(0.02)
Reserve & Surplus as restated	541.41	513.26	492.79	700.49	745.26	797.53
e) Audited Deferred Tax (Assets) / Liabilities (net)	122.75	105.32	(1.61)	(3.05)	11.47	7.18
Add: Deferred Tax Liability (net) for transitional Period upto 31st March, 2001	-	-	75.78	75.78	75.78	75.78
Add/ (Less) impact on Deferred Tax due to adjustment of AED for earlier year	-	-	-	-	(13.43)	-
Deferred Tax Liabilities (net) as restated	122.75	105.32	74.17	72.73	73.82	82.96
f) Audited Current Liabilities & Provisions	787.60	835.98	796.89	701.16	649.31	585.60
Add: Additional Excise duty for earlier years	-	-	-	-	36.70	-

	As at March 31, 2008	As At September 30,				
		2007	2006	2005	2004	2003
Current Liabilities & Provisions as restated	787.60	835.98	796.89	701.16	686.01	585.60

2 Details of Investments are as follows :-
LONG-TERM INVESTMENTS (Other than trade)

Rs. In Crore (10 Million)

	As at March 31, 2008	As at September 30,				
		2007	2006	2005	2004	2003
Investment in Shares						
Equity	1.64	0.63	0.05	101.48	102.24	102.24
Preference	14.61	14.61	13.50	65.25	66.75	66.75
Investment in associates*	11.75	10.12	7.44	63.13	48.48	34.37
Bonds	45.79	45.79	46.34	47.07	62.35	62.14
Mutual Funds	0.25	0.25	0.25	0.23	0.17	0.14
Government and Trust Securities**						
TOTAL	74.04	71.40	67.58	277.16	279.99	265.64

* Share of Post acquisition revenue profits have been recognised in carrying amount of investments in associates. And Goodwill arising on investments in associates amounting to Rs. 20.17 Crs. , Rs. 20.21 Crs., Rs. 19.05 Crs. have been also recognised in carrying amount of investments in 2005, 2004 and 2003 respectively.

** As at 31.03.2008: 12000, 30.09.2007: Rs. 12000, 30.09.2006: Rs. 18500, 30.09.2005: Rs. 18500, 30.09.2004: Rs. 20500, 30.09.2003: Rs. 38500.

3 Details of Loans (Secured & Unsecured) are as follows:

Rs. In Crore (10 Million)

	As at March 31, 2008	As at September 30,				
		2007	2006	2005	2004	2003
Secured Loans :						
Zero Coupon Non-Convertible Debentures	57.76	74.22	95.22	108.63	104.79	64.83
15% Non - Convertible Debentures	-	-	-	-	-	1.80
Term Loans :						
Financial Institutions	30.09	39.96	53.92	66.63	86.09	249.46
Banks	208.80	211.24	221.54	215.93	214.75	85.24
Other Loans from Banks	308.54	290.47	271.60	189.18	154.91	236.49
Deferred Sales Tax	70.95	70.95	82.50	90.91	95.97	100.37
	676.14	686.84	724.78	671.28	656.51	738.19
Unsecured Loans :						
Non Convertible Debentures	-	20.00	-	-	-	-
Fixed Deposits	44.69	44.24	47.13	58.58	66.98	71.86
Deferred Sales Tax	44.87	40.66	29.78	13.20	5.88	2.85
Others	0.25	0.58	2.46	6.00	7.50	15.16
Short Term Loans - Banks	190.30	110.65	139.73	82.19	21.30	-
- Others	6.00	12.00	-	-	-	10.00
	286.11	228.13	219.10	159.97	101.66	99.87

4

A. Details of Sundry Debtors are as follows :-

Rs. In Crore (10 Million)

	As at March 31, 2008	As at September 30,				
		2007	2006	2005	2004	2003
Debtors (unsecured, considered goods) :						
(I) Debts over six months	18.19	11.76	14.35	18.24	16.51	19.84
(II) Other Debts	432.03	426.68	467.44	397.68	437.03	396.62
Total	450.22	438.44	481.79	415.92	453.54	416.46
Less: Provision for doubtful debts	3.12	2.92	3.90	4.13	4.02	3.87
Net Debtors	**447.10**	**435.52**	**477.89**	**411.79**	**449.52**	**412.59**

B Details of Loans and Advances are as follows :-

Rs. In Crore (10 Million)

	As at March 31, 2008	As at September 30,				
		2007	2006	2005	2004	2003
Secured Loans						
Promoter Group	1.52	1.52	1.52	0.02	-	-
Others	-	-	-	1.50	-	-
TOTAL - A	1.52	1.52	1.52	1.52	-	-
Unsecured Loans						
Promoter Group	6.60	6.60	6.60	9.10	8.16	-
Others	-	-	-	0.70	5.00	6.38
TOTAL - B	6.60	6.60	6.60	9.80	13.16	6.38
Advances recoverable in cash or in Kind or value to be received	101.67	87.20	98.36	95.81	83.32	100.55
Deposit with Government Authorities and others	12.30	12.14	10.96	10.08	9.94	15.53
Fringe Benefit Tax Advance Payment	5.87	3.97	3.47	0.34	-	-
MAT Credit Entitlement	10.57	8.01	0.47	-	-	-
Income Tax Advance Payment	21.64	13.79	7.15	5.22	5.40	14.98
TOTAL - C	152.05	125.11	120.41	111.45	98.66	131.06
TOTAL (D= A+B+C)	160.17	133.23	128.53	122.77	111.82	137.44
Less : Provision for doubtful advances	0.32	0.32	0.32	0.32	0.32	0.34
TOTAL LOANS & ADVANCES	159.85	132.91	128.21	122.45	111.50	137.10

C Details of Other Current Assets :

Rs. In Crore (10 Million)

	As at March 31, 2008	As at September 30,				
		2007	2006	2005	2004	2003
Interest Accrued on Investments	0.37	0.25	0.18	0.38	1.63	0.84

D Details of Current Liabilities and Provisions:

Rs. In Crore (10 Million)

	As at March 31, 2008	As at September 30,				
		2007	2006	2005	2004	2003
A) Current Liabilities:						
Acceptances	13.65	10.93	7.12	8.76	36.36	49.56
Sundry Creditors	498.28	581.72	549.48	459.87	420.71	347.58
Investor Education and Protection Fund	10.17	1.97	2.26	2.11	1.89	1.35

	As at March 31, 2008	As at September 30,				
		2007	**2006**	**2005**	**2004**	**2003**
Other Liabilities	219.99	199.47	204.27	195.67	193.45	159.85
Interest accrued but not due on loans	4.15	5.99	6.17	8.74	12.14	6.16
Bank Overdrafts	-	-	-	-	-	0.01
Total (A)	746.24	800.08	769.30	675.15	664.55	564.51
B) Provisions:						
Provision for Retirement Benefits	14.20	13.13	13.00	15.74	12.19	9.22
Provision for Taxation	21.26	8.84	1.30	0.87	0.80	3.42
Fringe Benefit Tax	5.90	4.20	4.51	0.86	-	-
Proposed Dividend	-	8.32	7.70	7.49	7.49	7.49
Provision for Corporate Dividend Tax	-	1.41	1.08	1.05	0.98	0.96
Total (B)	41.36	35.90	27.59	26.01	21.46	21.09
Total (A) + (B)	787.60	835.98	796.89	701.16	686.01	585.60

Annexure - E

Income, Profit/(Loss) before tax and Profit/(Loss) after Tax of Subsidiaries included in Consolidation as per their financial statements :-

INCOME

Rs. in crore (10 Million)

	2007-08 (6 Months)	2006-07 (12 Months)	2005-06 (12 Months)	2004-05 (12 Months)	2003-04 (12 Months)	2002-03 (12 Months)
JK International Ltd @	-	-	-	-	-	-
JK Asia Pacific Ltd @	6532#	11318#	32934#	22012#	9854#	14817#
JK Asia Pacific(S) Pte Ltd @	0.01	0.03	0.01	0.01	21193#	5.25
Hansdeep Investment Ltd*	N.A	N.A	N.A	0.01	0.01	0.16
Hidrive Fianance Ltd*	N.A	N.A	N.A	0.20	0.01	0.01
Panchanan Investment Ltd*	N.A	N.A	N.A	0.31	0.09	0.73
Radial Finance Ltd*	N.A	N.A	N.A	1.03	0.61	0.60

PROFIT/(LOSS) BEFORE TAX

Rs. in crore (10 Million)

	2007-08 (6 Months)	2006-07 (12 Months)	2005-06 (12 Months)	2004-05 (12 Months)	2003-04 (12 Months)	2002-03 (12 Months)
JK International Ltd @	-	-	-	-	-	-
JK Asia Pacific Ltd @	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)
JK Asia Pacific(S) Pte Ltd @	(0.07)	(0.02)	(0.05)	(0.02)	(0.04)	0.15
Hansdeep Investment Ltd*	N.A	N.A	N.A	(0.41)	(6620)#	0.12
Hidrive Fianance Ltd*	N.A	N.A	N.A	0.19	(39924)#	(0.01)
Panchanan Investment Ltd*	N.A	N.A	N.A	0.28	0.06	0.10
Radial Finance Ltd*	N.A	N.A	N.A	0.74	(0.04)	0.04

PROFIT/(LOSS) AFTER TAX

Rs. in crore(10 Million)

	2007-08 (6 Months)	2006-07 (12 Months)	2005-06 (12 Months)	2004-05 (12 Months)	2003-04 (12 Months)	2002-03 (12 Months)
JK International Ltd @	-	-	-	-	-	-
JK Asia Pacific Ltd @	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)
JK Asia Pacific(S) Pte Ltd @	(0.07)	(0.02)	(0.05)	(0.02)	(0.04)	0.13
Hansdeep Investment Ltd*	N.A	N.A	N.A	(0.42)	(7532)#	0.11
Hidrive Fianance Ltd*	N.A	N.A	N.A	0.19	(39924)#	(0.01)
Panchanan Investment Ltd*	N.A	N.A	N.A	0.27	0.04	0.07
Radial Finance Ltd*	N.A	N.A	N.A	0.68	(0.04)	0.03

* Ceased to subsidiaries w.e.f 1.10.2005 pursuant to the Scheme of Arrangement and Demerger.
# Figures less than Rs. 50000 have been shown at actuals.
@ Figures are converted in INR from their reported currency

Annexure – F

Notes to the summary Statement of Consolidated Assets and Liabilities- Restated and Summary Statement of Consolidated Profit & Losses - Restated for the six months ended March 31, 2008 and for each of the year ended September 30, 2007, 2006, 2005, 2004 and 2003 :-

Principles of Consolidation:

1 a).The Consolidated Financial Statements comprise of the financial statements of JK Tyre & Industries Limited (formerly known as J.K. Industries Ltd.) (Parent Company) and the following :

Name	Country of Incorporation	Proportion of Ownership Interest held as at						Financial Statement (if different from Parent Company) as on
		31st March, 2008	30 Sept., 2007	30 Sept., 2006	30 Sept., 2005	30 Sept., 2004	30 Sep., 2003	
a) **Subsidiaries**								
J.K. International Ltd.	U.K.	100%	100%	100%	100%	100%	100%	31st Mar.
J.K. Asia Pacific Ltd.	Hong Kong	100%	100%	100%	100%	100%	100%	-
J.K. Asia Pacific (S) Pte Ltd.	Singapore	100%	100%	100%	100%	100%	100%	-
Hansdeep Investment Ltd.	India	-	-	-	100%	100%	100%	-
Hidrive Finance Ltd.	India	-	-	-	100%	100%	100%	-
Panchanan Investment Ltd.	India	-	-	-	100%	100%	100%	-
Radial Finance Ltd.	India	-	-	-	100%	100%	100%	-
b) **Associates**								
Hari Shankar Singhania Elastomer and Tyre Research Institute	India	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	31st Mar.
Valiant Pacific LLC	UAE	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	-
J.K. Sugar Ltd.	India	-	-	-	35.47%	-	-	31stMar.
JK Paper Ltd.	India	-	-	-	12.32%	14.53%	24.21%	30thJune

The accounts of J.K. International Ltd. are exempt from audit for the year 2008, 2007, 2006 and 2005. There are no significant transactions or other material events that have occurred between the balance sheet date of above companies and the parent company.

Subsidiaries ceased w.e.f. 01.10.2005 pursuant to the scheme are Hansdeep Investment Ltd., Hidrive Finance Ltd., Panchanan Investment Ltd., Radial Finance Ltd. and Netflier Technologies Ltd. (became subsidiary during the year 2005-06).

The unaudited financial statements of Valiant Pacific L.L.C for the period ended September 30, 2003 (fifteen months) and the year ended September 30, 2004, got audited during the current period. Accordingly, the necessary impacts have been given in Restated Consolidated Financial Statements.

b) The Financial Statements of the parent company and its subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating Intra-group balances and Intra-group transactions.

c) In case of associates, where Company holds directly or indirectly through subsidiaries 20% or more equity or/ and exercises significant influence, Investments are accounted for by using equity method in accordance with Accounting Standard (AS) 23 – "Accounting for investments in associates in consolidated financial statements".

d) The Company accounts for its share in the change in net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its profit and loss account to the extent, such change is attributable to the associates' profit and loss account and through its reserves for the balance, based on available information.

e) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

f) The Consolidated Financial Statements have been prepared using uniform accounting policies, in accordance with the generally accepted accounting practices.

g) Foreign Subsidiaries – Revenue items have been consolidated at the average rate of foreign exchange prevailing during the year. The assets and Liabilities, both monetary and non- monetary, of the non-integral foreign operation are translated at closing rate. Exchange differences arising on monetary and non-monetary items that in substance forms part of the Company's net investment in Non-integral foreign operation are accumulated in the Foreign Exchange Translation Reserve.

h) The Financial Statement, as restated, have been prepared in accordance with the applicable Accounting Standards then existing.

2 Estimated amount of contracts remaining to be executed on capital account and not provided for are as under:

Rs. In Crore (10 Million)

	As at March 31, 2008	**As at September 30,**				
		2007	**2006**	**2005**	**2004**	**2003**
Outstanding contacts/Capital commitments	86.64	21.91	17.15	55.19	43.12	14.78

3 a) Details of Contingent Liabilities :

Rs. In Crore (10 Million)

		As at March 31, 2008	**As at September 30,**				
			2007	**2006**	**2005**	**2004**	**2003**
a)	Bill Discounted with Banks outstanding	31.34	31.55	35.95	29.91	45.87	38.28
b)	Claims made against the company not acknowledge as debts						
	- Excise Duty Matters	3.52	3.52	3.91	10.32	24.04	38.12
	- Service Tax Matters	1.69	1.47	3.01	-	0.85	-
	- Sales Tax Matters	2.52	1.78	2.77	2.87	2.80	0.80
	- Other Matters	18.19	18.71	21.95	9.96	11.53	16.94
c)	Custom Duty on capital goods imported under EPCG scheme, against which export obligation is to be fulfilled	-	-	-	15.55	2.47	3.47
d)	Guarantees/Letter of Comfort to certain Banks and Financial Institutions on behalf of bodies corporate against counter indemnities from such body corporates for any liability that may arise in respect of loans	11.13	11.88	14.80	5.70	4.44	6.29

	As at March 31, 2008	As at September 30,				
		2007	2006	2005	2004	2003
outstanding						
TOTAL	68.39	68.91	82.39	74.31	92.00	103.90

b) In respect of certain disallowances and additions made by the Income Tax Authorities, appeals are pending before the Appellate Authorities and adjustment, if any, will be made after the same are finally determined.

c) Excise Duty liability on accounts of valuation of Finished Goods is disputed and is yet to be determined. Without prejudice to the Company's stand in this behalf, as per Government's desire on adhoc amount of Rs. 5.45 Crs. was paid under protest in earlier years and debited to 'Advances Recoverable' and an equivalent amount was provided in Profit and Loss Account. On Writ Petition filed by the Company in the Hon'ble Delhi High Court, the said Court directed the Excise Authorities to determine the valuation of finished goods in accordance with law and observations made in the order.

d) The Company has worked out reversal of Modvat Credit availed on exports under Value Based License in earlier years and had reversed the same in accounts. Pursuant to special scheme announced by the Government, the Company has also paid interest on such reversals. Further, the Excise department has issued certain basis for reversal of Modvat, which is disputed and has been contested by the Company in a Writ Petition before the Hon'ble Delhi High Court and directions have been issued to treat the reversal already made by the Company as provisional.

4 a) **Details of Deferred Tax Liability/(Assets)**

Rs. In Crore (10 Million)

	As at March 31, 2008	As at September 30,				
		2007	2006	2005	2004	2003
Deferred Tax Liability						
Related to Fixed Assets	130.26	127.17	130.85	128.37	130.94	129.97
Others	0.55	0.56	0.56	0.76	0.94	1.30
TOTAL	130.81	127.73	131.41	129.13	131.88	131.27
Deferred Tax Asset						
Disallowance under Income Tax Act, 1961	6.89	9.58	14.33	15.87	20.89	9.63
Provision for doubtful debts	1.17	1.21	1.43	1.50	1.51	1.45
Unabsorbed Depreciation	-	11.62	41.48	34.67	35.66	35.31
Others	-	-	-	4.36	-	1.92
TOTAL	8.06	22.41	57.24	56.40	58.06	48.31
3. Deferred Tax Liability/(Asset) - Net	**122.75**	**105.32**	**74.17**	**72.73**	**73.82**	**82.96**

b) Pursuant to the order passed by Hon'ble Supreme Court, the Company has provided for deferred tax liability (net) of Rs. 75.78 crs. at prevailing rate of tax as at June 30, 2007 for transitional period upto 31st March, 2001 during the year ended September 30, 2007 from general reserve in order to give effect to the provisions of Para 33 of As -22. Accordingly, figures of financial statements for the year ended September 30, 2006, 2005, 2004, 2003 have been restated by giving impact thereof in the Financial Statements for the eighteen months ended September 30, 2002.

5 Factory & Service buildings and Plant and Machinery of Company's Plant at JayKaygram were revalued as at 1st January, 1985 & 1st April, 1991. On 1st April, 1997 the revaluation of such assets was updated along with similar assets of Banmore plant. The revaluation of said assets of JayKaygram

and Banmore was further updated alongwith Factory Land and Township building as at 1st April, 2002 based on current replacement cost by a Valuer. The Gross Block as at 31.03.2008, 30.09.2007, 30.09.2006, 30.09.2005, 30.09.2004 and 30.09.2003 includes cumulative surplus of Rs. 667.78 Crs, Rs. 667.78 Crs, Rs. 667.78 Crs., Rs.667.82 Crs., Rs.668.70 Crs. and Rs.669.09 Crs.respectively arising on revaluation.

6 As per the Central Government Notification dated 1.3.2003, the Company had utilized Additional Excise Duty (AED) paid in earlier years on certain raw materials against excise duty payable on goods manufactured by the Company. The above Notification was amended by the Central Government with retrospective effect in the year 2004 in respect of utilization of AED paid prior to 1.4.2000. Henceforth, a sum of Rs.31.81 crs. and interest thereon Rs.4.89 crs. aggregating Rs. 36.70 crs. had been charged to Profit & Loss Account and an equivalent amount transferred from General Reserve in Annual Accounts for the year ended 30th September, 2005. Accordingly, necessary adjustment in the Restated Financial Statement for the six month ended March 31st, 2008 and year ended September 30, 2007, 2006, 2005, 2004 have been carried out by giving impact thereof under the head Restated Summary Statement of Profit & Loss of the company for the year ended September 30, 2004 and derecognizing said transfer from General Reserve.

7 RELATED PARTIES :-

a) Associates :

J.K. Paper Ltd.	(ceased to be Associate w.e.f 01.10.2005 pursuant to Scheme)
Hari Shankar Singhania Elastomer and Tyre Research Institute	
J.K. Pharmachem Ltd.	(Ceased to be Associate w.e.f. 01.10.2004)
Valiant Pacific LLC	(w.e.f. 01.10.2002)
JK Lakshmi Cement Ltd.	(formerly J.K. Corp. Ltd.)
J.K Sugar Ltd.	(Associate w.e.f 01.10.2004 and ceased to be Associate w.e.f 01.10.2005 pursuant to scheme)

b) Key Managerial Personnel

Shri Raghupati Singhania	Vice Chairman & Managing Director
Shri Bharat Hari Singhania	Managing Director
Shri Vikrampati Singhania	Dy. Managing Director
Shri Swaroop Chand Sethi	Whole Time Director

8. Summary of Related Party Transactions

Rs. In Crore (10 Million)

Sl. No.	Nature of Transactions	For the Year / Period ended	Nature of Relationships		Total
			Associates	Key Managerial Personnel	
1	Sale of Goods				
		31.03.2008	128.42	-	128.42
		30.09.2007	223.98	-	223.98
		30.09.2006	214.18	-	214.18
		30.09.2005	178.53	-	178.53
		30.09.2004	136.34	-	136.34
		30.09.2003	85.24	-	85.24
2	Purchase of Goods				
		31.03.2008	0.08	-	0.08
		30.09.2007	0.13	-	0.13
		30.09.2006	0.07	-	0.07
		30.09.2005	0.08	-	0.08
		30.09.2004	0.08	-	0.08
		30.09.2003	0.10	-	0.10
3	Sale of Fixed Assets				
		31.03.2008	0.03	-	0.03

Sl. No.	Nature of Transactions	For the Year / Period ended	Nature of Relationships		Total
			Associates	Key Managerial Personnel	
		30.09.2007	0.07	-	0.07
		30.09.2006	-	-	-
		30.09.2005	-	-	-
		30.09.2004	-	-	-
		30.09.2003	0.20	-	0.20
4	Sharing of Expenses Received				
		31.03.2008	0.30	-	0.30
		30.09.2007	2.65	-	2.65
		30.09.2006	0.55	-	0.55
		30.09.2005	0.73	-	0.73
		30.09.2004	0.60	-	0.60
		30.09.2003	0.98	-	0.98
5	Sharing of Expenses Paid				
		31.03.2008	1.11	-	1.11
		30.09.2007	2.29	-	2.29
		30.09.2006	2.07	-	2.07
		30.09.2005	2.80	-	2.80
		30.09.2004	1.44	-	1.44
		30.09.2003	1.52	-	1.52
6	Loans / Advances Given				
		31.03.2008	6.68	-	6.68
		30.09.2007	3.88	-	3.88
		30.09.2006	3.52	-	3.52
		30.09.2005	2.26	-	2.26
		30.09.2004	2.05	-	2.05
		30.09.2003	2.07	-	2.07
7	Loans / Advances recovered				
		31.03.2008	4.64	-	4.64
		30.09.2007	3.50	-	3.50
		30.09.2006	2.55	-	2.55
		30.09.2005	1.73	-	1.73
		30.09.2004	0.90	-	0.90
		30.09.2003	1.45	-	1.45
8	Loans / Advances received				
		31.03.2008	2.05	-	2.05
		30.09.2007	-	-	-
		30.09.2006	0.49	-	0.49
		30.09.2005	0.61	-	0.61
		30.09.2004	0.77	-	0.77
		30.09.2003	0.03	-	0.03
9	Loans / Advances repaid				
		31.03.2008	0.66	-	0.66
		30.09.2007	-	-	-
		30.09.2006	1.28	-	1.28
		30.09.2005	1.75	-	1.75

Sl. No.	Nature of Transactions	For the Year / Period ended	Nature of Relationships		Total
			Associates	Key Managerial Personnel	
		30.09.2004	1.07	-	1.07
		30.09.2003	3.00	-	3.00
10	Interest Expenses				
		31.03.2008	-	-	-
		30.09.2007	-	-	-
		30.09.2006	-	-	-
		30.09.2005	-	-	-
		30.09.2004	-	-	-
		30.09.2003	0.16	-	0.16
11	Interest Income				
		31.03.2008	-	-	-
		30.09.2007	-	-	-
		30.09.2006	-	-	-
		30.09.2005	0.83	-	0.83
		30.09.2004	-	-	-
		30.09.2003	0.36	-	0.36
12	Contribution				
		31.03.2008	2.75	-	2.75
		30.09.2007	2.90	-	2.90
		30.09.2006	1.25	-	1.25
		30.09.2005	0.90	-	0.90
		30.09.2004	0.50	-	0.50
		30.09.2003	-	-	-
13	Royalty Income				
		31.03.2008	1.25	-	1.25
		30.09.2007	1.58	-	1.58
		30.09.2006	2.09	-	2.09
		30.09.2005	-	-	-
		30.09.2004	-	-	-
		30.09.2003	-	-	-
14	Managerial Remuneration				
		31.03.2008	-	1.66	1.66
		30.09.2007	-	9.75	9.75
		30.09.2006	-	2.27	2.27
		30.09.2005	-	1.99	1.99
		30.09.2004	-	2.33	2.33
		30.09.2003	-	2.52	2.52
	Outstanding as at year end:				
15	-Receivable				
		31.03.2008	58.66	-	58.66
		30.09.2007	45.79	-	45.79
		30.09.2006	39.94	-	39.94
		30.09.2005	40.56	-	40.56
		30.09.2004	28.37	-	28.37
		30.09.2003	25.84	-	25.84
16	-Payable				

Sl. No.	Nature of Transactions	For the Year / Period ended	Nature of Relationships		Total
			Associates	Key Managerial Personnel	
		31.03.2008	-	-	-
		30.09.2007	-	-	-
		30.09.2006	-	-	-
		30.09.2005	0.03	-	0.03
		30.09.2004	0.05	-	0.05
		30.09.2003	-	-	-

9 SEGMENT INFORMATION
Information about Primary Business Segment

a. During the period ended 31st March, 2008 and for the year ended 30th September, 2007, the Company has one Business segment, namely Tyre.

b.

Rs.in Crore (10 Million)

(I)	Primary Segments Business	2005-06			2004-05		
		Tyre (including Tubes & Flaps)	Others	Total	Tyre (including Tubes & Flaps)	Others	Total
A	**REVENUE**						
	External Sales	2,609.21	-	2,609.21	2079.08	-	2079.08
	Inter Segment Sales	-	-	-	-	-	-
	Total Sales	2609.21	-	2609.21	2079.08		2079.08
	Other Income	11.75	5.86	17.61	6.87	1.35	8.22
	Unallocable Corporate Other Income	-	-	-			9.57
	Total Other Income	11.75	5.86	17.61	6.87	1.35	17.79
	Total Revenue	2620.96	5.86	2626.82	2085.95	1.35	2096.87
B	**RESULTS**						
	Segment Result (PBIT)	92.11	5.84	97.95	58.32	0.86	59.18
	Add : Unallocable income net of unallocable expenditure			-0.08			9.53
	Less : Interest			76.14			64.52
	Profit / (Loss) before Tax			21.73			4.19
C	**OTHER INFORMATION**						
	Segment Assets	2242.72	69.61	2312.33	2025.81	109.76	2135.57
	Unallocable Corporate Assets			26.19			207.52
	Total Assets			2338.52			2343.09
	Segment Liabilities	773.83	-	773.83	688.55	0.01	688.56
	Unallocable Corporate Liabilities			1041.11			916.58
	Total Liabilities			1814.94			1605.14
	Capital Expenditure	117.78	-	117.78	104.21	-	104.21
	Depreciation / Amortization	70.93	-	70.93	63.65	0.01	63.66
	Non Cash Expenses other than Depreciation	0.30	-	0.30	0.60	-	0.60
(II)	**Secondary Segment** - Geographical (by location of customers)						

(I)	Primary Segments Business	2005-06			2004-05		
		Tyre (including Tubes & Flaps)	Others	Total	Tyre (including Tubes & Flaps)	Others	Total
	Domestic Revenues			2165.81			1689.09
	Exports Revenues			461.01			407.78
	Total			2626.82			2096.87

c.

Rs.in Crore (10 Million)

(I)	Primary Segments Business	2003-04			2002-03		
		Tyre (including Tubes & Flaps)	Others	Total	Tyre (including Tubes & Flaps)	Others	Total
A	**REVENUE**						
	External Sales	1902.99	-	1902.99	2021.62	-	2021.62
	Inter Segment Sales	-	-	-	-	-	-
	Total Sales	1902.99		1902.99	2021.62	-	2021.62
	Other Income	17.34	0.13	17.47	57.06	0.52	57.58
	Unallocable Corporate Other Income			3.05			1.79
	Total Other Income	17.34	0.13	20.52	57.06	0.52	59.37
	Total Revenue	1920.33	0.13	1923.51	2078.68	0.52	2080.99
B	**RESULTS**						
	Segment Result (PBIT)	54.97	0.06	55.03	135.84	0.52	136.36
	Add : Unallocable income net of unallocable expenditure			2.95			1.73
	Less : Interest			78.23			98.59
	Profit / (Loss) before Tax			-20.25			39.50
C	**OTHER INFORMATION**						
	Segment Assets	1972.24	117.33	2089.57	2034.13	110.88	2145.01
	Unallocable Corporate Assets			211.15			196.60
	Total Assets			2300.72			2341.61
	Segment Liabilities	662.66	0.09	662.75	566.22	0.03	566.25
	Unallocable Corporate Liabilities			855.25			940.37
	Total Liabilities			1518.00			1506.62
	Capital Expenditure	41.15	-	41.15	47.14	-	47.14
	Depreciation / Amortization	61.35	0.01	61.36	59.08	0.06	59.14
	Non Cash Expenses other than Depreciation	0.27	-	0.27	0.46	-	0.46
(II)	**Secondary Segment** - Geographical (by location of customers)						
	Domestic Revenues			1528.51			1733.66
	Exports Revenues			395.00			347.33
	Total			1923.51			2080.99

Notes :
The Company 's operation predominantly relates to manufacture of Tyre /Tubes and Flaps. Other Business Segment comprise of Investment activity for the year ended 30th September 2004 to 2006 and Pharmaceutical (for part of the year) and Investment Activity for the year ended 30th September 2003, whose operations are insignificant in the context of total turnover, hence same has been shown as "others". Also refer Note - 1 of III, Annexure :G.

10. Figures less than Rs. 50000 have been shown at actuals.

11 Figures pertaining to Subsidiary Companies have been reclassified wherever necessary to bring them in line with Parent Company 's financial statement.

Annexure: G

OTHER NOTES

(I) For the period ended, 31st March, 2008

1. The Company has acquired 100% holding in Empresas Tornel, S.A.de CV alongwith its subsidiaries (Tornel Group), a well known company in Mexico engaged in the manufacture of tyres. The acquisition planned through SPV route is now complete with takeover of Management control on 13th June, 2008. The company has funded the acquisition through a mix of internal accruals and debt raised partly in the SPV floated for the purpose in the Tornel Group.

2. Expenditure incurred on ERP Software, recognised as intangible asset is amortized over a period of Five Years.

3. These accounts have been prepared in accordance with AS-11 (Revised 2003) and there is no impact on financial results.

4. Pursuant to amendment made in Finance Act 2008, deferred tax has been considered as an inadmissible deduction for determining Book Profit under Section 115 JB (2) of the Income Tax Act, 1961. Accordingly, figures of Provision for Current Tax and MAT credit entitlement include Rs. 1.79 crs pertaining to Assessment year 2007-08 and the same has no impact on financial results

5. Auditors of a subsidiary company J.K. Asia Pacific Limited have invited attention towards recoverability in respect of amount due (Rs. 0.58 crs equivalent HK$ 1124838.00) from an associate company.

(II) For the year ended , 30th September, 2007

1. The name of the Company has been changed from J.K. Industries Ltd. to JK Tyre & Industries Ltd. w.e.f. 02.04.2007 .

2. During the previous year, 36 lacs equity shares were allotted on preferential basis aggregating to Rs. 37.80 Crs. The balance out of said proceeds has been utilized for the purpose, for which it was raised.

3. Auditors of a subsidiary company J.K. Asia Pacific Limited have invited attention towards recoverability in respect of amount due (Rs. 0.58 crs equivalent HK$ 1124838.00) from an associate company.

(III) For the year ended , 30th September, 2006

1 Pursuant to the Scheme of Arrangement and Demerger (The Scheme) between the Company and Netflier Technologies Limited being the transferee company (name since changed to Netflier Finco Limited), approved by Hon'ble High Court of Calcutta vide their Order dated 8.11.2006 becoming effective from the Appointed date i.e. 1.10.2005:

a) Investments of Rs.188.20 crs., immovable properties of Rs.7.19 crs. and movable Fixed Assets of Rs.0.23 cr. of demerged undertaking stand demerged and transferred to and vested in the transferee company on a going concern basis at book values.

b) The existing issued, subscribed and paid up equity share capital of the company of Rs.37.46 crs. is reorganized by way of allocation in the ratio of 3:1 between JKI (Residual) for Rs.28.10 crs. and Netflier Finco Limited for Rs.9.36 crs. Equity Share Capital of the company has been reorganised by cancellation of Rs.2.50 paid up per equity share of Rs.10. Accordingly, a sum of Rs.28.10 crs. representing the balance paid up value of Rs.7.50 per Equity Share has been consolidated into equity share of Rs.10 each fully paid up.

36,00,000 equity shares were allotted on preferential basis on 23rd August, 2006 to a group Company. Upon coming into effect of the Scheme, the paid up equity share capital of JKI was reorganized by way of allocation of the same between JKI(Residual) for Rs.2.70 crs. and Netflier Finco Limited for Rs. 0.90 cr. in the ratio of 3:1. Equity Share Capital of the company has been reorganized by cancellation of Rs.2.50 paid up per equity share of Rs.10. Accordingly, a sum of Rs.2.70 crs. representing the balance paid up value of Rs. 7.50 per Equity Share has been consolidated into equity share of Rs.10 each fully paid up. The amount of Rs. 10.27 crs. arising on cancellation of the said equity capital has been transferred to Capital reserve.

c) The difference of Rs.185.35 crs. arising in the books of JKI (Residual) between 'the aggregate of equity shares allocated to JKI (Residual) and the reserves retained by JKI (Residual)' and `the net book value of assets and liabilities of JKI (Residual)' is appropriated against capital reserve, including revaluation reserves in JKI (Residual)'s books of account.

d) JKI carried on the business of demerged undertaking w. e. f. 1.10.2005 for and on account of and in trust for the transferee Company and all profits accrued and/or losses incurred in respect of the business of demerged undertaking were accordingly transferred to transferee Company.

e) The necessary steps and formalities in respect of transfer of investments and assets in favour of Netflier Finco Limited are under implementation.

2. During the year, 36 lacs equity shares were allotted on preferential basis to a Group Company aggregating to Rs.37.80 crs., (including premium). The proceeds are being used towards augmenting long term resources. Pending utilization, balance fund are retained in working capital.

3. Auditors of a subsidiary company J.K. Asia Pacific Limited have invited attention towards recoverability in respect of amount due (Rs. 0.66 cr. equivalent HK$ 1124838.00) from an associate company.

(IV) <u>For the year ended , 30th September, 2005</u>

1. The Company, in respect of certain unquoted long term strategic investments and Subsidiary Companies in respect of long term strategic investments made in some companies, has not provided diminution in the value of investments, since in the opinion of the Board, such diminution in their value is temporary in nature, considering the inherent value, nature of investments, the investees' assets and expected future cash flow from such investments .

(V) <u>For the year ended , 30th September, 2004</u>

3. As per the Central Government notification dated 01.03.2003, the Company became entitled to set off Additional Excise Duty (AED) paid on certain raw materials against Excise Duty payable on the goods manufactured by it. Accordingly, AED Credit for the earlier period utilized during the year Rs. 5.26 Crs. has been included in other income. Further pursuant to appeals allowed by the Commissioner (Appeals) Gwalior, an AED credit of Rs. 5.52 Crs. (paid under protest) had been included in other income.

4. The Company, in respect of certain unquoted long term strategic investments and Subsidiary Companies in respect of long term strategic investments made in some companies, has not provided diminution in the value of investments, since in the opinion of the Board, such diminution in their value is temporary in nature, considering the inherent value, nature of investments, the investees' assets and expected future cash flow from such investments

(VI) <u>For the year ended , 30th September, 2003</u>

1. (i) No provision has been made for diminution in the value of long term strategic investments made in some Companies including J.K. Udaipur Udyog Ltd. which has become Sick Company, since in the opinion of the management such diminution in their value is temporary in nature considering the inherent value, nature of investments and the investees' assets.

   (ii) No provision has been made for diminution of Rs. 0.19 Crs.in the value of long term quoted investments made in some companies, since in the opinion of the management such diminution in their value is temporary in nature.

2. As per the Central Government Notification dated 01.03.03, the Company became entitled to set off Additional Excise Duty (AED) paid on certain raw materials against Excise Duty Payable on the goods manufactured by it. Accordingly, AED credit of Rs. 49.15 Crore for the period prior to 01.10.02 utilized during the year has been included in other income. Balance amount of Rs.5.34 Crore shall be accounted for on its settlement / utilization.

Annexure G (1)

Notes pertaining to Unadjusted Audit Qualification in Consolidated Financial Information

1. In the year 2004-05: The Company, in respect of certain unquoted long term strategic investments and Subsidiary Companies in respect of long term strategic investments made in some companies has not provided diminution in the value of investments, since in the opinion of the Board, such diminution in their value is temporary in nature, considering the inherent value, nature of investments, the investees' assets and expected future cash flow from such investments.

2. In the year 2003-04: The Company, in respect of certain unquoted long term strategic investments and Subsidiary Companies in respect of long term strategic investments made in some companies, has not provided diminution in the value of investments, since in the opinion of the Board, such diminution in their value is temporary in nature, considering the inherent value, nature of investments, the investees' assets and expected future cash flow from such investments

3. In the year 2003-04: Balances of certain Loans & Advances were subject to confirmation.

4. (i) In the year 2002-03: No provision has been made for diminution in the value of long term strategic investments made in some Companies including J.K. Udaipur Udyog Ltd. which has become Sick Company, since in the opinion of the management such diminution in their value is temporary in nature considering the inherent value, nature of investments and the investees' assets.

(ii) In the year 2002-03: No provision has been made for diminution of Rs. 0.19 Crs.in the value of long term quoted investments made in some companies, since in the opinion of the management such diminution in their value is temporary in nature.

Annexure - H

Details of Other Income – Restated

Rs. in Crore (10 Million)

	Six months ended March 31, 2008	**Year ended Septembe r 30, 2007**	**Year ended Septembe r 30, 2006**	**Year ended Septembe r 30, 2005**	**Year ended Septembe r 30, 2004**	**Year ended Septembe r 30, 2003**
Income From Long Term Investments (other than trade)						
Dividends (2006-07: Rs 7000; 2005-06: Rs. 5500)	-			1.61	1.28	1.23
Interest (Including Tax deducted at source)	0.14	0.33	0.37	0.50	1.79	0.55
Profit on sale of Investments (Net)	-	-	5.44	8.69	-	0.01
Reversal of provision for Diminution in value of long-term Investments	-	*	0.05	0.06	0.03	0.05
* (Rs. 5000)						
Profit on sale of Assets (Net)	0.02	-	0.01	0.41	-	-
Additional Excise Duty Credit	-	-	-	-	10.78	49.15
Provision of earlier years no longer required	-	0.02	0.15	0.48	0.43	1.17
Scrap Sales	3.87	7.12	6.13	4.98	4.69	4.21
Royalty Income	1.25	1.58	2.09	-	-	-
Rental Income	0.12	0.23	0.20	0.31	0.31	0.32
Processing & Service Charges	-	-	-	-	-	0.75
Balances written back	-	0.35	2.52	-	0.41	0.10
Foreign Currency Exchange Fluctuation	-	-	-	-	0.02	0.08
Miscellaneous Income	1.13	0.87	0.65	0.75	0.78	1.75
TOTAL	**6.53**	**10.50**	**17.61**	**17.79**	**20.52**	**59.37**

Notes : -

The above amounts are as per the Summary Statement of Consolidated Profit and Losses of the Company - Restated

Annexure - I

Statement of Accounting Ratios of the Group

Rs in Crore (Except per Share Data)

Particulars	**Six months ended March 31, 2008**	**Financial Years**				
		For the year ended 30th September 2007	**For the year ended 30th September 2006**	**For the year ended 30th September 2005**	**For the year ended 30th September 2004**	**For the year ended 30th September 2003**
1. Net Profit after Tax	43.71	66.69	16.98	4.01	(11.12)	22.47
Less: Tax provision for earlier years	-	-	-	0.28	-	-
Earning attributable to equity shareholders	43.71	66.69	16.98	3.73	(11.12)	22.47
2. Weighted average number of Equity Shares outstanding during the year / period						
- Basic/ Diluted	30794510	30794510	28383003	37459346	37459346	37459346
3. Number of Equity Shares outstanding at the end of the year / period	30794510	30794510	30794510	37459346	37459346	37459346
4. Net Worth	410.46	369.88	322.58	321.57	337.09	363.55
Accounting Ratios						
Earning per Share:						
Basic/ Diluted (Rs.)	14.19	21.66	5.98	1.00	(2.97)	6.00
Return on Net Worth (1) /(4)-%	10.65%	18.03%	5.26%	1.16%	-3.30%	6.18%
Net Asset Value Per Share (Rs.)(4) / (3)	133.29	120.11	104.75	85.85	89.99	97.05

Note:

1 The Above information should be read with notes to the Summary Statement of Profit & Losses and Assets and Liabilities, as restated, appearing in Annexure F & G.

2 The ratios have been computed as under :

Basic / Diluted earning per share (Rs.)

$$\frac{\text{Earning attributable to equity shareholders}}{\text{Weighted average number of Equity Shares outstanding during the year / period}}$$

Return on Net Worth (%)

$$\frac{\text{Net Profit after Tax, as restated (after adjustment of Minority Interest)}}{\text{Net worth, as restated, at the end of the year / period}}$$

Net asset value per share (Rs.)

$$\frac{\text{Net worth, as restated, at the end of the year / period}}{\text{Number of equity shares outstanding at the end of year / period}}$$

ANNEXURE - J

Statement of Capitalisation as at 31st March, 2008

Rs. In Crore (10 Million)

	Pre-issue as at 31st March, 2008	Adjusted for issue*
Borrowings:		
Short Term	527.64	527.64
Long Term	434.61	434.61
Total Debt	**962.25**	**962.25**
Shareholders Funds		
Equity Share Capital	**30.79**	**41.06**
Reserve & Surplus		
Capital Reserve	154.22	154.22
Capital Redemption Reserve	7.00	7.00
Debenture Redemption Reserve	14.84	14.84
Securities Premium	159.37	236.35
General Reserve	162.04	162.04
Surplus in Profit and Loss Account	43.98	43.98
Foreign Currency Translation Reserve	(0.04)	(0.04)
Total Reserves & Surplus	**541.41**	**618.39**
Less: Revaluation Reserve	154.22	154.22
Less: Miscellaneous Expenses	7.52	7.52
Reserves (Net of Revaluation Reserve and Misc. Expenditures)	**379.67**	**456.65**
Total Shareholders Funds	**410.46**	**497.71**
Long Term Debt / Equity Ratio	**1.06**	**0.87**

* Note : This is not a part of the Auditor's report but has been separately certified by the Auditors. The figures disclosed above are based on the restated financial statements of the Company.

Notes:
1. Short Term Debt is considering as debt having original repayment term not exceeding 12 months.
2. Long Term Debt is considering as debt other than short term debt, as defined above.

STOCK MARKET DATA FOR EQUITY SHARES OF the COMPANY

Our Equity Shares are listed on the BSE, NSE and CSE. The stock market data has been given separately for each of these Stock Exchanges.

The high and low closing prices recorded on the BSE, NSE and CSE for the preceding three years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below.

BSE

Fiscal	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
2005	127.75	August 22, 2005	3,14,830	57.10	November 1, 2004	1,06,971	92.43
2006	137.55	September 14, 2006	5,36,197	68.80	June 8, 2006	22,545	103.18
2007	158.75	July 31, 2007	2,09,568	105.05	April 2, 2007	23,157	131.90

The average price for the year is the average of high and low prices of that year.

NSE

Fiscal	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
2005	128.10	August 30, 2005	1,02,501	57.00	November 1, 2004	9,373	92.55
2006	137.25	September 14, 2006	3,79,630	66.60	June 8, 2006	22,391	101.93
2007	157.65	July 31, 2007	1,80,990	104.60	April 4, 2007	9,461	131.13

The average price for the year is the average of high and low prices of that year.

CSE

Fiscal	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
2005	103.1	March 4, 2005	8000	103.1	March 4, 2005	8000	103.1
2006	128.8	January 24, 2006	27930	96.5	August 3, 2006	13000	112.65
2007	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

The average price for the year is the average of high and low prices of that year.

There has been no trading on the CSE in Fiscal 2007. For details, see the section titled "Risk Factors – Our Equity Shares have not been actively traded in the past in the Calcutta Stock Exchange where we are currently listed" beginning on page xxiv of this Letter of Offer.

The high and low prices and volume of Equity Shares traded on the respective dates during the last six months is as follows:

BSE

Month, Year	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (Rs.)
January 2008	195.00	January 3, 2008	1,10,426	114.85	January 22, 2008	15,717	154.93
February 2008	149.00	February 27, 2008	7,706	116.10	February 13, 2008	30,099	132.55
March 2008	141.75	March 3, 2008	7,018	104.00	March 24, 2008	25,388	122.88
April 2008	134.90	April 30, 2008	58,404	111.60	April 1, 2008	16,966	123.25
May 2008	153.00	May 6, 2008	1,08,832	120.00	May 30, 2008	8,732	136.50
June 2008	124.90	June 16, 2008	5,675	92	June 30, 2008	27,485	108.45

-The average price for the month is the average of high and low prices of that month.
-In the event the high and low price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this section.

NSE

Month, Year	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (Rs.)
January 2008	198.00	January 3, 2008	1,75,349	110.30	January 25, 2008	21,874	154.15
February 2008	148.00	February 27, 2008	43,146	103.65	February 12, 2008	14,776	125.83
March 2008	147.00	March 3, 2008	14,248	86.60	March 25, 2008	24,539	116.80
April 2008	134.90	April 30, 2008	83,851	93.65	April 8, 2008	11,324	114.28
May 2008	153.10	May 6, 2008	1,93,966	118.10	May 30, 2008	26,760	135.60
June 2008	121.95	June 2 2008	23,898	92.15	June 30, 2008	36,931	107.05

-The average price for the month is the average of high and low prices of that month.
-In the event the high and low price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this section.

CSE

There has been no trading on the CSE in the last six months.

The cum-right market price was Rs. 94.15 on BSE on June 30, 2008, the trading day immediately following the day on which the Board meeting was held to finalize the offer price for the Issue.

The cum-right market price was Rs. 94.30 on NSE on June 30, 2008, the trading day immediately following the day on which Board meeting was held to finalize the offer price for the Issue.

There has been no trading on CSE on June 30, 2008, the trading day immediately following the day on which Board meeting was held to finalize the offer price for the Issue.

Equity Shares of the Company started trading ex-rights with effect from July 7, 2008. Closing ex-rights market price of equity shares of face value of Rs.10/- of the Company as on July 7, 2008 on BSE was Rs. 82.80 and on NSE was Rs. 82.35.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Letter of Offer. You should also read the section titled 'Risk Factors' beginning on page ix of this Letter of Offer, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. The following discussion is based on our restated financial statements, which have been prepared in accordance with Indian GAAP, the accounting standards referred to in Section 211(3C) of the Companies Act and other applicable legal provisions. The following discussion is also based on internally prepared statistical information and on publicly available information.

Our financial year ends on September 30, so all references to a particular financial year are to the twelve-month period ended September 30.

Certain industry, technical and financial terms used in this discussion shall have the meanings ascribed to them in the section entitled 'Definitions, Abbreviations and Technical Terms' beginning on page i of this Letter of Offer.

Overview

We are one of the leading tyre companies in India that develops, manufactures, markets and distributes automotive tyres, tubes and flaps for the transportation industry. We manufacture our products in four manufacturing centres in India and have marketing operations spread across India and abroad in over 75 countries including the United States of America, Latin America, the Middle East, South East Asia, Africa and Australia. We market our tyres for sale to vehicle manufacturers for mounting as original equipment and for sale in the replacement markets worldwide. As of Fiscal 2007, we are the third largest tyre company in India in terms of revenues with a gross turnover of Rs. 3,195.71 crore. Our gross turnover for the six month period ended March 31, 2008 was approximately Rs. 1,765.58 crore.

We have over five decades of experience in the Indian tyre market. We introduced and pioneered the steel radial technology into India and manufacture steel belted radial tyres for passenger cars, light commercial vehicles, trucks and buses. We were one of the first companies to manufacture passenger radial tyres in India as early as 1977. We are also one of the first Indian tyre manufacturers to introduce truck radial tyres into India. We are presently the largest producer of truck and bus radial tyres in India.

Additionally, as per the Report of ATMA, we have been the fastest growing manufacturer of off the road ("OTR") tyres in India in the period between April 2006 – March 2007 to April 2007- March 2008 with our production share having increased from 19% to 27%.

Since Fiscal 2004, our net sales revenue (on a stand alone basis) has grown from Rs.1,902.99 crore to Rs. 2,816.16 crore in Fiscal 2007, which represents a 14% CAGR during this period. In Fiscal 2007, approximately 58%, 27% and 15% of our Company's revenue was from the replacement, institutional and export markets respectively.

We have well known brands in the truck and bus tyre, light truck tyre, passenger car tyre, farm tyre and OTR tyre market segments in India. Our products such as Jet Trak, Jet One, Jet Trak-39, Jet Trak-39 DX, Jetking-10, Jet Trak XL, Jet Speed, Jet Xtra, Jet Rib, Jet R Plus, Ultima XP, Tornado, Brute, Steel King, Sona HF and Sona 2001 are well known both in the OEM market and replacement markets across India. Additionally, we have been the exclusive supplier of tyres to certain OEMs for their automobiles and provide custom made tyres to Maruti Udyog Limited's SX4 ZXI, Esteem VXI and Swift and Mahindra and Mahindra Limited's Scorpio and Logan. We also have a centre for Research and Development, HASTERI, promoted by us to study, develop and evolve new technologies for rubber and allied industries.

We have four tyre manufacturing plants located in India at Kankroli (Rajasthan), Banmore (Madhya Pradesh) and two plants at Mysore (Karnataka). Starting with an initial capacity of 5 lakh tyres per annum in 1977, our Company has carried out a series of expansions to expand and upgrade its production capacities to reach the present installed capacity of 0.87 crore tyres per annum across all our plants.

As of March 31, 2008, we have over 134 sales, service and stock points located throughout the country. Our sales and distribution network, which reaches across India, is managed through 13 regional offices at New Delhi, Jalandhar, Kanpur, Meerut, Jaipur, Jamshedpur, Kolkata, Chennai, Hyderabad, Bangalore, Mumbai, Indore and Ahmedabad and 58 area offices located across the country. As of March 31, 2008, we have over 3,500 dealerships across India, of which over 500 are dealers stocking our tyres exclusively. In addition, we have over 100 steel wheel outlets which also provide certain value added services including wheel balancing, wheel alignments, tyre checking and tyre rotation along with selling tyres for our passenger car range of tyres and 18 tyre care centres located at the highways to focus and provide exclusive sales and after sales service to truck radial customers. Our tyre care centres are open 24 hours a day which provide the following facilties including inflation pressure check-ups, tyre fitment and rotation, repair of tyre cuts, service tyre facility, front alignment check-up.

In Fiscal 2005, 2006 and 2007 and the six month period ended March 31, 2008, our gross turnover were Rs. 2,383.82 crore, Rs. 2,952.69 crore, Rs. 3,195.71 crore and Rs. 1,765.58 crore respectively. In the Fiscal 2005, 2006, 2007 and the six month period ended March 31, 2008, our restated profit after tax was Rs. 3.33 crore, Rs. 17.05 crore, Rs. 66.73 crore and Rs 43.79 crore respectively. As on September 30, 2007 and as on March 31, 2008, we had a total asset base of Rs 1,053.19 crore and Rs. 1,041.07 crore and a net worth of Rs. 359.75 crore and Rs. 398.72 crore respectively.

Factor effecting our Operations

Our business is subject to various risks and uncertainties, including those discussed in the section titled "Risk Factors" beginning on page ix of this Letter of Offer.

Some of the important factors that have affected and which will continue to affect our results of operations, financial condition and cash flows are discussed in this section.

Performance of the Indian Economy:

India witnessed a robust real GDP growth as compared to the world real GDP growth rate in 2006. India is forecasted to be one of the fastest growing economies in the world. This extremely robust economic growth should lead to flourishing of industrial and economic activity leading to strong performance by the tyre segment led by demand growth from both new as well as replacement tyres. The recent initiatives taken by the GoI on development of road infrastructure is also expected to lead to higher demand for tyres both in the OEM as well as replacement markets.

Health of the Automobile Industry

Our financial performance is closely linked to the performance of the automobile industry. Various factors impact the performance of the automobile industry including – economic and industrial activity, road infrastructure, income levels, availability of vehicle finance and lending rates, oil and fuel prices etc. The automobile industry is also governed by various norms and regulations. Changes in these norms and regulations also have an impact on component manufacturers like us who have to modify the products to be in line with the revised regulations.

Raw Material Prices

The principal raw materials used by us to manufacture tyres are natural and synthetic rubber, nylon tyre cord fabric and carbon black. Other important raw materials that we use in the tyre manufacturing process include chemicals, zinc oxide, polyester, steel cord, latex, process oils, stearic acid and bead wire.

We purchase most raw materials in significant quantities from our suppliers. A substantial portion of our raw materials are procured under contracts that are either short-term or are subject to periodic price negotiations.

Raw materials costs have increased in recent years driven by the sharp increase in cost of natural rubber, oil, steel and petrochemicals. Since Fiscal 2004, customs duties in India have been reduced on carbon black, nylon tyre cord fabric, chemicals and synthetic rubber which have had some positive impact on raw material prices. On the other hand, the continued upswings of the commodity cycle for natural rubber and crude have resulted in the continuous increase in prices.

Availability of capital for capital expenditure

Our business is capital intensive in nature and we need to constantly upgrade our plants and equipment to continue meeting the demands of our customers. We also need to add equipments for expansion and for balancing. Thus investment in research and development and the ability to modify products to meet the changing needs of customers is essential for growth in the industry. Timely availability of adequate funding is important for us to meet our capital expenditure requirements.

Competition

The Indian tyre industry is very competitive and we expect competition to continue and likely to increase in the future. Our market position will depend upon effective marketing initiatives and our ability to anticipate and respond to various competitive factors affecting the industry, including pricing strategies by competitors. Our principal competitors in India include MRF Limited, Apollo Tyres Limited, CEAT Limited, Birla Tyres (a division of Kesoram Industries Limited), Goodyear and Bridgestone. Additionally, the import of tyres at competitive prices, particularly, truck radial tyres from China and passenger car tyres from China, Taiwan, Japan and Europe also contribute to competition in the Indian tyre industry.

Significant Accounting Policies

1. Accounts are maintained on accrual basis. Claims/refunds not ascertainable with reasonable certainty are accounted for on settlement basis.

2. Fixed assets are stated at cost adjusted by revaluation of certain assets.

3. Expenditure during construction / erection period is included under capital work in progress and is allocated to the respective fixed assets on completion of construction / erection.

4 a) Depreciation on fixed assets is calculated on the straight line method. Depreciation on the assets purchased prior to April 2, 1987 is provided at the rates in force at the time of respective additions to the assets and on the assets purchased on or after April 2, 1987 on the basis of Schedule XIV of the Companies Act. Continuous process Plants as defined in Schedule XIV have been considered on technical evaluation.

b) Leasehold land is being amortised over the lease period.

c) Depreciation on the increased amount of assets due to revaluation is computed on the basis of residual life of the assets as estimated by the valuer on straight line method.

5. Assets and liabilities related to foreign currency transactions are translated at exchange rate prevailing at the end of the year and all exchange gains/ losses adjusted to the Profit and Loss Account. Non Monetary Foreign Currency items are stated at cost. Premium in respect of forward contracts is recognised over the life of contract.

6. 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. The Current Investments are stated at lower of cost or quoted / fair value computed category-wise.

7. Inventories are valued at lower of cost and net realisable value. The cost is computed on weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

8. Revenue expenditure on research and development is charged to profit & loss account and capital expenditure is added to fixed assets.

9. Borrowing cost is charged to Profit & Loss Account except cost of borrowings for acquisition of qualifying assets which is capitalised till the date of commercial use of the asset.

10. Employee Benefits:

i. Defined-contribution plans

Contributions to the employees' provident fund, superannuation fund and Employees' State Insurance are recognized as defined contribution plan and charged as expenses during the period in which the employees perform the services.

ii. Defined-benefit plans

Retirement benefit in form of gratuity, and Leave Encashment and PF (Funded) are considered as defined benefit plan and determined on actuarial valuation using the Projected Unit Credit Method at the balance sheet date. Actuarial Gains and Losses are recognized immediately in the Profit and Loss Account.

iii. Short term employee benefits

Short term benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

14. Expenditure incurred up to September 30, 2003 against which benefit is expected to flow into future periods is treated as Deferred Revenue Expenditure and charged to Revenue Account over the expected duration of benefit. Compensation paid to employees under voluntary retirement scheme is treated as Deferred Revenue Expenditure and is amortised over a period of five years.

15. Export incentives and other benefits are recognised in the profit & loss account. project subsidy is credited to Capital Reserve.

16. Current Tax is the amount of tax payable on the estimated taxable income for the current year as per the provisions of Income Tax Act 1961. Deferred Tax is recognised for timing

differences. However, Deferred Tax Asset is recognised on the basis of reasonable / virtual certainty that sufficient future taxable income will be available against which the same can be realised.

14. Intangible Assets are being recognised if the future economic benefits attributable to the assets are expected to flow to the company and the cost of the asset can be measured reliably. The same are being amortised over the expected duration of benefits.

15. The Financial Statements, as restated, have been prepared in accordance with applicable Accounting Standards then existing.

Summary Financials and Results of Operations

Summary of Profit and Loss Statement, as restated

Rs. In Crore (10 Million)

	Six months ended March 31st, 2008	As a % of Total Income	Year ended Sept 30th, 2007	As a % of Total Income	Year ended Sept 30th, 2006	As a % of Total Income	Year ended Sept 30th, 2005	As a % of Total Income	Year ended Sept 30th, 2004	As a % of Total Income
Income										
Gross Sales :										
- Of Products Manufactured By The Company	1,739.27	113.92	3,168.77	108.53	2,923.78	107.53	2,355.25	111.21	2,206.69	118.14
- Of Products Traded By The Company	26.31	1.72	26.94	0.92	28.91	1.06	28.57	1.35	30.81	1.65
Total	1,765.58	115.64	3,195.71	109.45	2,952.69	108.59	2,383.82	112.56	2,237.50	119.79
Less : Excise Duty	210.87	13.81	379.55	13.00	343.48	12.63	304.74	14.39	334.51	17.91
Net Sales	1,554.71	101.83	2,816.16	96.45	2,609.21	95.96	2,079.08	98.17	1,902.99	101.88
Other Income	6.53	0.43	10.50	0.36	17.61	0.65	16.44	0.78	20.37	1.09
Increase / (Decrease) In Finished Goods	-34.47	-2.26	93.13	3.19	92.16	3.39	22.32	1.05	-55.52	-2.97
Total Income	1,526.77	100.00	2,919.79	100.00	2,718.98	100.00	2,117.84	100.00	1,867.84	100.00
Expenditure										
Raw Material Consumed	974.37	63.82	1,943.66	66.57	1,886.31	69.38	1,392.12	65.73	1,157.78	61.98
Staff Cost	95.23	6.24	176.72	6.05	155.70	5.73	142.66	6.74	138.84	7.43
Other Manufacturing Expenses	146.74	9.61	258.88	8.87	264.01	9.71	219.18	10.35	189.99	10.17
Selling And Distribution Expenses	111.70	7.32	197.40	6.76	179.18	6.59	169.54	8.01	164.86	8.83
Administration And Other Expenses	39.5	2.59	77.90	2.67	64.90	2.39	62.80	2.97	60.36	3.23
Interest	47.80	3.13	89.04	3.05	76.15	2.80	64.45	3.04	78.19	4.19
Total Expenditure	1,415.34	92.70	2,743.60	93.97	2,626.25	96.59	2,050.75	96.83	1,790.02	95.83
Profit Before Depreciation & Tax	111.43	7.30	176.19	6.03	92.73	3.41	67.09	3.17	77.82	4.17
Depreciation (Net of transfer from Capital Reserve)	38.65	2.53	75.44	2.58	70.93	2.61	63.65	3.01	61.34	3.28
-Additional Excise Duty for earlier years	-	-	-	-	-	-	-	-	36.70	1.96

	Six months ended March 31st, 2008	As a % of Total Income	Year ended Sept 30th, 2007	As a % of Total Income	Year ended Sept 30th, 2006	As a % of Total Income	Year ended Sept 30th, 2005	As a % of Total Income	Year ended Sept 30th, 2004	As a % of Total Income
Profit Before Tax	72.78	4.77	100.75	3.45	21.80	0.80	3.44	0.16	-20.22	-1.08
Provision for Current Tax, MAT Credit, Deferred Tax and FBT	28.99	1.90	34.02	1.17	4.75	0.17	0.11	0.01	-9.14	-0.49
Profit After Tax	43.79	2.87	66.73	2.29	17.05	0.63	3.33	0.16	-11.08	-0.59

Explanation / Description of principal components of income and expenditure

Income

Sales of the products manufactured by our Company

Sales of the products manufactured by our Company consist of tyres, tubes and flaps. The market segments in which we sell our products are broadly classified as

- Sales to Original Equipment Manufacturers (OEMs)
- Sales in Replacement Market
- Sales to State Transport Undertakings
- Export Sales

Sales of the products traded by our Company

In some cases we purchase products like tyres, tubes and flaps from third parties. Sale of these products purchased from third parties by our Company is classified under this category. The volume of the sales in this category has been less than 2% of the total income of our Company for the last three years.

Other Income

Other income is mainly on account of interest, profit on sale of investments, royalty income, sale of scrap and other miscellaneous income.

Expenditure

Raw material consumed

Raw materials and components consumed represent costs of raw materials such as natural and synthetic rubber, nylon tyre cord fabric, carbon black and various other materials based on product mix of different varieties of tyres, tubes and flaps.

Staff cost

Our staff costs, apart from salaries and wages include contribution to provident and other funds and staff welfare expenses. We also employ trainees and contract labourers and their wages also forms part of the staff cost.

Other manufacturing expenses

Other manufacturing expenses comprises of conversion charges paid to outside agencies for accomplishing job work on behalf of our Company; cost of purchases of finished goods traded;

consumption of stores and spares; repair and maintenance costs of our equipments / machineries and factory buildings; power, electricity and water charges.

Selling and distribution expenses

Selling and distribution expenses include freight and forwarding, sales promotion expenses, advertisement and publicity expenses, commission paid to selling agents, discounts and royalty.

Administration and other expenses

Administration and other expenses include rent, taxes, insurance, director's fees, deferred revenue expenditure, provision for doubtful debts and other miscellaneous expenses such as bank charges, printing and stationery, telephone, traveling.

Interest

Interest expenses include interest payable on term loans, working capital facilities, debentures, fixed deposits and interest payable on other forms of borrowings from banks and / or financial institutions.

In relation to the borrowings denominated in foreign currencies, gains or losses arising out of foreign exchange fluctuations during a particular Fiscal are also adjusted as interest expense / income.

Depreciation

Depreciation on fixed assets is calculated on straight line method. Depreciation on assets purchased prior to April 2, 1987 is provided at rates in force at the time of respective additions to the assets, and on assets purchased on or after April 2, 1987 on the basis of Schedule XIV of the Companies Act. Depreciation on the increased amount of assets due to revaluation is computed on the basis of residual life of the asset as estimated by the valuer on the straight line method.

Performance for the period from October 1, 2007 to March 31, 2008.

Key events during the period from October 1, 2007 to March 31, 2008.

- There was a reduction in excise duty on tyres from 16% to 14%.
- There was a reduction in custom duty on project imports from 7.5% to 5%.

Income

Sales of the products manufactured by our Company

During the period our Company recorded a sale of Rs. 1,739.27 crore from sale of the products manufactured by our Company.

Sales of the products traded by our Company

During the period our Company recorded a sale of Rs. 26.31 crore from sale of the products traded by our Company. It constituted 1.72% of the total income of our Company.

Other Income

During the period, we earned other income to the tune of Rs. 6.53 crore, mainly comprising of royalty income and sale of scrap.

Expenditure

Raw material consumed

During the period the raw material consumed was Rs. 974.37 crore constituting 63.82% of the total income.

Staff cost

During the period the staff cost was Rs. 95.23 crore constituting 6.24% of the total income.

Other manufacturing expenses

During the period other manufacturing expenses were Rs. 146.74 crore constituting 9.61% of the total income.

Selling and distribution expenses

During the period the selling and distribution expenses were Rs. 111.70 crore constituting 7.32% of the total income.

Administration and other expenses

During the period administration and other expenses were Rs. 39.50 crore constituting 2.59% of the total income.

Interest

During the period interest expenses were Rs. 47.80 crore constituting 3.13% of the total income.

Depreciation

During the period depreciation was Rs. 38.65 crore constituting 2.53% of the total income.

Profit before Tax

During the period profit before tax was Rs. 72.78 crore constituting 4.77% of the total income.

Profit after tax

During the period Profit after tax was Rs. 43.79 crore constituting 2.87% of the total income.

Comparison of Fiscal 2007 with Fiscal 2006

Key events during Fiscal 2007

- Turnover of approximately Rs. 3,200 crore and Profit before Tax crossed Rs. 100 crore;
- Stability in input prices; and
- Better sales realization.

Income

Sales of the products manufactured by our Company

Sales of the products manufactured by our Company increased by 8.38% from Rs. 2,923.78 crore in Fiscal 2006 to Rs. 3,168.77 crore in Fiscal 2007 on account of increase in sales price by 5.78% and 2.60% due to sales mix.

Sales of the products traded by our Company

Sales of the products traded by our Company decreased by 6.81% from Rs. 28.91 crore in Fiscal 2006 to Rs. 26.94 crore in Fiscal 2007 on account of decrease in trade volume.

Other Income

Other income decreased by 40.37% from Rs. 17.61 crore in Fiscal 2006 to Rs. 10.50 crore in Fiscal 2007 on account of decrease in income from royalty and profit on sale of investments (net).

Expenditure

Consumption of raw material consumed

Raw material consumed increased by 3.04% from Rs. 1,886.31 crore in Fiscal 2006 to Rs. 1,943.66 crore in Fiscal 2007 on account of increase in production by 1.23% and raw material prices by 1.81%. However, raw materials consumed as a percentage of total income has decreased from 69.38% for the Fiscal 2006 to 66.57% for Fiscal 2007 due to stability in input prices and better efficiencies.

Staff cost

Staff cost increased by 13.50% from Rs. 155.7 crore in Fiscal 2006 to Rs. 176.72 crore in Fiscal 2007 mainly on account of normal increment in salaries and wages.

Other manufacturing expenses

Other manufacturing expenses decreased by 1.94% from Rs. 264.01 crore in Fiscal 2006 to Rs. 258.88 crore in Fiscal 2007 mainly on account of improved performance due to all round improvement in operations, cost compression and plant efficiencies.

Selling and distribution expenses

Selling and distribution expenses increased by 10.17% from Rs. 179.18 crore in Fiscal 2006 to Rs. 197.40 crore in Fiscal 2007 on account of increase in sales.

Administration and other expenses

Administration and other expenses increased by 20.03% from Rs. 64.90 crore in Fiscal 2006 to Rs. 77.90 crore in Fiscal 2007 mainly on account of increase in research and development expenses, Bank Charges, Water Charges and Traveling Expenses.

Interest

Interest increased by 16.93% from Rs. 76.15 crore in Fiscal 2006 to Rs. 89.04 crore in Fiscal 2007 mainly on account of increase in the utilization of short term loans and increase in the rates of interest.

Depreciation

Depreciation increased by 6.36% from Rs. 70.93 crore in Fiscal 2006 to Rs. 75.44 crore in Fiscal 2007 on account of net additions to the fixed assets of Rs. 71.85 crore in Fiscal 2007.

Profit before Tax

Profit before Tax increased by 362.16% from Rs. 21.80 crore in Fiscal 2006 to Rs. 100.75 crore in Fiscal 2007 on account of better sales realization, stable input prices, all round cost reduction and operating efficiencies.

Profit after tax

The profit after tax increased by 291.38% from Rs. 17.05 cores in Fiscal 2006 to Rs. 66.73 crore in Fiscal 2007 on account of increase in profit before tax and differing tax provisions.

Comparison of Fiscal 2006 with Fiscal 2005

Key events during Fiscal 2006

- We manufactured 0.68 crore tyres during the year, which was the highest ever production in our entire history.
- During the year, our Company augmented its long term resources and networth by issue of 36,00,000 equity shares at a price of Rs. 105 per equity share aggregating to Rs. 37.80 crore to a group company on preferential allotment basis.
- During the year expansion project enhancing capacities of truck radials by 50% and passenger radials by 30% were completed.

Income

Sales of the products manufactured by our Company

Sales of the products manufactured by our Company increased by 24.14% from Rs. 2,355.25 crore in Fiscal 2005 to Rs. 2,923.78 crore in Fiscal 2006 on account of increase in sales volume by 10%, sales price by 11.90% and 2.24% due to sales mix.

Sales of the products traded by our Company

Sales of the products traded by our Company increased by 1.19% from Rs. 28.57 crore in Fiscal 2005 to Rs. 28.91 crore in Fiscal 2006 on account of increase in sales volume.

Other Income

Other Income increased by 7.12% from Rs. 16.44 crore in Fiscal 2005 to Rs. 17.61 crore in Fiscal 2006 on account of increase in sale of scraps and income from royalty and decrease in dividend income and profit on sale of investments (net).

Expenditure

Raw material consumed

Raw material consumed increased by 35.50% from Rs. 1,392.12 crore in Fiscal 2005 to Rs. 1,886.31 crore in Fiscal 2006 on account of increase in production by 12.30% and raw material prices by 23.20%. Raw materials consumed as a percentage of total income has also increased from 65.73% for the Fiscal 2005 to 69.38% for Fiscal 2006.

Staff cost

Staff cost increased increased by 9.14% from Rs. 142.66 crore in Fiscal 2005 to Rs. 155.70 crore in Fiscal 2006 mainly on account of normal increment in salaries and wages.

Other manufacturing expenses

Other manufacturing expenses increased by 20.45% from Rs. 219.18 crore in Fiscal 2005 to Rs. 264.01 crore in Fiscal 2006 mainly on account of increase in production, conversion charges and cost of power and fuel.

Selling and distribution expenses

Selling and distribution expenses increased by 5.69% from Rs. 169.54 crore in Fiscal 2005 to Rs. 179.18 crore in Fiscal 2006 on account of increase in sales.

Administration and other expenses

Administration and other expenses increased by 3.34% from Rs. 62.80 crore in Fiscal 2005 to Rs. 64.90 crore in Fiscal 2006 on account of normal increase in overhead cost.

Interest

Interest increased by 18.15% from Rs. 64.45 crore in Fiscal 2005 to Rs. 76.15 crore in Fiscal 2006 mainly on account of increase in utilization of short term loans and increase in rates of interest. Utilization of short term loans increased due to higher price of raw material resulting in higher raw material cost.

Depreciation

Depreciation increased by 11.44% from Rs. 63.65 crore in Fiscal 2005 to Rs. 70.93 crore in Fiscal 2006 on account of net additions to the fixed assets of Rs. 145.50 crore in Fiscal 2006.

Profit before Tax

Profit before Tax increased by 533.72% from Rs. 3.44 crore in Fiscal 2005 to Rs. 21.80 crore in Fiscal 2006 on account of higher sales, improved product and market mix, all round cost reduction and operating efficiencies.

Profit after tax

The profit after tax increased by 412.01% from Rs. 3.33 cores in Fiscal 2005 to Rs. 17.05 crore in Fiscal 2006 on account of increase in profit before tax and differing tax provisions.

Comparison of Fiscal 2005 with Fiscal 2004

Key events during Fiscal 2005

- During the year there was a sharp increase in the input costs in view of increase in the prices of petro based raw materials.
- There was a reduction in the excise duty on tyres from 24% to 16%.

Income

Sales of the products manufactured by our Company

Sales of the products manufactured by our Company increased by 6.73% from Rs. 2,206.69 crore in Fiscal 2004 to Rs. 2,355.25 crore in Fiscal 2005 on account of increase in sales volume by 2.70%, sales price by 3.23% and 0.80% due to sales mix.

Sales of the products traded by our Company

Sales of the products traded by our Company decreased by 7.27% from Rs. 30.81 crore in Fiscal 2004 to Rs. 28.57 crore in Fiscal 2005 on account of reduction in the volume of sales of traded goods.

Other Income

Other Income decreased by 19.29% from Rs. 20.37 crore in Fiscal 2004 to Rs. 16.44 crore in Fiscal 2005 on account of certain non recurring items of income such as credit of Additional Excise Duty of Rs. 10.78 crore in Fiscal 2004 and profit on sale of Investments of Rs.7.46 crore in Fiscal 2005.

Expenditure

Raw material consumed

Raw material consumed increased by 20.24% from Rs. 1,157.78 crore in Fiscal 2004 to Rs. 1,392.12 crore in Fiscal 2005 on account of increase in production by 6.90% and raw material prices by 13.34%. Raw materials consumed as a percentage of total income has also increased from 61.98% for the Fiscal 2004 to 65.73% for Fiscal 2005.

Staff cost

Staff cost increased by 2.75% from Rs. 138.84 crore in Fiscal 2004 to Rs. 142.66 crore in Fiscal 2005 on account of normal increment in salaries and wages.

Other manufacturing expenses

Other manufacturing expenses increased by 15.36% from Rs. 189.99 crore in Fiscal 2004 to Rs. 219.18 crore in Fiscal 2005 mainly on account of increase in production, conversion charges and cost of power and fuel. However, other manufacturing expenses as a percentage of total income has gone up by only 0.18% in Fiscal 2005 as compared to Fiscal 2004.

Selling and distribution expenses

Selling and distribution expenses increased by 2.84% from Rs. 164.86 crore in Fiscal 2004 to Rs. 169.54 crore in Fiscal 2005 on account of increase in sales.

Administration and other expenses

Administration and other expenses increased by 4.04% from Rs. 60.36 crore in Fiscal 2004 to Rs. 62.80 crore in Fiscal 2005 on account of normal increase in overhead cost.

Interest

Interest expenses decreased by 17.57% from Rs. 78.19 crore in Fiscal 2004 to Rs. 64.45 crore in Fiscal 2005 on account of better working capital management and reduction in interest rates, although the total of the secured and unsecured loans increased from Rs. 750.67 crore for the Fiscal 2004 to Rs. 830.50 crore for the Fiscal 2005.

Depreciation

Depreciation increased by 3.77% from Rs. 61.34 crore in Fiscal 2004 to Rs. 63.65 crore in Fiscal 2005 on account of net additions to the fixed assets of Rs.54.46 crore in Fiscal 2005.

Profit before Tax

Profit before Tax increased to Rs. 3.44 crore for Fiscal 2005 as compared to Profit before tax of Rs. (20.22) crore for Fiscal 2004. The Profit before tax for Fiscal 2004 was Rs. (20.22) crore because during the period, our Company had charged a sum of Rs. 31.81 crore and interest thereon of Rs. 4.89 crore to the Profit and Loss Account. As per the Central Government notification dated March 1, 2003 our Company had utilised Additional Excise Duty (AED) paid in earlier years on certain raw materials against excise duty payable on goods manufactured by the Company. The above notification was ammended by the Central Government with retrospective effect in the year 2004 in respect of utilisation of AED paid prior to April 1, 2000. Henceforth, a sum of Rs. 31.81 crore and interest thereon of Rs. 4.89 crore aggregating to Rs. 36.70 crore has been charged to profit and loss account during Fiscal 2004.

Profit after tax

The profit after tax for the Fiscal 2005 is Rs. 3.33 crore as compared to the profit of Rs. (11.08) crore for Fiscal 2004 on account of differing tax provisions and adjustments relating to additional excise duty in the profit and loss account for the fiscal 2004.

Summary of Cash Flow, as restated

Rs. in Crore

Particulars	Six months ended March 31, 2008	Year ended September 30, 2007	Year ended September 30, 2006	Year ended September 30, 2005	Year ended September 30, 2004
Net cash from (used in) Operating Activities	42.40	195.01	45.64	85.90	215.57
Net cash from (used in) Investing Activities	(26.18)	(73.70)	(101.56)	(82.32)	(26.77)
Net cash from (used in) Financing Activities	(5.21)	(131.41)	59.13	(5.70)	(175.89)
Net Increase / (Decrease) in Cash and Cash Equivalents	11.01	(10.10)	3.21	(2.12)	12.91

Net cash flow from operating activities signifies surplus from our business.

Net cash flow from investing activities is negative mainly on account of purchase of additional plant and machinery for capacity expansion as well as upgradation of plant and machinery.

Net cash flow from financing activities mainly comprises of interest and dividend payments as well as proceeds / repayment of borrowings.

Statement of Contingent Liabilities

Refer to annexure “6” appearing in the section titled “Financial Statements” beginning on page 143 of this Letter of Offer

Financial Indebtedness

Refer to the section titled “Financial Indebtedness” beginning on page 224 of this Letter of Offer.

Financial Market Risks

We are exposed to financial market risks arising from exchange rate fluctuations and changes in the interest rates.

Exchange rate risks

Our revenues are largely in rupees. We are, however, exposed to the risk of foreign exchange fluctuations in respect of import of raw materials, export of tyres and borrowings in foreign exchange. We hedge our net exposure in foreign currency at an appropriate time based on professional advice for maximum benefits. However, we cannot assure that it will always work in our favour and fully protect us from the foreign exchange fluctuations.

Interest rate risks

We fund part of our capex and working capital requirements through debts and it exposes us to the risk arising from changes in the interest rates wherever the debts are availed at a floating rate of interest. Our business requires huge capital and we try to keep the cost of capital lower through use of various instruments. However, any adverse interest rate movement will increase our cost of capital and affect the profitability of our Company.

Significant Events from Last Balance Sheet

Scheme of amalgamation

The Scheme of Amalgamation between Ashim Investment Company Limited and its four wholly owned subsidiaries and Netflier and its four wholly owned subsidiaries into and with Bengal & Assam Company Limited was approved by the shareholders of Ashim Investment Company Limited and Netflier at the court convened meetings held on May 14, 2008. Petition for sanction of the aforesaid scheme has been filed with the High Court of Delhi on May 26, 2008.

Acquisition of Tornel

In June 2008, our Company acquired controlling interest in Empresas Tornel, S.A de C.V. ("Tornel"), a company incorporated under the laws of Mexico, by acquiring 100% of its equity capital for a consideration of US$ 28.75 million. Tornel is a Mexico based tyre manufacturing company which has seven operative subsidiaries in Mexico. The seven subsidiaries of Tornel are: (i) Compaňia Hulera Tornel, S.A. de C.V.; (ii) General de Inmuebles Industries, S.A. de C.V.; (iii) Hules y Procesos Tornel, S.A. de C.V.; (iv) Compaňia Inmobiliaria Norida, S.A. de C.V.; (v) Compaňia Hulera Tacuba, S.A. de C.V.; (vi) Gintor Administración, S.A. de C.V.; and (vii) Comercializadora America Universal, S.A. de C.V.

This acquisition was funded by a combination of internal accruals and loan from Axis Bank, Hong Kong through Sunrise Hold Co. Mexico, a subsidiary of the Company. All the shares of Sunrise Hold Co. Mexico and Tornel Group are proposed to be pledged and the fixed and current assets of the Tornel Group are proposed to be hypothecated in favour of Axis Bank, Hong Kong as collateral for the financial assistance. Additionally, our Company has issued a letter of comfort to Axis Bank, Hong Kong.

Off Balance Sheet Arrangements

None

Related Party Transactions

Refer to section titled "Related Party Transactions" beginning on page 142 of this Letter of Offer.

Information required as per clause 6.10.5.5 (a) of the SEBI (DIP) Guidelines

Unusual or infrequent events or transactions:

There have been no unusual or infrequent transactions that have taken place during the last three years, other than those mentioned in this Letter of Offer.

Significant economic changes that materially affected or are likely to affect income from continuing operations:

Government polices governing the sector in which we operate or in sectors in which our clients operate as well as the overall growth of the Indian economy have a significant bearing on our operations. Major changes in these factors can significantly impact our income from continuing operations.

Except as detailed in the preceding paragraph and as described in the section titled "Risk Factors" beginning on page ix and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on page 207 of this Letter of Offer, there are no known factors that will have a material adverse impact on our operations, our income from continuing operations and our finances.

Known trends or uncertainties

Apart from the risks as disclosed in the section titled "Risk factors" beginning on page ix of this Letter of Offer, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

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

Changes in revenues during the last three years are as explained above under the paragraph "Comparison of Fiscal 2007 with Fiscal 2006", "Comparison of Fiscal 2006 with Fiscal 2005" and "Comparison of Fiscal 2005 with Fiscal 2004".

Future relationship between costs and revenues

Except as discussed in this section there are no unknown relationships between our costs and revenues. However, on account of the competition in the industry, if there are any unforeseen changes in input costs, we might not be able to pass on the same to our customers which may result in a change in future relationships between costs and revenues.

Total turnover of each major Industry segment in which we operate

Relevant published data, as available, for the industry has been included in the section entitled "Industry Overview" beginning on page 56 of this Letter of Offer.

Status of any publicly announced new products or business segment

We have not announced any new products or business segment other than those disclosed under paragraph "Significant Events from Last Balance Sheet" in the section titled "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in this Letter of Offer.

The extent to which business is seasonal

Our business is not affected by any seasonal changes.

Any significant dependence on a single or few suppliers or customers

Customer and supplier concentration for our business has been disclosed under the section titled "Risk factors" and "Our Business" in this Letter of Offer.

Competitive conditions

Competitive conditions are described under the section titled "Our Business" and "Risk Factors" in this Letter of Offer. Our business is subject to severe competition and some of the factors that are critical for success in our business are:

- **Technical capabilities:** Keeping abreast with technological changes in the industry and investing in new technology is essential to meeting the ever changing requirements of customers.
- **Support from the collaborators**: Continental Tyres A.G. Germany, our technical collaborator, is one of the leading tyre manufacturer of the world and our alliance with them provides us access to the latest technology in the tyre industry.
- **Past track record of execution capabilities**: To be eligible for fresh orders, having a strong track record of orders executed in a timely manner and adherence to quality standards become key criteria for selection.

WORKING RESULTS

Information as required by Government of India, Ministry of Finance Circular No. F2/5/SE/76 dated February 5, 1997 as amended vide Circular of even no dated March 8, 1997 is given below:

1. Standalone Unaudited Financial Results for two month's period ended May 31, 2008

Particulars	Amount (Rs. in Crore)
Net Sales	625.23
Other Income	1.24
Total Income	626.47
Expenditure	582.63
Operating Profit	43.84
Interest	16.59
Gross Profit	27.25
Depreciation	13.20
Profit before Tax	14.05
Tax	4.78
Profit after Tax	9.27

Week end prices of Equity Shares of the Company for the last four weeks on BSE, the Designated Stock Exchange

Week ended	Closing price	Higest price	Lowest Price
June 20, 2008	Rs. 108.25	Rs. 114.20	Rs. 108.25
June 27, 2008	Rs. 98.45	Rs. 102.50	Rs. 98.45
July 04, 2008	83.90	110.00	96.95
July 11, 2008	91.80	124.90	107.00

High / Low prices based on closing quotations on BSE.

MATERIAL DEVELOPMENTS

There has been no material development in relation to our Company, its Promoters, Subsidiaries or our Group Companies since March 31, 2008, except as disclosed below.

Scheme of amalgamation

The Scheme of Amalgamation between Ashim Investment Company Limited and its four wholly owned subsidiaries and Netflier and its four wholly owned subsidiaries into and with Bengal & Assam Company Limited was approved by the shareholders of Ashim Investment Company Limited and Netflier at the court convened meetings held on May 14, 2008. Petition for sanction of the aforesaid scheme has been filed with the High Court of Delhi on May 26, 2008.

Acquisition of Tornel

In June 2008, our Company acquired controlling interest in Empresas Tornel, S.A de C.V. ("Tornel"), a company incorporated under the laws of Mexico, by acquiring 100% of its equity capital for a consideration of US$ 28.75 million. Tornel is a Mexico based tyre manufacturing company which has seven operative subsidiaries in Mexico. The seven subsidiaries of Tornel are: (i) Compaňia Hulera Tornel, S.A. de C.V.; (ii) General de Inmuebles Industries, S.A. de C.V.; (iii) Hules y Procesos Tornel, S.A. de C.V.; (iv) Compaňia Inmobiliaria Norida, S.A. de C.V.; (v) Compaňia Hulera Tacuba, S.A. de C.V.; (vi) Gintor Administración, S.A. de C.V.; and (vii) Comercializadora America Universal, S.A. de C.V.

This acquisition was funded by a combination of internal accruals and loan from Axis Bank, Hong Kong through Sunrise Hold Co. Mexico, a subsidiary of the Company. All the shares of Sunrise Hold Co. Mexico and Tornel Group are proposed to be pledged and the fixed and current assets of Tornel Group are proposed to be hypothecated in favour of Axis Bank, Hong Kong as collateral for the financial assistance. Additionally, our Company has issued a letter of comfort to Axis Bank, Hong Kong.

FINANCIAL INDEBTEDNESS

Secured Borrowings

The total outstanding amount with respect to our domestic secured borrowings is Rs. 622.81 crore and USD 45,961.24 (equivalent to Rs. 19,57,489*) as of May 31, 2008. The summary of our significant loans are set forth below.

(* *We have assumed the exchange rate of 1 USD = Rs. 42.59 for the purpose of arriving at the amount of the currency borrowing at the INR.)*

1. Secured Long Term Loans

As of May 31, 2008, the total outstanding in respect of our Secured Term Loan was Rs. 293.76 crore.

Sl. No.	Name of lender	Facility	Amount Outstanding (Rs. in crore)	Interest Rate	Repayment Schedule	Security
1.	Industrial Development Bank of India Limited	Term loan of Rs. 10 crore through an agreement dated November 24, 2003 (1) (2) (3) (4) (5) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16)	7.08	Presently 9.00%	24 quarterly installments commencing April 2005 and ending January 2011	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) of Banmore tyre plant and Kankroli tyre plant
2.	Industrial Development Bank of India Limited	Term loan of Rs. 35 crore through an agreement dated November 24, 2004 (1) (2) (3) (4) (5) (8) (9) (10) (11) (12) (13) (14) (15) (16)	22.75	Presently 9.19%	20 quarterly installments commencing October 2006 and ending July 2011	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) of Banmore tyre plant, Kankroli tyre plant and Vikrant tyre plant
3.	State Bank of India	Term loan of Rs. 20 crore through an agreement dated March 28, 1997 (9)	13.00	Presently 10.50%	20 quarterly installments commencing October 2006 and ending July 2011	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) of Banmore tyre plant, Kankroli tyre plant and Vikrant tyre plant
4.	State Bank of Bikaner and Jaipur	Term loan of Rs. 39 crore through an agreement dated July 29, 2005 (1) (2) (4) (5) (8) (9) (12) (15)	25.00	Presently 10.75%	20 quarterly installments commencing October 2006 and ending July 2011	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) of Banmore tyre plant, Kankroli tyre plant and

Sl. No.	Name of lender	Facility	Amount Outstanding (Rs. in crore)	Interest Rate	Repayment Schedule	Security
						Vikrant tyre plant
5.	UCO Bank	Term loan of Rs. 30 crore through an agreement dated March 7, 2005 (15)	19.50	Presently 11.00%	20 quarterly installments commencing October 2006 and ending July 2011	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) of Banmore tyre plant, Kankroli tyre plant and Vikrant tyre plant
6.	Life Insurance Corporation of India	Term loan of Rs. 8.50 crore through an agreementdated December 4, 2003(1) (2) (4) (5) (6) (7) (8) (11) (12) (13) (14) (15) (16)	6.02	Presently 9.00%	24 quarterly installments commencing April 2005 and ending January 2011	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) of Banmore tyre plant and Kankroli tyre plant
7.	General Insurance Corporation of India	Term loan of Rs. 5 crore through an agreement dated February 12, 2004(1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16)	3.54	Presently 9.00%	24 quarterly installments commencing April 2005 and ending January 2011	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) of Banmore tyre plant and Kankroli tyre plant.
8.	Bank of India	Term loan of Rs. 60 crore through an agreement dated September 26, 2000(5) (7) (15)	16.50	Presently 11.00%	28 quarterly installments commencing October 2004 and ending July 2011	First pari-passu mortgage/ charge on all movable and immovable Properties of Banmore tyre plant and Kankroli tyre plant. Also secured by hypothecation of specified book debts.
9.	Axis Bank	Term loan of Rs. 10 crore through an agreement dated September 29, 2003(5) (9) (12) (16) (15)	1.50	Presently 13.25%	20 quarterly installments commencing December 2003 and ending September 2008	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) of Banmore tyre plant and Kankroli tyre plant
10.	Axis Bank	Term loan of Rs. 12 crore through an	3.75	Presently 12.20%	16 quarterly installments commencing	First pari-passu mortgage/ charge on all movable

Sl. No.	Name of lender	Facility	Amount Outstanding (Rs. in crore)	Interest Rate	Repayment Schedule	Security
		agreement dated June 29, 2004[4] [9] [12] [16] [15]			September 2005 and ending June 2009	and immovable properties (except book debts) of Banmore tyre plant
11.	Indian Bank	Term loan of Rs. 35 crore through an agreement dated September 16, 2006[4] [9] [12]	33.25	Presently 10.75%	20 quarterly installments commencing March 2008 and ending December 2012	Exclusive charge by way of hypothecation on specified assets of Banmore tyre plant, Kankroli tyre plant and Vikrant tyre plant
12.	Madhya Pradesh State Industrial Development Corporation Limited	Term loan of Rs. 108.63 crore through an agreements dated February 14, 1998, July 15, 2000 and March 29, 2007	55.55	0.00%	12 annual installments commencing March 2002 and ending March 2013	First available Mortgage/ charge on all movable and immovable properties (except book debts) of Banmore tyre plant
13 (a).	Industrial Development Bank of India Limited	Term loan of Rs. 76.53 crore through an agreement dated June 12, 1998[2] [3] [4] [8] [9] [10] [11] [12] [13] [14] [15]	19.04	Presently 11.95%	28 quarterly installments commencing April 2003 and ending January 2010	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) of Vikrant tyre plant
13 (b).	Industrial Development Bank of India Limited		0.03			
14.	IFCI Limited	Term loan of Rs. 9.68 crore through a letter dated November 24, 2003 [1] [2] [3] [4] [6] [8] [13] [15]	0.72	Presently 12.50%	20 quarterly installments commencing April 2006 and ending January 2011	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) at Vikrant tyre plant
15.	IFCI Limited	Term loan of Rs. 1.48 crore through a letter dated November 24, 2003 [1] [2] [3] [4] [6] [8] [13] [15]	0.41	Presently 12.50%	20 quarterly installments commencing April 2006 and ending January 2011	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) at Vikrant tyre plant
16.	IFCI Limited	Term loan of Rs. 21 crore through an agreement dated February 15, 2001[1] [2] [3] [4] [6] [8] [13] [15]	3.95	Presently 12.50%	24 quarterly installments commencing April 2005 and ending January 2011	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) at Vikrant tyre plant
17.	Industrial Investment Bank of India	Term loan of Rs. 7.85 crore through an	1.96	Presently 13.75%	In 28 quarterly installments commencing	First pari-passu mortgage/ charge on all movable

Sl. No.	Name of lender	Facility	Amount Outstanding (Rs. in crore)	Interest Rate	Repayment Schedule	Security
	Limited	agreement dated June 10, 1999[3] [4] [8] [9] [10] [11] [12] [13] [14]			April 2003 and ending January 2010	and immovable properties (except book debts) at Vikrant tyre plant
18.	Life Insurance Corporation of India	Term loan of Rs. 14 crore through an agreement dated August 11, 2000 [3] [4] [8] [9] [10] [11] [12] [13] [14]	3.50	Presently 9.00%	In 28 quarterly installments commencing April 2003 and ending January 2010	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) at Vikrant tyre plant
19.	General Insurance Corporation of India	Term loan of Rs. 2.19 crore through an agreement dated August 11, 2000[3] [4] [8] [9] [10] [11] [12] [13] [14]	0.53	Presently 9.00%	In 28 quarterly installments commencing April 2003 and ending January 2010	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) at Vikrant tyre plant
20.	National Insurance Company Limited	Term loan of Rs. 1.31 crore through an anagreement dated August 11, 2000[3] [4] [8] [9] [10] [11] [12] [13] [14]	0.33	Presently 9.00%	In 28 quarterly installments commencing April 2003 and ending January 2010	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) at Vikrant tyre plant
21.	The New India Assurance Company Limited	Term loan of Rs. 2.19 crore through an agreement dated August 11, 2000[3] [4] [8] [9] [10] [11] [12] [13] [14]	0.53	Presently 9.00%	In 28 quarterly installments commencing April 2003 and ending January 2010	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) at Vikrant tyre plant
22.	The Oriental Insurance Company Limited	Term loan of Rs. 1.31 crore through an agreement dated August 11, 2000[3] [4] [8] [9] [10] [11] [12] [13] [14]	0.31	Presently 9.00%	In 28 quarterly installments commencing April 2003 and ending January 2010	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) at Vikrant tyre plant
23.	United India Insurance Company Limited	Term loan of Rs. 1.75 crore through an agreement dated August 11, 2000[3] [4] [8] [9] [10] [11] [12] [13] [14]	0.42	Presently 9.00%	In 28 quarterly installments commencing April 2003 and ending January 2010	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) at Vikrant tyre plant
24.	Export Import Bank of India	Term loan of Rs. 20 crore through an agreement	7.30	Presently 9.00%	In 23 quarterly installments commencing April 2005	First pari-passu mortgage/ charge on all movable and immovable

Sl. No.	Name of lender	Facility	Amount Outstanding (Rs. in crore)	Interest Rate	Repayment Schedule	Security
		dated February 24, 2000(1) (3) (4) (8) (12) (15) (16)			and ending October 2010	properties (except book debts) at Vikrant tyre plant
25.	Indian Bank	Term loan of Rs. 7.4 crore through an agreement dated October 4, 2001 (1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16)	2.59	Presently 10.50%	In 20 quarterly installments commencing April 2005 and ending January 2010	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) at Vikrant tyre plant
26.	State Bank of Mysore	Term loan of Rs. 9.94 crore through an agreement dated March 29, 2005(1) (3) (4) (8) (9) (10) 1(2) (15) (16)	5.46	Presently 8.50%	In 20 quarterly installments commencing April 2006 and ending January 2011	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) at Vikrant tyre plant
27.	Government of Karnataka	Term loan of Rs. 4.24 crore through an agreement dated March 19, 1987	4.24	-	Not specified	Second charge on all immovable properties at Vikrant tyre plant
28.	Industrial Development Bank of India Limited	Term loan of Rs. 100 crore through an agreement dated January 30, 2008(2)	35.00	10.65%	28 equal quarterly installment starting from July 1, 2011 and ending on April 1, 2018	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) at Vikrant tyre plant

(1) Our Company shall not raise long term borrowings without the prior written approval of the lender.

(2) Our Company shall not undertake any major investment scheme or capital expenditure program other than normal capital expenditure without the prior written approval of lender.

(3) Our Company is required to obtain the prior approval of the lender, before any prepayment of the principal amount of the loan.

(4) Our Company shall not declare any dividend during the currency of the loan agreement, if there is a default under the loan agreement.

(5) Our Company shall maintain a minimum FACR of 1.25. In case FACR falls below 1.25 our Company shall provide collateral security to the lender.

(6) Our Company/Promoter shall undertake to bring in unsecured interest free funds to meet the dues of the lender in any year in which DSCR falls below 1.

(7) Our Company shall undertake to restructure its businesses within reasonable time.

(8) Our Company shall not without the prior written approval of the lender undertake any new project.

(9) Our Company shall not without the prior written approval of the lender issue any debentures, raise any loans, deposits from public, issue equity or preference capital, change its capital structure or create any charge on its assets or give any guarantees.

(10) Our Company shall not without prior written approval of the lender pay any commission to its promoters, directors, managers or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any financial assistance obtained by our Company.

(11) Our Company shall not without the prior written approval of the lender create any subsidiary.

(12) Our Company shall not without the prior written approval of the lender undertake any merger, consolidation, reorganization, scheme of arrangement or compromise with its creditors or shareholders or affect any scheme of amalgamation or reconstruction.

(13) In case of default the lender shall be entitled to convert the whole of the outstanding amount of the loans into fully paid-up equity shares of our Company.

(14) In case of default the lender shall be entitled to review the management of our Company and may require restructuring it.

(15) In case of default the lender shall be entitled to publish the name of our Company and its directors as defaulters.

(16) Our Company shall not without prior written approval of the lender amend our Memorandum or Articles of Association.

2. Secured Foreign Currency Borrowings

The total outstanding amount with respect to our foreign currency secured borrowings is USD 45,961.24 (equivalent to Rs. 19,57,489*) as of May 31, 2008. The details of these facilities are set forth below.

Sl. No.	Lender	Facility	Amount Outstanding (USD)	Interest Rate	Repayment and rate of interest	Security
1.	Industrial Development Bank of India Limited	Facility of USD 183,805.24 (Rs. 7,828,265*) through agreement dated June 12, 1998(1) (2) (3)	45961.24 (Rs. 1,957,489*)	Presently 8.95%	In 28 quarterly installments commencing April 2003 and ending January 2010	First pari-passu mortgage/ charge on all movable and immovable properties (except book debts) at Vikrant tyre plant

** We have assumed the exchange rate of 1 USD = Rs. 42.59 for the purpose of arriving at the amount of the foreign currency borrowing at the INR.*

(1) Our Company is required to obtain the prior approval of the lender, before any prepayment of the principal amount of the loan.

(2) Our Company shall not declare any dividend during the currency of the loan agreement, if there is a default under the loan agreement.

(3) Our Company shall not undertake any new project without the prior approval of the lender.

3. Zero Coupon Non-Convertible Debentures

Our Company from time to time issues secured bonds on a private placement basis. The total amount outstanding in relation to bonds issued by our Company as of May 31, 2008 is Rs. 57.75 crore. The details of the outstanding bonds issued by our Company are set forth below:

Rs. Crore

Sl. No.	Debenture Holder	Total Sanctioned Amount	Amount Outstanding	Redemption	Security
1.	Industrial Development Bank of India Limited*	63.39	28.22	To be redeemed at a premium so as to give a yield to maturity of 13.50% per annum upto June 30, 2005 and yield to maturity of 9% per annum with quarterly rest in five annual installments commencing April 2005 and ending January 2011	First pari-passu charge on all immovable properties at Gujarat and mortgage/ charge on all movable and immovable properties (except book debts) at the Banmore tyre plant and Kankroli tyre plant
2.	Industrial Development Bank	27.35	17.83	To be redeemed at a premium so as to give	First pari-passu charge on all immovable

Sl. No.	Debenture Holder	Total Sanctioned Amount	Amount Outstanding	Redemption	Security
	of India Limited*			a yield to maturity of 13.75% per annum upto June 30, 2005 and yield to maturity of 9% per annum with quarterly rest in five annual installments commencing April 2006 and ending January 2012	properties at Gujarat and mortgage/ charge on all movable and immovable properties (except book debts at Vikrant tyre plant
3.	State Bank of India*	12.86	5.79	To be redeemed at a premium so as to give a yield to maturity of 13.50% per annum with quarterly rest in five annual installments commencing April 2005 and ending January 2011	First pari-passu charge on all immovable properties at Gujarat and mortgage/ charge on all movable and immovable properties (except book debts) at the Banmore tyre plant and Kankroli tyre plant
4.	The New India Assurance Company Limited*	0.60	0.39	To be redeemed at a premium so as to give a yield to maturity of 13.75% per annum with quarterly rest reduced to a yield to maturity of 9% per annum with quarterly rest in five annual installments commencing April 2006 and ending January 2012	First pari-passu charge on all immovable properties at Gujarat and mortgage/ charge on all movable and immovable properties (except book debts at Vikrant tyre plant
5.	Industrial Investment Bank of India Limited*	2.66	1.69	To be redeemed at a premium so as to give a yield to maturity of 13.75% per annum with quarterly rest in five annual installments commencing April 2006 and ending January 2012	First pari-passu charge on all immovable properties at Gujarat and mortgage/ charge on all movable and immovable properties (except book debts at Vikrant tyre plant
6.	The Oriental Insurance Company Limited*	0.36	0.23	To be redeemed at a premium so as to give a yield to maturity of 13.75% per annum with quarterly rest reduced to a yield to maturity of 9% per annum with quarterly rest in five annual installments commencing April 2006 and ending	First pari-passu charge on all immovable properties at Gujarat and mortgage/ charge on all movable and immovable properties (except book debts) at Vikrant tyre plant

Sl. No.	Debenture Holder	Total Sanctioned Amount	Amount Outstanding	Redemption	Security
				January 2012	
7.	Life Insurance Corporation of India*	4.47	2.97	To be redeemed at a premium so as to give a yield to maturity of 13.75% per annum with quarterly rest reduced to a yield to maturity of 9% per annum with quarterly rest in five annual installments commencing April 2006 and ending January 2012	First pari-passu charge on all immovable properties at Gujarat and mortgage/ charge on all movable and immovable properties (except book debts at Vikrant tyre plant
8.	General Insurance Corporation of India*	0.60	0.39	To be redeemed at a premium so as to give a yield to maturity of 13.75% per annum with quarterly rest reduced to a yield to maturity of 9% per annum with quarterly rest in five annual installments commencing April 2006 and ending January 2012	First pari-passu charge on all immovable properties at Gujarat and mortgage/ charge on all movable and immovable properties (except book debts at Vikrant tyre plant
9.	National Insurance Company Limited*	0.38	0.24	To be redeemed at a premium so as to give a yield to maturity of 13.75% per annum with quarterly rest reduced to a yield to maturity of 9% per annum with quarterly rest in five annual installments commencing April 2006 and ending January 2012	First pari-passu charge on all immovable properties at Gujarat and mortgage/ charge on all movable and immovable properties (except book debts at Vikrant tyre plant

* The terms of issuance of the bonds provide for the following clauses:

(i) Our Company shall not redeem the debentures before the due date except after obtaining prior approval of the lender.

(ii) Our Company shall not without the prior written approval of the lender undertake new project;

(iii) Our Company shall not without the prior written approval of the lender issue any debentures, raise any loans, deposits from public, issue equity or preference capital, change its capital structure or create any charge on its assets or give any guarantees;

(iv) Our Company shall not without the prior written approval of the lender declare any dividend unless it has paid the installment of principal and interest payable on the bonds for the financial year or have made provision for the same;

(v) Our Company shall not without the prior written approval of the lender create any subsidiary

(vi) Our Company shall not without the prior written approval of the lender undertake any merger or acquisition.

(vii) In case of default the bank shall be entitled to convert the whole of the outstanding amount of the loans into fully paid-up equity shares of our Company.

(viii) In case of default the bank shall be entitled to review the management of our Company and may require restructuring it.

(ix) In case of default the bank shall be entitled to publish the name of our Company and its directors as defaulters.

(x) Our Company shall not raise long term borrowings without the prior written approval of the lender.

(xi) Our Company shall not undertake any major investment scheme or capital expenditure program other than normal capital expenditure without the prior written approval of lender.

(xii) Our Company is required to obtain the prior approval of the lender, before any prepayment of the principal amount of the loan.

(xiii) Our Company shall not declare any dividend during the currency of the loan agreement, if there is a default under the loan agreement.

(xiv) Our Company shall maintain a minimum FACR of 1.25. In case FACR falls below 1.25 our Company shall provide collateral security to the lender.

4. External Commercial Borrowing (ECB)

Our Company has been sanctioned an External Commercial Borrowing of USD 2,00,00,000.

Sl. No.	Lender	Total Sanctioned Amount	Amount Outstanding	Interest	Redemption	Security
1.	Bank of India vide sanction letter dated August 6, 2007 and modified by letter dated August 24, 2007	USD 2,00,00,000 (Rs. 80 crore) **	Nil	200 basis point over three moths' LIBOR per annum	30 quarterly installment out of which 29 quarterly installment of USD 0.07 crore each commencing from January 30, 2010 and last installment of USD 0.06 crore payable on April 30, 2017	First pari pasu charge on the assets of the Vikrant tryre plant.

** *We have assumed the exchange rate of 1 USD = Rs. 40 for the purpose of arriving at the amount of the external commercial borrowing at the INR.*

* The terms of issuance of the ECBs generally provide for the following clauses:

(i) Our Company shall not without the prior written approval of the lender effect any change in the capital structure of our Company.

(ii) Our Company shall not without the prior written approval of the lender formulate any scheme of amalgamation or reconstruction.

(iii) Our Company shall not without the prior written approval of the lender implement any scheme of expansion.

(iv) Our Company shall not without the prior written approval of the lender declare any dividend for any year expect out of profits relating to that year after meeting all the financial commitments to the bank and making all due and necessary provisions.

(v) Our Company shall not without the prior written approval of the lender approach capital markets for mobilizing additional resources either in form of debt or equity.

(vi) In case of default the bank shall be entitled to publish the name of our Company and its directors as defaulters.

5. Working Capital

Our Company has working capital facilities of Rs. 770 crore with a consortium of banks consisting of the following banks:

- Bank of India;
- UCO Bank;
- Punjab National Bank;
- State Bank of Bikaner and Jaipur;
- State Bank of India;
- The Federal Bank Limited;
- Corporation Bank;
- State Bank of Mysore;
- Indian Bank; and
- Syndicate Bank

The total fund based limit granted under this facility is Rs. 375.00 crore. As of May 31, 2008, the total outstanding in respect of the same was Rs. 271.30 crore. In addition, a non fund based limit of Rs. 395.00 crore is also available to our Company under this facility.

This facility has been secured by a first pari-passu charge by way of hypothecation of stock and book debts except specified book debts exclusively hypothecated to a bank against term loan.

Unsecured Short Term Loans

The following table sets forth summary details of our significant unsecured loans of our Company outstanding as on May 31, 2008 are set forth below. As of May 31, 2008, the total outstanding in respect of the same was Rs. 47.27crore.

(Rs. in crore)

Sl. No.	Lender	Facility	Amount Outstanding	Interest Rate
1.	Karnataka Commercial Sales Tax Authority	Deferment of Sales Tax exceeding Rs. 7.66 crore in a year	47.03	Nil
2.	Mahindra & Mahindra Limited	Rs. 1 crore interest free tooling advance against supply of 50,000 tyres over a period of 24 months	0.24	Nil

Unsecured Redeemable Non-Convertible Debentures

The total amount outstanding in relation to bonds issued by our Company as of May 31, 2008 is Rs. 20 crore. The details of the outstanding Debentures issued by our Company are set forth below:

(Rs. in crore)

Sl. No.	Debenture Holder	Total Sanctioned Amount	Amount Outstanding	Redemption
1.	LIC Mutual Fund Asset Management Company Limited	20.00	20.00	September 29, 2008

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against us, our Directors, our Subsidiaries, our Promoters and our Group that would have a material adverse effect on our business and there are no defaults, non-payment or overdue of statutory dues, institutional/ bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against us, our Directors, our Subsidiaries, our Promoters and our Group Companies, as of the date of this Letter of Offer.

Our Company, our Directors, our Subsidiaries, our Promoters and our Group Companies are not on the list of wilful defaulters of the RBI.

I. Litigation Involving our Company:

Set forth below are the details of all criminal cases, tax related cases, anti-dumping cases and arbitration proceedings involving our Company. For the purpose of this section, we have disclosed details of all material proceedings including claims exceeding a monetary value of Rs. 0.50 crore in civil cases, land acquisition/compensation cases, land encroachment cases, labour disputes and consumer cases. However, other non-material cases have been clubbed and brief details have been summarized.

A. Contingent liabilities not provided for as of March 31, 2008:

As of March 31, 2008, the contingent liabilities appearing in our restated financial statements, on a standalone basis, are as follows:

(Rs. in crore)

		September 30, 2005	**September 30, 2006**	**September 30, 2007**	**March 31, 2008**
1.	Bill discounted with banks outstanding	29.91	35.95	31.55	31.34
2.	Claims made against our Company not acknowledged as debts				
	Excise duty matters	10.32	3.91	3.52	3.52
	Service tax matters	-	3.01	1.47	1.69
	Sales tax matters	2.87	2.77	1.78	2.52
	Other matters	9.92	21.95	18.71	18.19
3.	Custom duty on capital goods imported under EPCG scheme, against which export obligation is to be fulfilled	15.55	-	-	-
4.	Guarantees/Letter of comfort to certain banks and financial institutions on behalf of bodies corporate against counter indemnities from such body corporates for any liability that may arise in respect of loans outstanding	4.13	14.80	11.88	11.13
	Total	**72.70**	**82.39**	**68.91**	**68.39**

There are no small scale undertakings or any other creditors to whom our Company owes a sum exceeding Rs. 1 lakh which is outstanding for more than 30 days.

Pending litigation against our Company:

1. Civil Cases

There are eight civil cases that have been instituted against us that are pending before various courts and authorities. These cases primarily relate to suits for recovery of monies and applications made by certain third parties to evict our Company from its administrative office in New Delhi and notice under Monopolies and Restrictive Trade Practices Act. The total amount of claims against us in these cases aggregate to Rs. 30.57 crore approximately. The material cases, including cases involving claims exceeding a monetary value of Rs. 0.50 crore are described below.

(i) Mr. Shashank Bhagat, former director and shareholder of United India Periodicals Private Limited ("UIPPL") has filed two applications (CA No.142 of 2005 and 144 of 2005) before the Company Court praying for eviction of our Company and M/s. JK Lakshmi Cement Limited (formerly known as JK Corp Limited) from the 1st, 2nd, 3rd and 4th Floors of Link House, 3 Bahadur Shah Zafar Marg, New Delhi which was taken on lease from UIPPL (which Company is presently under liquidation). The rent for the premises by our Company and JK Lakshmi Cement is currently being paid to M/s. Central Bank of India pursuant to the directions of Debt Recovery Tribunal, New Delhi in O.A. No. 569 of 1996. Mr. Shashank Bhagat has also filed a scheme under sections 391-394 of the Companies Act before the Company Court. The matter is currently pending and the next date of hearing is July 23, 2008.

(ii) Norten Intex Rubbers Private Limited has filed an application (No. MSEFC/CR/37/2007) against our Company before the Micro and Small Enterprises Facilitation Council, Chennai for delay in payment of Rs 29.52 crore and interest thereon for supply of tubes. The matter is currently pending and the next date of hearing has not yet been fixed.

(iii) The Assistant Director General, Ministry of Corporate Affairs has issued notice dated April 17, 2008 notifying our Company that preliminary investigation has been ordered into the restrictive trade practices of our Company on the basis of a representation dated December 28, 2008 received from All India Tyre Dealers Federation. The matter is currently pending.

2. Land Acquisition/Compensation and Land Encroachment Cases

There are 33 cases pending in relation to disputes concerning the acquisition of land occupied by our Company including one land encroachment case. The claims against our Company in these cases have not been quantified and the details of these cases are set forth below.

(i) 32 cases were filed against the Government of Madhya Pradesh and our Company before the Third Additional District Judge, Morena by the land oustees demanding enhancement of compensation for land that had been acquired by Government of Madhya Pradesh. The Third Additional District Judge vide its order dated December 14, 2000 granted a higher rate of compensation to the land oustees at the rate of Rs. 0.02 crore per hectare. Aggrieved by the said order our Company has preferred an appeal before the High Court of Madhya Pradesh. The High Court of Madhya Pradesh vide its order dated January 24, 2006 observed that our Company is merely a holder of the lease and no relief can be sought against our Company. A special leave petition was filed by the Madhya Pradesh Government in which our Company has also been impleaded as a co-respondent. The matter is currently pending before the Supreme Court.

(ii) The Additional Tehsildar, Banmore, District Morena has initiated proceedings against our Company alleging encroachment of the land belonging to the State Government and accordingly issued orders for removal of such encroachment. Aggrieved by the said order, our Company has filed an appeal before the Senior District Magistrate, Morena. The matter is currently pending and the next date of hearing is not fixed.

3. Labour Disputes

There are 81 labour disputes pending against our Company before various forums. These cases primarily relate to compensation for injuries and claims for re-instatement of employment along with back wages. The aggregate amount of claims against us, where such claims have been quantified, is approximately Rs. 9.69 crore. Brief details of these cases are set forth below.

(a) Vikrant Tyre Plants I and II, Karnataka

(i) There are 19 cases filed before various forums against our Company. These cases primarily relate to claims for reinstatement with back wages and allegations of wrongful termination by our Company. Out of these 19 cases, only one case has been quantified which aggregates to approximately Rs. 2,372.84.

(ii) The trade union has filed three cases before the Industrial Tribunal against our Company. These cases primarily relate to claims for unlawful termination of services and demands raised by workmen threatening to go on strike. The total amount of claims, against us aggregates to approximately Rs. 4.05 crore along with interest.

(iii) There are 10 cases pending against our Company before the Workmen's Compensation Authority. Additionally, there are 14 appeals pending before the High Court of Karnataka challenging various orders of the Workmen's Compensation Authority. These cases primarily relate to compensation sought for injuries suffered during the course of employment and accidents resulting in death. The total amount of claims against us is approximately Rs. 0.11 crore along with interest.

(iv) A claim (No. 116/87) was filed before the Labour Court, Mysore against our Company by 59 canteen workers praying for reinstatement of their services along with full back wages and other consequential benefits. The Labour Court vide its order dated July 12, 2000 ordered reinstatement of workmen along with 50% of back wages amounting to Rs. 0.40 crore. Aggrieved by the said order our Company has filed a writ petition (No. 3285 of 2001) before the High Court of Karnataka. The High Court of Karnataka vide its order dated July 14, 2007 dismissed our writ petition. Aggreived by this order, our Company preferred a writ appeal (No. 1364/2006) before the Division Bench of High Court of Karnataka. The High Court of Karnataka ordered a stay on the operation of the award passed by the Labour Court pending disposal of the writ appeal. The case is pending adjudication.

(b) Kankroli Tyre Plant, Rajasthan

(i) There are 13 cases pending before various forums against our Company. These cases primarily relate to termination of employment and claims for reinstatement with back wages along with interest. The aggregate claims against us in these cases is Rs. 0.38 crore approximately.

(c) Banmore Tyre Plant, Madhya Pradesh

(i) There are 16 cases pending before the Labour Court II, Gwalior against our Company. These cases primarily relate to termination of employment and the claims are for reinstatement with back wages. The aggregate value of the claims against us is approximately Rs. 0.45 crore.

(ii) There are five writ petitions pending against our Company which primarily relate to claims for compensation. The claims in these cases have not been quantified.

4. Arbitration Matters

There are three arbitration cases pending against our Company. These cases primarily relate to claims alleging non-fulfillment of our contractual obligations and non-payment of bills. The aggregate claims against us is Rs. 6.81 crore and USD 0.30 crore approximately. Brief details of these arbitral proceedings are set forth below.

(i) M/s Technoexport Foreign Trade Company Limited has instituted an arbitration proceeding in Prague, Czech Republic against our Company in relation to an agreement for supply of equipment and machinery raising a claim for payment on account of exchange rate fluctuations. Our Company has filed a suit (No. 94/1997) before the Additional Civil Judge, Mysore for declaration that the said agreement did not contain an arbitration clause. However, the Additional Civil Judge dismissed our suit. Aggrieved by the said order, our Company filed an appeal (No. 152/2000) before the High Court of Karnataka. The High Court of Karnataka vide its order dated April 15, 2005 declared that the arbitration agreement was null and void. M/s Technoexport Foreign Trade Company Limited proceeded with the arbitration proceeding and an ex parte award dated March 8, 2000 was passed against our Company for an amount of Rs. 2.96 crore. Our Company has filed a petition (No. 4/2000) before the Principal District Court, Mysore challenging the award. The Principal District Judge dismissed the petition vide order dated June 13, 2001. M/s Technoexport Foreign Trade Company Limited filed a special leave petition (No. 11094/2005) against the order of the High Court of Karnataka dated April 15, 2005. Our Company has also filed a special leave petition (No. 17365/2005) challenging the rejection of some of the grounds by the High Court of Karnataka vide the said order. Additionally, our Company has also filed a special leave petition (No. 17414-15/2005) questioning the legality of the order dismissing the civil revision petition filed by our Company and allowing the civil revision petition filed by M/s Technoexport Foreign Trade Company Limited regarding the maintainability of the petitions. The special leave petitions are currently pending and the next date of hearing has not been fixed.

(ii) M/s. D.S. Strategem Trade AG, Switzerland has initiated an arbitration proceeding before the International Chamber of Commerce against our Company alleging that our Company has failed to discharge its obligations in relation to an agreement for supply of certain products. M/s. D.S. Strategem Trade AG has claimed an amount of USD 0.30 crore with interest and costs. The International Chamber of Commerce passed the award of USD 0.15 crore on September 24, 2004. M/s. D.S. Strategem Trade AG filed a petition (No. 30 of 2005) for the execution of the said award. Our Company filed an application for the dismissal of the execution petition. Our Company has also filed an application (No. 484 of 2004) challenging the said award, the hearing for the same has been concluded and the judgment is reserved. The execution petition is currently pending adjudication.

(iii) M/s. Unitech Limited has initiated arbitration proceedings against our Company for non-payment of bills amounting to Rs. 3.85 crore in relation to the construction of the Banmore Tyre Plant. Our Company has also raised a counter claim for an amount of Rs. 1.01 crore. The arbitrator has dismissed our Company's counter claim and awarded an amount of Rs. 0.47 crore to M/s. Unitech Limited along with interest and costs. Aggrieved by the award our Company has filed an appeal before the High Court of Delhi. The matter is currently pending and the next date of hearing has not been fixed.

5. Consumer Cases

There are 22 consumer cases pending before various consumer forums against our Company. These cases primarily relate to compensation for supply of defective tyres. The aggregate amount of claims against us is Rs. 0.15 crore approximately.

6. Motor Vehicle Compensation

There is one motor vehicle compensation case pending before the High Court of Madhya Pradesh against our Company. The total amount of claim, against us is approximately Rs. 0.02 crore. Brief details of the case are set forth below.

(i) Mrs. Sunita has filed a suit (No. 89/2002) against our Company claiming compensation of Rs. 0.02 crore for the death of her husband caused due to an accident. The lower court awarded Rs. 0.02 crore as compensation to Mrs. Sunita. However, Mrs. Sunita has filed an appeal before the High Court of Madhya Pradesh for enhancement of the claim. The matter is currently pending and the next date of hearing has not yet been fixed.

7. Taxation Disputes

Income Tax Cases

There are 35 income tax cases pending before various courts and authorities against our Company. The aggregate claims against our Company amount to Rs. 177.81 crore. However, our tax liability in these cases is Rs. 4.09 crore. The cases are currently pending adjudication. The cases in this regard are described below.

Assessment Year (2004 - 05)

(i) Our Company has filed an appeal (No. 2039/K/2007) before the Income Tax Appellate Tribunal ("ITAT"), Kolkata against the order of the Commissioner of Income Tax (Appeals) ("CIT(A)"), Kolkata for assessment year 2004-05. The order *inter alia* pertains to the disallowance out of foreign travel expenses. Our Company has also claimed that the deferred tax charged is not to be added while computing MAT liability. The total amount in dispute is Rs. 4.63 crore. There are no tax liabilities against our Company. The case is currently pending and the next date of hearing has not yet been fixed.

(ii) The Income Tax Department has filed an appeal (No. 2088/K/07) before the ITAT against the order of the CIT-A, Kolkata for the assessment year 2004-05. The order *inter alia* pertains to the allowance of deduction for amount transferred from the reserve and credited to the profit and loss account for computing book profit under section 115 JB of the IT Act, as the deduction for the same was not allowed. The total amount involved is Rs. 23.42 crore. There are no tax liabilities against our Company. The case is currently pending and the next date of hearing has not yet been fixed.

Assessment Year (2003-04)

(i) Our Company has filed an appeal (No. 500/Kol/07) before the ITAT against the order of the CIT-A, Kolkata for the assessment year 2003-04. The order *inter alia* pertains to the disallowance of provision for doubtful debts not to be added back while computing MAT liability, as the same is not ascertained. The amount involved in dispute aggregates to Rs. 15.62 crore. There are no tax liabilities against our Company. The case is currently pending and the next date of hearing has not yet been fixed.

(ii) The Income Tax Department has also filed an appeal (No. 624 /Kol/07) before the ITAT against the order of the CIT-A, Kolkata for the assessment year 2003-04. The order *inter alia* pertains to the allowance of deduction for amount transferred from the revaluation reserve and credited to the profit and loss account for computing book profit under section 115 JB of the IT Act, as the deduction for the same was not allowed. The total amount involved is Rs. 22.84 crore. There is no tax liability under regular provisions and under MAT provisions the tax liability is Rs. 1.66 crore. The case is currently pending and the next date of hearing has not yet been fixed.

Assessment Year (2001-02)

(i) The Income Tax Department has filed an appeal (No. 3301/07) before the High Court of Calcutta against the order of the ITAT dated June 26, 2004 for the assessment year 2001-2002. The order upheld the finding of the CIT-A, that deductions under section 80HHC for the purpose of computation of book profit under section 115JB is to be calculated on the basis of net profit as disclosed in the profit and loss account and not on the basis of the assessed business income. The total claim made against our Company is 1.65 crore. The case is currently pending and the next date of hearing has not yet been fixed.

Assessment Year (2000-01)

(i) Our Company has filed an appeal (No. 624 of 2004) before the High Court of Calcutta against the order of the ITAT for the assessment year 2000-01. The order *inter alia* pertains to the disallowance out of foreign travel expenses. The total amount involved is Rs. 0.08 crore and there are no tax liabilities against our Company. The matter is currently pending adjudication.

(ii) The Income Tax Department has filed an application (No. 2068/2005) before the High Court of Calcutta for condonation of delay and admission of appeal against the order of the CIT-A. The order *inter alia* relates to allowance of contribution to Lakshmipat Singhania Education Foundation and deduction for an amount transferred from revaluation reserve and credited to profit and loss account. The total amount involved is Rs. 20.71 crore and the tax liability is Rs. 2.37 crore. The condonation application is pending before the High Court.

Assessment Year (1999-00)

(i) Our Company has filed an appeal (No. 540 of 2004) before the High Court of Calcutta against the order of the ITAT for the assessment year 1999-00. The order *inter alia* pertains to the disallowance out of foreign travel expenses. The total amount involved is Rs. 0.07 crore and there are no tax liabilities against our Company. The matter is currently pending adjudication.

(ii) The Income Tax Department has filed an application before the Calcutta High Court for condonation of delay (No. 4527/2004) and admission of appeal under section 260 A of the IT Act against the order of the CIT-A (1998-99 and 1999-00). The order related to allowance of contribution to Lakshmipat Singhania Education Foundation. The total amount involved is Rs. 0.16 crore. There are no tax liabilities against our Company. The delay has been condoned and the case is pending adjudication.

(iii) Our Company has filed an appeal (No. 1617/K/06) before the ITAT against the order of the CIT-A, Kolkata for the assessment year 1999-00. The order *inter alia* pertains to the computation of deduction of export profit. The amount involved in dispute aggregates to Rs. 8.90 crore. There are no tax liabilities against our Company. The case is currently pending.

Assessment Year (1998-99)

(i) Our Company has filed an appeal (No. 540 of 2004) before the High Court of Calcutta against the order of the ITAT for the assessment year 1998-99. The order *inter alia* pertains to the disallowance out of foreign travel expenses. The total amount involved is Rs. 0.09 crore and there are no tax liabilities against our Company. The matter is currently pending adjudication.

(ii) The Income Tax Department has filed an application before the Calcutta High Court for condonation of delay (No. 4527/2004) and admission of appeal under section 260 A of the IT Act against the order of the CIT-A (1998-99 and 1999-00). The order related to allowance of contribution to Lakshmipat Singhania Education Foundation. The total amount involved is Rs. 0.05 crore. There are no tax liabilities against our Company. The delay has been condoned and the case is pending adjudication.

(iii) Our Company has filed an appeal (No. 1360/06) before the High Court of Karnataka challenging the assessment order for the year 1998-99 on the ground that the Assessing Officer has not allowed the deduction claimed before set off of the Loss Carried Forward from the assessment year 1995-96. The total amount involved is Rs. 7.12 crore. There are no tax liabilities against our Company. The matter is pending and the next date of hearing has not been fixed.

<u>Assessment Year (1997-98)</u>

(i) Our Company has filed a writ petition (No. 998 of 2002) before the High Court of Calcutta, against the notice under section 148 of the IT Act, issued by the A.O for reopening of the assessment. The notice relates to the excess claim of deferred revenue expenses, finished goods transferred to JK Drugs and Pharmaceuticals limited and that the excise duty was not included in the value of closing stock of finished goods. The amount involved is Rs. 24.85 crore. There are no tax liabilities against our Company. The High Court has vide an interim order, ordered the Income Tax Department to proceed with the notices and pass the final orders but the orders shall neither be communicated nor enforced against our Company, without the leave of the Court. The writ petition is pending before the Court.

(ii) Our Company has filed an appeal (No. 126/2004) before the High Court of Calcutta, against the order of the ITAT for the assessment year 1997-98. The order *inter alia* pertains to the disallowance out of foreign travel expenses. The total amount involved is Rs. 0.05 crore. There are no tax liabilities against our Company. The matter is currently pending adjudication.

(iii) Our Company has filed an appeal (No. 1105/06) before the High Court of Karnataka challenging the Assessment Order for the year 1997-98 on the ground that the Assessing Officer has not allowed the deduction of export profits claimed before set off of the unabsorbed depreciation for the years 1993-94, 1994-95 and 1995-96. The total amount involved is Rs. 7.53 crore. There are no tax liabilities against our Company. The matter is pending and the next date of hearing has not been fixed.

<u>Assessment Year (1996-97)</u>

(i) Our Company has filed a writ petition (No. 998 of 2002) before the High Court of Calcutta, against the notice under section 148 of the IT Act, issued by the A.O for reopening of the assessment. The notice relates to the depreciation on sugar plant- wrongly allowed on trial run basis and that the excise duty was not included in the value of closing stock of finished goods. The amount involved is Rs. 13.51 crore. There are no tax liabilities against our Company. The High Court has vide an interim order, ordered the department to proceed with the notices and pass the final orders but the orders shall neither be communicated nor enforced against our Company, without the leave of the Court. The writ petition is pending before the Court.

(ii) Our Company has filed an appeal (No. 649/2004) before the High Court of Calcutta, against the order of the ITAT for the assessment year 1996-97. The order *inter alia* pertains to the disallowance out of foreign travel expenses. The total amount involved is Rs. 0.07 crore. There are no tax liabilities against our Company. The matter is currently pending adjudication.

(iii) The Income Tax Department has filed an application (No. 946/2004) before the Calcutta High Court for condonation of delay and admission of appeal under section 260 A of the IT Act against the order of the order of the CIT-A. The order related to allowance of contribution to Lakshmipat Singhania Education Foundation and interest on interest free loans to subsidiary companies. The total amount involved is Rs. 0.78 crore. There are no tax liabilities against our Company. The delay has been condoned and the case is pending adjudication.

<u>Assessment Year (1995-96)</u>

(i) Our Company has filed a writ petition (No. 998 of 2002) before the High Court of Calcutta against the notice issued by the Assessing Officer. The notice relates to the reopening of assessment on the grounds that the miscellaneous income capitalized was not offered for taxation and that the excise duty was not included in the value of closing stock of finished goods. The total amount involved is Rs. 5.90 crore. There are no tax liabilities against our Company. The High Court has vide an interim order dated May 16, 2002 ordered the Income Tax Department to proceed with the notices and pass the final orders but the orders shall neither be communicated or enforced against our Company, without the leave of the Court. The writ petition is pending before the High Court.

(ii) The Income Tax Department has filed an application (No. 1915/2006) before the Calcutta High Court for condonation of delay and admission of appeal against the order of the CIT-A. The order *inter alia* relates to allowance of contribution to Lakshmipat Singhania Education Foundation, pre operative expenses of pharmaceutical and steel projects capitalized in books of accounts and claimed as deduction under IT Act. The total amount involved is Rs. 1.11 crore. There are no tax liabilities against our Company. The delay has been condoned and the appeal is pending admission.

<u>Assessment Year (1994-95)</u>

(i) The Income Tax Department has filed an application (No. 1629/2005) before the Calcutta High Court for condonation of delay and admission of appeal against the order of CIT-A. The order *inter alia* relates to contribution to Lakshmipat Singhania Education Foundation and interest on 14% partially convertible debentures capitalized in books of accounts but claimed as deduction under I.T Act. The total amount involved is Rs. 15.44 crore. There are no tax liabilities against our Company. The delay has been condoned and the matter is currently pending adjudication.

<u>Assessment Year (1989-90)</u>

(i) The Income Tax Department has filed an appeal (No. 63/2001) before the Calcutta High Court against the order of the ITAT. The ITAT held that our Company was holding shares of Fenner (India) Limited on investment account and accordingly loss of Rs. 0.11 crore on sale thereof did not amount to speculative loss. The total amount involved is Rs. 0.11 crore and our tax liability is Rs. 0.06 crore. The appeal is pending before the High Court.

<u>Assessment Year (1988-89)</u>

(i) The Income Tax Department has filed an appeal (No. 61/2001) before the Calcutta High Court against the order of the ITAT. The ITAT held that the investment allowance would be allowable with reference to the additional liability arising on remittance consequential to increase in the foreign exchange rates. The total amount involved is 0.06 crore. There are no tax liabilities against our Company. The appeal is pending before the High Court.

(ii) The Income Tax Department has filed an application (No. 2749/2004) before the Calcutta High Court for condonation of delay and admission of appeal against the order of the CIT-A. The order *inter alia* relates to allowance of contribution to Lakshmipat Singhania Education Foundation. The total amount involved is Rs. 0.06 crore. There are no tax liabilities against our Company. The appeal is currently pending adjudication.

Assessment Year (1987-88)

(i) The Income Tax Department has filed an appeal (No. 92/99) before the Calcutta High Court against the order of the ITAT alleging that the ITAT erred in directing the AO to allow our Company an investment allowance on additional liability on account of fluctuation in foreign exchange. The total amount involved is Rs. 0.41 crore. There are no tax liabilities against our Company. The appeal is currently pending adjudication.

(ii) The Income Tax Department has filed an application (GA 2311/2004) before the Calcutta High Court for condonation of delay and admission of appeal against the order of the CIT-A. The order relates to allowance of contribution to the Lakshmipat Singhania Education Foundation. The total amount involved is Rs. 0.03 crore. There are no tax liabilities against our Company. The delay has been condoned and the matter is currently pending adjudication.

Assessment Year (1986-87)

(i) The Income Tax Department has filed an application (No. 213/2004) before the Calcutta High Court for condonation of delay and admission of appeal against the order of the CIT-A. The order *inter alia* relates to allowance of contribution to Lakshmipat Singhania Education Foundation. The amount involved is Rs. 50,000. There are no tax liabilities against our Company. The appeal is currently pending admission.

Assessment Year (1985-86)

(i) Our Company has filed a writ petition (No. 982 of 1990) before the High Court of Calcutta against the notice issued by the Commissioner of Income Tax ("CIT"). The notice *inter alia* relates to the sales promotion expenses on commission, brokerage and discounts not considered by the A.O for disallowance. The total amount involved is 0.24 crore. There are no tax liabilities against our Company. The High Court has passed an ad-interim injunction restraining CIT from passing any order till the disposal of the writ petition. The writ is pending before the High Court.

(ii) The Income Tax Department has filed an application (No. 213/2004) before the Calcutta High Court for condonation of delay and admission of appeal against the order of the CIT-A .The order *inter alia* relates to allowance of contribution to Lakshmipat Singhania Education Foundation. The total amount involved is Rs. 90,000. There are no tax liabilities against our Company. The delay has been condoned and the appeal is pending admission.

Assessment Year (1984-85)

(i) The Income Tax Department has filed an appeal (No. 92/99) before the Calcutta High Court against the order of the ITAT alleging that the ITAT erred in directing the AO to allow our Company an investment allowance on additional liability on account of fluctuation in foreign exchange. The amount involved is Rs. 0.04 crore. There are no tax liabilities against our Company. The appeal is currently pending adjudication.

(ii) The Income Tax Department has filed an application (No. 213/2004) before the Calcutta High Court for condonation of delay and admission of appeal against the order of the CIT-A. The order *inter alia* relates to allowance of contribution to Lakshmipat Singhania Education Foundation. The amount involved is Rs. 0.05 crore. There are no tax liabilities against our Company. The delay has been condoned and the appeal is pending admission.

Assessment Year (1983-84)

(i) The Income Tax Department has filed an appeal (No. 92/99) before the Calcutta High Court against the order of the ITAT alleging that the ITAT erred in directing the AO to allow our Company an investment allowance on additional liability on account of fluctuation in foreign exchange. The amount involved is Rs. 0.02 crore. There are no tax liabilities against our Company. The appeal is currently pending adjudication.

Assessment Year (1982-83)

(i) The Income Tax Department has filed an appeal (No. 91/99) before the Calcutta High Court against the order of the ITAT alleging that the ITAT was not justified in deleting the addition of Rs. 40,000 made by the AO as profit on sale of asset. The amount involved is Rs. 40,000. There are no tax liabilities against our Company. The appeal is currently pending adjudication.

Assessment Year (1981- 82)

(i) The Income Tax Department has filed a reference application (NO. 16 (CAL) of 94) before the Calcutta High Court, against the order of the CIT-A. The order relates to the withdrawal of depreciation on assets by the AO that was not claimed by our Company. The amount involved is Rs. 2.43 crore. There are no tax liabilities against our Company. The appeal is currently pending adjudication.

Service Tax Cases

There are 33 service tax cases pending before various courts and authorities against our Company. The total amount of claims, against us aggregates to approximately Rs. 2.65 crore. The cases are currently pending adjudication. The cases in this regard are described below.

(a) Vikrant Tyre Plant (I and II), Karnataka

(i) The Department issued a notice (No.V/40/15/15/ 2006) dated December 14, 2006 for an amount of Rs.0.04 crore claiming that the service tax on freight charges on clearances at the factory gate was not eligible for service tax credit. Our Company challenged the notice before the Joint Commissioner which was upheld vide its Order-in-Original (No.12/2007) dated March 30, 2007. Our Company aggrieved by the order has filed an appeal (No. 113/2007) before the Commissioner (Appeals). The matter is currently pending adjudication.

(ii) The Department issued a notice (No.V/40/15/15/ 2006) dated December 14, 2006 for an amount of Rs. 0.02 crore claiming that the service tax on freight charges on clearances at the factory gate was not eligible for service tax credit. Our Company challenged the notice before the Joint Commissioner which was upheld vide its Order-in-Original (No.11/2007) dated March 30, 2007. Our Company has filed an appeal (No. 25/2007) before the Commissioner (Appeals). The matter is currently pending adjudication.

(iii) The Department issued a notice (No.IV/15/58/2006 IAR/1365) dated July 23, 2007 for an amount of Rs. 75,581 disallowing the service tax credit availed on customs house agency services for export. The matter is currently pending adjudication.

(iv) The Department issued a notice (No.V/40/15/16/ 2006) dated December 20, 2006 for an amount of Rs. 70,000 alleging that the service tax on freight charges on clearances at the factory gate was not eligible for service tax credit. Our Company challenged the notice before the Assistant Commissioner which was upheld vide its Order-in-Original (No. 12/2007) dated March 30, 2007. Our Company has filed an appeal before the Commissioner (Appeals). The matter is currently pending adjudication.

(v) The Department issued a notice (No.V/40/15/14/2006) dated December 18, 2006 for an amount of Rs. 40,000 alleging that the service tax on freight charges on clearances at the factory gate was not eligible for service tax credit. Our Company challenged the same before the Assistant Commissioner, who vide its Order-Original (No.12/2007) dated March 30, 2007 upheld the notice. Our Company has filed an appeal before the Commissioner (Appeals). The matter is currently pending adjudication.

(vi) The Department had passed an order in original dated April 5, 2007 for an amount of Rs. 31,625 disallowing the service tax credit availed on customs house agency services for export. Our Company has filed an appeal before the Commissioner (Appeals). The matter is currently pending adjudication.

(vii) The Department issued a notice (No.V/ST/15/06/2008/ADJN/793) dated January 30, 2008 for for an amount of Rs. 0.24 crore alleging that the Service Tax on freight charges on clearances at the factory gate was not eligible for Service Tax Credit for the period from January 2007 to April 2007. The matter is currently pending adjudication.

(viii) The Department issued a notice (No.V/40/15/59/2007/ADJN) dated January 30, 2008 for an amount of Rs. 0.06 crore alleging that the Service Tax on freight charges on clearances at the factory gate was not eligible for Service Tax Credit for the period from January 2007 to April 2007. The matter is currently pending adjudication.

(ix) The Department issued a notice (No.V/ST/15/60/2007/ADJN/6723) dated September 19, 2007 for an amount of Rs. 0.26 crore alleging that the Service Tax on freight charges on clearances at the factory gate was not eligible for Service Tax Credit for the period from September 2006 to December 2006. The matter is currently pending adjudication.

(x) The Department issued a notice (No.V/ST/15/59/2007/ADJN/6905) dated September 24, 2007 for TRP-II for an amount of Rs. 0.06 crore alleging that the Service Tax on freight charges on clearances at the factory gate was not eligible for Service Tax Credit for the period from September 2006 to December 2006. Our Company has filed the reply to the notice and the matter is currently pending adjudication.

(xi) The Department issued a notice (No. IV/5/58/2006/IAR/1795) dated December 6, 2007 for an amount of Rs. 70,000 alleging that the Service Tax credit was availed on freight charges on clearances was wrongly availed during the period from March 2005 to October 2005. The matter is currently pending adjudication.

(b) <u>Banmore Tyre Plant, Madhya Pradesh</u>

(i) Four cases are pending before the Additional Commissioner, Central Excise and Customs, Indore and one case is pending before the Assistant Commissioner, Central Excise and Customs, Gwalior for payment of service tax on the royalty paid by our Company to its technical collaborator, Continental AG for the period between October 2004 to September

2006. The concerned authorities issued show cause notices to our Company for payment of Rs. 1.22 crore.

(ii) Five cases are pending before the Deputy Commissioner, Central Excise and Customs and 12 cases are pending before the Joint Commissioner, Central Excise and Customs on availment and use of credit of service tax paid pertaining to outward freight amounting to Rs. 0.72 crore for the period starting from April 2006 to June 2006. Show cause notices were issued by the relevant authorities to our Company and are currently pending adjudication.

Excise Cases

There are 100 excise tax cases pending before various courts and authorities against our Company. The total amount of claims against us aggregates to approximately Rs. 10.26 crore. The cases in this regard are described below.

(a) Vikrant Tyre Plant, Karnataka

(i) The Excise Department has issued a notice (No. 40/2000) dated September 8, 2000 against our Company for an amount of Rs. 0.20 crore in form of interest asking our Company to expunge the MODVAT credit on the inputs used in the manufacture of the exempted animal drawn vehicle tyres. The Additional Commissioner vide its order dated November 26, 2001 upheld the notice. Aggrieved by the said order, our Company filed an appeal before the CESTAT. The CESTAT vide its order dated April 24, 2005 set aside pervious order. The Excise Department has filed an appeal (No. 956/2006) before the Supreme Court of India. The matter is currently pending.

(ii) The Excise Department has issued a notice (No. 1427/95) dated September 29, 1995 for an amount of Rs. 0.01 crore stating that MODVAT Credit on certain duty paying documents of Oil Companies cannot be availed as they were time barred. The Assistant Commissioner vide order dated July 1, 1996 has upheld the notice. Aggrieved by the order our Company filed an appeal before the Commissioner. The Commissioner vide order dated September 9, 1998 has rejected our Company's claim. Our Company has filed a civil petition (No. 2087 of 2001) before High Court of Karnataka. The High Court directed the Tribunal on the question whether credit can be taken after six months from the amendment to Rule 57G. Our Company filed the tax reference case (No. 8/2001) was filed before the Karnataka High Court. The High Court of Karnataka vide order dated January 4, 2008 has allowed the reference application and directed the adjudicating authority to adjudication the matter afresh. The matter is currently pending and the next date of hearing is not fixed.

(iii) The Excise Department has issued a notice (No. 1544/95) dated October 30, 1995 for an amount of Rs. 20,292 stating that MODVAT Credit on certain duty paying documents of Oil Companies cannot be availed as they were time barred. The Assistant Commissioner vide order dated July 1, 1996 has upheld the notice. Aggrieved by the order our Company filed an appeal before the Commissioner. The Commissioner vide order dated September 9, 1998 has rejected our Company's claim. Our Company has filed a Civil Petition (No. 2088 of 2001) before the Hon'ble High Court of Karnataka. The High Court directed the Tribunal on the question whether credit can be taken after six months from the amendment to Rule 57G. Our Company filed the tax reference case (No. 8/2001) was filed before the Karnataka High Court. The High Court of Karnataka vide order dated January 4, 2008 has allowed the reference application and directed the adjudicating authority to adjudication the matter afresh. The matter is currently pending and the next date of hearing is not yet fixed.

(iv) The Excise Department has issued notices (Nos. 1291/96, 225/97, 907/97, 9/98, 15/98, 5/99, 10/99-00, 24/99-2000, V/40/3/8/2001 and V/40/3/52/2001-Adjn./31.7.01/1/2002) dated October 30, 1996, September 27, 1997, April 3, 1998, October 5, 1998, May 4, 1999, October

4, 1999, April 4, 2000, January 25, 2001 and February 25, 2002 pertaining to payment of duty on intermediate goods used in the manufacture of animal drawn vehicle tyres amounting to Rs. 0.85 crore. The Additional Commissioner vide order dated May 31, 2004 upheld the notice. Aggrieved by the order our Company filed an appeal before the Commissioner (Appeals). The Commissioner (Appeals) vide order dated March 29, 2005 dismissed the appeal. Our Company filed an appeal (No. E/308/06) before the CESTAT which is currently pending.

(v) The Superintendent of Central Excise Department issued a notice (No. 12/98) dated July 3, 1998 for additional excise duty amounting to Rs. 0.41 crore and disputing the classification of rubberized nylon tyre cord fabric for exemption purposes. The Assistant Commissioner vide order dated September 27, 2002 while dismissing our case to the extent of classification, ordered for the demand of Rs. 0.41 crore to be withdrawn. Our Company filed an appeal before the Commissioner (Appeal). The Commissioner (Appeal) vide order dated January 22, 2004 dismissed the appeal. Our Company has filed an appeal (No. E/427/2004) before the CESTAT which is currently pending.

(vi) The Excise Department had issued a notice (No. V/40/15/8/2003-Hqrs.Adjn) dated May 19, 2003 for the sum of Rs. 0.13 crore in form of duty along with interest for the tyres that were set for export but were lost due to fire at Nhavasheva Port. Our Company paid the duty, but contested the levying of both the duty and the interest. The Additional Commissioner vide order dated October 17, 2003 upheld the notice. Our Company filed an appeal before the Commissioner (Appeal). Commissioner (Appeal) vide order dated March 15, 2004 dismissed the same. Aggrieved by the said order, our Company has filed an appeal before the CESTAT which is currently pending.

(vii) The Assistant Commissioner sanctioned a rebate of Rs. 0.37 crore to our Company, but appropriated Rs. 0.06 crore towards the confirmed demand pending realization against our Company's other unit vide order dated January 28, 2005. Our Company challenged the same before the Commissioner (Appeals). The Commissioner (Appeals) vide order dated May 4, 2005 dismissed our Company's contention. Our Company has appealed before the CESTAT. The matter is currently pending.

(viii) The Assistant Commissioner sanctioned a rebate of Rs. 0.07 crore to our Company, but appropriated the same towards the confirmed demand pending realization against our Company's other unit vide order dated February 8, 2005. Our Company challenged the same before the Commissioner (Appeals). The Commissioner (Appeals) vide order dated May 4, 2005 dismissed our Company's contention. Our Company has appealed before the CESTAT. The matter is currently pending.

(ix) The Assistant Commissioner sanctioned a rebate of Rs. 0.32 crore to our Company, but appropriated the same towards the confirmed demand pending realization against our Company's other unit vide order dated February 8, 2005. Our Company challenged the same before the Commissioner (Appeals). The Commissioner (Appeals) vide order dated May 4, 2005 dismissed our Company's contention. Our Company has appealed before the CESTAT. The matter is currently pending.

(x) The Excise Department issued notice (No. 1436/80) dated June 19, 1980, subsequently modified by notice (No.V/68/30/231/79/79-MP-III) dated October 3, 1981 and notice (No.2439/80) dated October 23, 1980 later modified by notice (No.V/68/30/317/80-MP-III) dated September 26, 1981 and revised notice (No.V/68/ 30/231/79/79-MP-III) dated October 3, 1981 amounting to Rs. 0.02 crore as duty along with interest and penalty pertaining to set off of duty/proforma credit on inputs received during 1980 to 1982 which was taken by our Company and disallowed on the ground that the goods were not received in original packed condition as the goods were first sent to job workers and then received in the factory. The

Commissioner (Appeals) vide order dated March, 30 2004 ordered re-quantification which was carried out by the Assistant Commissioner vide his order-in-original dated December 6, 2004 which was then confirmed by the Commissioner (Appeals) vide dated February 28, 2005. Our Company filed an appeal (No. 574/2006) before the CESTAT. The matter is currently pending.

(xi) The Excise Department issued notice (No.2439/80) on October 23, 1980 subsequently modified by notice (No.V/68/30/317/80-MP-III) dated September 26, 1981 and revised notice (No.V/68/30/231/79/79-MP-III) dated October 3, 1981 amounting to Rs. 0.21 crore as duty along with interest and duty pertaining to set off of duty/proforma credit on inputs received during 1980 to 1982 which was taken by our Company and disallowed on the ground that the goods were not received in original packed condition as the goods were first sent to job workers and then received in the factory. The Commissioner (Appeals) vide order dated March, 30 2004 ordered re-quantification which was carried out by the Assistant Commissioner vide his order-in-original dated December 6, 2004 which was then confirmed by the Commissioner (Appeals) vide dated February 28, 2005. Our Company filed an appeal (No. 575/2006) before the CESTAT. The matter is currently pending.

(xii) The Excise Department issued notice (No. 108/81) dated January 16, 1981 and notice (No. 109/81) dated January 16, 1981 demanding duty on dipped tyre cord fabric amounting to Rs. 1.51 crore along with interest. The Commissioner (Appeals) vide order dated March, 30 2004 ordered re-quantification which was carried out by the Assistant Commissioner vide his order-in-original dated December 6, 2004 which was then confirmed by the Commissioner (Appeals) vide dated February 28, 2005. Our Company filed an appeal (No. 576/2006) before the CESTAT. The matter is currently pending.

(xiii) The Excise Department issued a notice (No. 391/81) dated March 3, 1981 amounting to Rs. 0.08 crore as duty along with interest pertaining to set off of duty/proforma credit on inputs received during 1980 to 1982 which was taken by our Company and disallowed on the ground that the goods were not received in original packed condition as the goods were first sent to job workers and then received in the factory. The Commissioner (Appeals) vide order dated March, 30 2004 ordered re-quantification which was carried out by the Assistant Commissioner vide his order-in-original dated December 6, 2004 which was then confirmed by the Commissioner (Appeals) vide dated February 28, 2005. Our Company filed an appeal (No. 577/2006) before the CESTAT. The matter is currently pending.

(xiv) The Excise Department issued a notice (No.2533-A/82) dated December 10, 1982 amounting to Rs. 0.04 crore as duty pertaining to proforma credit on inputs received during March, 1982 to November, 1982 that were taken by our Company and disallowed on the ground that the goods were not received in original packed condition as the goods were first sent to job workers and then received in the factory. The Commissioner (Appeals) vide order dated March, 30 2004 ordered re-quantification which was carried out by the Assistant Commissioner vide his order-in-original dated December 6, 2004 which was then confirmed by the Commissioner (Appeals) vide dated February 28, 2005. Our Company filed an appeal (No. 578/2006) before the CESTAT. The matter is currently pending.

(xv) The Assistant Commissioner vide order dated March 14, 2005 refunded Rs. 2.04 crore to our Company for the assessment year 2002-03. The Commissioner (Appeals) set aside the order of the Assistant Commissioner. The Department has filed an appeal (No. 582/2006) before the CESTAT. CESTAT vide order dated July 5, 2007 directed for the amount of Rs.2.04 crore to be reversed for taking up the appeal for hearing. Our Company has reversed the credit and the matter is currently pending.

(xvi) The Excise Department had issued a notice (No. V/40/38/04-Adjn./1284) dated August 31, 2004 for the amount of Rs. 10,949 against the defective tyres and tubes received for repairs by our Company. The Excise Department alleged that our Company was required to pay back the duty credit at the rate prevailing at the time of transaction. The Assistant Commissioner vide order dated January 13, 2005 upheld the notice. The Commissioner (Appeals) vide order dated May 4, 2005 dismissed our Company's appeal. Aggrieved by the said order, our Company has filed an appeal before the Appellate Tribunal. The matter is currently pending and the next date of hearing is not fixed.

(xvii) The Excise Department had issued a notice (No. 92/97) dated February 13, 1997 stating that a sum of Rs. 0.01 crore towards MODVAT credit cannot be availed given to discrepancies in duty paying documents. The Excise Department claimed an interest of Rs. 0.02 crore on the duty amount. This interest has been contested by our Company. The Assistant Commissioner vide order dated June 24, 2005 upheld the notice. The Commissioner (Appeals) vide order dated October 20, 2005 has dismissed our Company's appeal. Aggrieved by the said order our Company has filed an appeal (No. E/56/06) before the Appellate Tribunal. The matter is currently pending and the next date of hearing is not fixed.

(xviii) The Excise Department vide order dated March 7, 2005 demanded a sum of Rs. 0.49 crore for the assessment year 2002-2003. Our Company challenged the assessment order before the Commissioner Appeal. The Commissioner (Appeals) vide order dated September 2, 2005 dismissed our Company's appeal. Aggrieved by the order our Company filed an appeal (No. E/1113//05) before the Appellate Tribunal. The matter is currently pending and the next date of hearing is not fixed.

(xix) The Excise Department has issued a notice (No.V/40/15/23/2005/Adjn./1407) dated September 15, 2005 for an amount of Rs. 70,000 on the ground that duty on tubes stored in finished goods stores which were over-aged and unfit for marketing were scrapped. Our Company challenged the notice before the Assistant Commissioner. The Assistant Commissioner vide order dated November 29, 2005 dismissed our Company's case. Our Company filed an appeal before the Commissioner (Appeals). The Commissioner (Appeals) vide order dated February 13, 2006 dismissed the appeal. Aggrieved by the said order, our Company has filed an appeal (No.E/449/2006) before the Appellate Tribunal. The matter is pending and the next date of hearing is not fixed.

(xx) The Excise Department finalized the provisional assessment for Plant-II of our Company for the year 2000-01 and refunded the amount. Subsequently, the refund amount of Rs. 0.05 crore was challenged before the Commissioner Appeals. The Department has also issued notice (No. V/40/18/37/02-Ref.) dated July 15, 2003 in this regard. The challenge of the Department was struck down by the Commissioner (Appeals) vide its order dated February 27, 2004. The Excise Department preferred an appeal (No.E/602/2004) before the Appellate Tribunal. The matter is pending and the next date of hearing is not fixed.

(xxi) The Excise Department vide order dated July 18, 2002 refunded Rs. 0.13 crore to our Company for the assessment year 2000-01. The Commissioner (Appeals) vide order dated February 27, 2004 upheld the refund. The Department preferred appeal (No. E/603/2004) before the Appellate Tribunal. The matter is pending and the next date of hearing is not fixed.

(xxii) The Assistant Commissioner vide order (No. 14/06) in relation to notice (No.V/40/15/16/06) dated May 29, 2006 demanded an amount of Rs. 9,199 in form of input duty content on 18 radial tyres unfit for marketing which were lying in scrap in the finished goods stores. The appeal filed by our Company before the Commissioner (Appeals) was dismissed vide order dated August 11, 2006. Our Company filed an appeal against the said judgment before the Appellate Tribunal. The matter is pending and the next date of hearing is not fixed.

(xxiii) The Excise Department issued notice (No.2577/87) dated August 13, 1987 for amount of Rs. 0.05 crore, notice (No. 750/A/88) dated March 4, 1988 for amount of Rs. 0.03 crore and notice (No.V/40/15/16/919) dated September 30, 1991 for amount of Rs. 0.05 crore in the form of duty on air bags and bladders captively consumed as they considered as apparatus/tools. Our Company has remitted Rs. 0.08 crore in respect of the first two show cause notices vide challans dated December 15, 1997. Our Company filed a writ petition (No. 9821/88) before the High Court of Madras challenging the said notifications. The High Court vide order dated March 19, 1997 directed our Company to pursue its remedy before the Commissioner (Appeals). Pursuant to the said order, our Company has filed appeal before the Commissioner (Appeals). The matter is pending and the next date of hearing is not fixed. As regards the third notice (No.V/40/15/16/919) dated September 30, 1991 for amount of Rs. 0.05 crore the matter is pending before the Additional Commissioner. The matter is pending and the next date of hearing is not fixed.

(xxiv) The Excise Department issued a notice (No.V/40/3/240/95-MP-IVA) dated October 17, 1995 stating that vulcanizing solution which was manufactured was classifiable under sub-heading subject to a higher rate of duty. Our Company has contested the same before the Assistant Commissioner and the matter is currently pending.

(xxv) The Excise Department had vide its notice (No. V/1/11/05/IAR) dated December 19, 2006 disallowed CENVAT credit on capital goods used for a mezzanine floor and claimed Rs. 0.02 crore along with interest. The Assistant Commissioner has upheld the notice vide its order (No.6/2007) dated March 5, 2007. Our Company has filed an appeal before Commissioner (Appeals) and the matter is currently pending.

(xxvi) The Excise Department has issued a notice (No.IV/40/15/10/07/Adjn) dated May 4, 2007 for an amount of Rs. 0.01 crore in form of interest on differential duty paid on issuance of supplementary invoices raised on original equipment manufacturers/state transport undertakings due to price revision. Our Company has challenged the same before the Assistant Commissioner. The matter has been heard and the order is awaited.

(xxvii) The Excise Department had vide notice (No. IV/32//05/IAR) dated December 19, 2006 disallowed CENVAT credit on capital goods used for mazzanine floor and claimed Rs. 0.05 crore along with interest. The Assistant Commissioner has upheld the notice vide order (No.5/2007) dated February 28, 2007 and also awarded Rs. 10,000 as penalty. Our Company has filed an appeal before Commissioner (Appeal). The matter is pending and the next date of hearing is not yet fixed.

(xxviii) The Excise Department has issued notice (No.IV/40/15/10/07/Adjn) dated May 4, 2007 for an amount of Rs. 22,916 in form of interest on differential duty paid on issuance of supplementary invoices raised on original equipment manufacturers/state transport undertakings due to price revision. Our Company has challenged the same before the Assistant Commissioner. The matter is pending and the next date of hearing is not fixed.

(xxix) The Excise Deparment has issued notice (No.V/40/15/71/2007/Adjn) dated November 19, 2007 for an amount of Rs. 80,000 in the form of interest on differential duty paid on issuance of supplementary invoices raised on original equipment manufacturers/state transport undertakings due to price revision. Our Company has challenged the same before the Additional Commissioner. The matter is currently pending and the next date of hearing has not been fixed.

(xxx) The Excise Deparment has issued notice (No.V/40/15/75/07/Adjn/8515) dated December 14, 2007 for an amount of Rs. 20,000 in the form of interest on differential duty paid on issuance of supplementary invoices from TRP-II raised on original equipment manufacturers/state transport undertakings due to price revision. Our Company has challenged the same before the Additional Commissioner. The matter is currently pending and the next date of hearing has not been fixed.

(b) Kankroli Tyre Plant, Rajasthan

(i) The Deputy Commissioner Central Excise Division, Udaipur has issued show cause notice (No. V(ST)4-656/2006/14235) dated November 27, 2006 alleging that our Company has wrongly taken input service tax credit amounting to Rs. 0.01 crore. The said amount with interest has been claimed from our Company along with penalty. The matter is pending for hearing and the next date of hearing is not fixed.

(ii) The Deputy Commissioner Central Excise Division, Udaipur has issued show cause notice (No. V(ST)4-358/2006/14231) dated November 27, 2006 alleging that our Company has wrongly taken input service tax credit amounting to Rs. 0.03 crore. The said amount with interest has been claimed from our Company along with penalty. The matter is pending for hearing and the next date of hearing is not fixed.

(iii) The Additional Commissioner Central Excise Commissionerate, Jaipur has issued show cause notice (No. V(40)15/off./Adj.II/19/07/152) dated February 2, 2007 alleging that our Company has wrongly taken input service tax credit on goods transport services amounting to Rs. 0.27 crore. The said amount with interest has been claimed from our Company along with penalty. The matter is pending for hearing and the next date of hearing is not fixed.

(iv) Deputy Commissioner Central Excise Division, Udaipur has issued show cause notice (No. V(ST)4-244/06/6205-6) dated June 2, 2006 alleging that our Company has wrongly availed service tax credit for the month of May 2005 to July 2005 amounting to Rs. 0.04 crore in respect of outward freight paid by them on goods cleared by them for export and to original equipment manufacturers. The Deputy Commissioner Central Excise and Service Tax Division, Udaipur has vide order (no. 284/ST-Demand/06)) dated August 31, 2006 disallowing the CENVAT credit and the same is to be recovered along with interest. Aggrieved by the order our Company filed an appeal (No. APPL/JPR-II/CE/UD/471/XI/2006) before the Commissioner of Central Excise (Appeals), Jaipur and praying for a stay against the said order. Conditional Stay has been granted vide order (No. 257(HKS)CE/JPR-II/2006) dated December 15, 2006 by Commissioner of Central Excise (Appeal) for deposit of Rs. 50,000. The same had been deposited by our Company. The appeal was dismissed vide order (No. 130(HKS)CE/JPR-II/2007) dated February 26, 2007. Aggrieved by this order our Company has filed an appeal (No. E/1229/2007) dated May 9, 2007 before the Customs and Excise Service Tax Appellate Tribunal, Delhi along with stay application. A conditional stay has been granted vide order (No.610/2007 EX) dated June 18, 2007 for deposit of the remaining balance amount as stated in the order dated August 31, 2006 failing which the appeal would be dismissed. The matter is pending for hearing and the next date of hearing is not fixed.

(v) The Deputy Commissioner Central Excise Division, Udaipur has issued show cause notice (No. V(40)4-59/2006/12252) dated October 30, 2006 alleging that our Company has wrongly availed CENVAT credit amounting to Rs. 48,916 on wielding electrodes/rods used in repair of plant, machinery and building during the period March 2006 to August 2006. The Deputy Commissioner Central Excise and Service Tax Division, Udaipur has vide order (No. 8/07-CE (Demand)) dated January 31, 2007 disallowed the CENVAT credit and the same is to be recovered along with interest and a penalty of Rs. 50,000. Aggrieved by the order our Company filed an appeal (No. APPL/JPR-II/CE/UD/151/IV/2007/1637) before the Commissioner of Central Excise (Appeal), Jaipur and praying for a stay against the said order. The appeal was dismissed vide order (No. 372(HKS)CE/JPR-II/2007) dated June 20, 2007. Aggrieved by this order our Company has filed an appeal dated August 2, 2007 before the Customs and Excise Service Tax Appellate Tribunal, Delhi along with stay application. Customs and Excise Service Tax Appellate Tribunal has granted a conditional stay. The matter is currently pending and the next date of hearing is not fixed.

(vi) Deputy Commissioner Central Excise Division, Udaipur has issued show cause notice (No. V(40)4-10/2006/254) dated April 1, 2006 alleging that our Company has wrongly availed CENVAT credit amounting to Rs. 91,306 on wielding electrodes/rods used in repair of plant, machinery and building during the period March 2006 to August 2006. The Deputy Commissioner Central Excise and Service Tax Division, Udaipur has vide order (No. 59/06-CE (Demand)) dated August 31, 2006 disallowed the CENVAT credit and the same is to be recovered along with interest and a penalty of Rs. 10,000. Aggrieved by the order our Company filed an appeal (No. APPL/JPR-II/CE/UD/441/X/2006) before the Commissioner of Central Excise (Appeal), Jaipur and praying for a stay against the said order. The appeal was dismissed vide order (No. 109(HKS)CE/JPR-II/2007) dated February 14, 2007. Aggrieved by this order our Company has filed an appeal (No.E/1101/2007-SM) dated April 30, 2007 before the Customs and Excise Service Tax Appellate Tribunal, Delhi along with stay application. A conditional stay has been granted vide order (No.534/07-SM (BR)) dated July 13, 2007 for deposit of the remaining balance amount as stated in the order failing which the appeal would be dismissed. The matter is pending for hearing and the next date of hearing is not fixed.

(vii) The Assistant Commissioner Central Excise Division, Udaipur has issued show cause notice (No. V(40)4-43/99/1694) dated March 16, 1999 alleging that our Company has wrongly availed higher deductions in respect of stocks cleared at specific rate of duty for the month of March and April, 1997 as trade deductions/discounts and the differential duty of Rs. 0.23 crore is liable to be recovered from our Company. The Deputy Commissioner Central Excise and Service Tax Division, Udaipur has vide order (No. 243/99-CE (Dem)) dated December 31, 1999 confirmed the levy of duty upon our Company. Aggrieved by the order our Company filed an appeal (No. APPL/JPR-II/CE/UD/41/XII/2002) before the Commissioner of Central Excise (Appeal), Jaipur and praying for a stay against the said order. The appeal was dismissed vide order (No. 494-495(RM)CE/JPR-II/2003) dated October 30, 2003. Aggrieved by this order our Company has filed an appeal (No.E/117-118/04-A) dated December 31, 2003 before the Customs and Excise Service Tax Appellate Tribunal, Delhi along with stay application. The appeal was dismissed vide order (No.520-521/05-Ex.B) dated June 27, 2005. Our Company has filed an appeal (No.22/2005) dated October 16, 2005 before the High Court of Rajasthan. The matter is pending for hearing and the next date of hearing is not fixed.

(viii) The Assistant Commissioner Central Excise Division, Udaipur has issued show cause notice (No. V(40)4-43/99/1694) dated March 16, 1999 alleging that our Company has wrongly availed higher deductions in respect of stocks cleared at specific rate of duty for the month of March and April 1997 as trade deductions/discounts. Hence the differential duty of Rs. 0.06 crore is liable to be recovered from our Company. The Deputy Commissioner Central Excise and Service Tax Division, Udaipur has vide order (No. 244/99-CE (Dem)) dated December 31, 1999 confirming the levy of duty upon our Company. Aggrieved by the order our Company filed an appeal (No. APPL/JPR-II/CE/UD/166/IV/2000) before the Commissioner of Central Excise (Appeal), Jaipur, praying for a stay against the said order. The appeal was dismissed vide order (No. 494-495(RM)CE/JPR-II/2003) dated October 30, 2003. Aggrieved by this order our Company has filed an appeal (No. E/117-118/04-A) dated December 31, 2003 before the Customs and Excise Service Tax Appellate Tribunal, Delhi along with stay application. The appeal was dismissed vide order (No. 520-.521/05-Ex.B) dated June 27, 2005. Our Company has filed an appeal (No.20/2005) dated October 16, 2005 before the High Court of Rajasthan. The matter is pending for hearing and the next date of hearing is not fixed.

(ix) The Additional Commissioner, Central Excise, Jaipur has issued Show Cause Notice (No. 4687) dated July 6, 2007 alleging therein that our Company has wrongly availed CENVAT credit of Rs. 0.23 crore of the service tax paid to CHA services as the said service do not fall under category of input services as defined in Rule 2 (I) of the CENVAT Credit Rules, 2004. The said amount with interest has been claimed from our Company along with penalty. The matter is pending for hearing and the next date of hearing is not fixed.

(x) Assistant Commissioner Central Excise Division, Udaipur has issued show cause notice (No. V(40)4-92/7/11959) dated October 4, 2007 alleging that our Company has wrongly taken input service tax credit amounting to Rs. 0.04 crore in contravention of the Rule 2 and 3 of CENVAT Credit Rules, 2004 during the period from September 2006 to March 2006. Service i.e rent a cab, repair and maintenance charges of authorized service station, mobile phones etc. on which credit has been availed are not covered under the Rules and do not appear to be used in manufacture and clearance of final products. The said amount with interest has been claimed from the company under rule 14 of CENVAT Credit Rules, 2004 read with section 11A and section 11AB of the Central Excise Act,1994 and penalty to be imposed under rule 15 of CENVAT Credit Rules. Assistant Commissioner, Udaipur has decided the case and disallowed the CENVAT of Rs. 0.02 crore with respect to services like rent a cab, repair and maintenance charges of authorized service station and allowed the CENVAT of Rs. 0.02 crore availed on mobile phone. Our Company has filed an appeal before the Commissioner (Appeals). The Matter is pending for hearing and the next date of hearing has not been fixed.

(xi) Assistant Commissioner Central Excise Division, Udaipur has issued show cause notice (No. V(40)4-123/7/11957) dated October 4, 2007 alleging that our Company has wrongly taken input service tax credit amounting to Rs. 0.05 crore in contravention of the Rule 2 and 3 of CENVAT Credit Rules, 2004 during the period from September 2006 to June 2007. Service i.e out door catering on which credit has been availed are not covered under the Rules and do not appear to be used in manufacture and clearance of final products. The said amount with interest has been claimed from the company under rule 14 of CENVAT Credit Rules, 2004 read with section 11A and section 11AB of the Central Excise Act,1994 and penalty to be imposed under rule 15 of CENVAT Credit Rules. The Assistant Commissioner has decided the case against company. Our Company is in the process of filing an appeal against the order of the Assistant Commissioner.

(xii) Joint Commissioner Central Excise, Jaipur has issued show cause notice dated January 3, 2008 alleging that our Company has wrongly availed Service Tax credit during the period from January 2007 to June 2007 amounting to Rs. 0.10 crore in respect of outward freight paid by us on goods cleared by us for export to original equipment manufacturers and has contravened the provisions of Rule 4 of CENVAT Credit Rules, 2004. The said amount with interest has been claimed from the company under rule 14 of CENVAT Credit Rules, 2004 read with section 11A and 11B of Central Excise Act, 1944 and penalty to be imposed under rule 15 of CENVAT Credit Rules, 2004. The matter is currently pending for hearing and the next date of hearing has not been fixed.

(xiii) Assistant Commissioner Central Excise Division, Udaipur has issued show cause notice (No. V(40)4-180/2007/15242) dated December 28, 2007 alleging that our Company has wrongly availed CENVAT credit amounting to Rs. 24,980 on wielding electrodes/rods used in repair of plant, machinery and building, by treating them as capital goods under rule 2(a) of CENVAT Credit Rules, 2004 during the period from January 2007 to July 2007. The said amount with interest has been claimed from our Company under rule 14 of CENVAT Credit Rules, 2004 read with section 11A and 11 AB of Central Excise Act, 1944 and penalty to be imposed under rule 15 of CENVAT Credit Rules, 2004. The Assistant Commissioner has decided the case against company. Our Company is in the process of filing an appeal against the order of the Assistant Commissioner.

(xiv) Assistant Commissioner Central Excise Division, Udaipur has issued show cause notice (No. V(40)4-08/08/1709) dated February 28, 2008 alleging that our Company has wrongly taken input service tax credit amounting to Rs. 0.01 crore in contravention of the Rule 2 and 3 of

CENVAT Credit Rules, 2004 during the period from April 2007 to September 2007. Services i.e rent a cab, repair and maintenance charges of authorized service station and advertisement etc. on which credit has been availed are not covered under the Rules and do not appear to be used in manufacture and clearance of final products. The said amount with interest has been claimed from our Company under rule 14 of CENVAT Credit Rules, 2004 read with section 11A and section 11AB of the Central Excise Act, 1994 and penalty to be imposed under rule 15 of CENVAT Credit Rules. The matter is currently pending and the next date of hearing has not been fixed.

(xv) The Joint Commissioner Central Excise, Jaipur has issued show cause notice (No. V(40)15/off/AdjII/JPRII/2/2008/550) dated March 3, 2008 alleging therein that our Company has wrongly availed CENVAT credit in contravention of the provision of Rule 2 and 4 of CENVAT Credit Rule, 2004 of the service tax paid to certain services since the services did not fall under category of input services as defined in Rule 2 (I) of the Cenvat Credit Rules, 2004. Our Company has been showcaused by the Additional Commissioner, Central Excise and has been questioned as to why the Service Tax Credit of Rs. 0.16 crore along with interest should not be recovered from our Compnay under Rule 14 of the CENVAT Credit Rules, 2004 and penalty should not be imposed under Rule 15 of the CENVAT Credit Rules, 2004. The matter is pending for hearing and the next date of hearing is not fixed.

(xvi) Assistant Commissioner Central Excise Division, Udaipur has issued show cause notice (No. V(40)4-27/08/2334) dated March 24, 2008 alleging that our Company has wrongly taken input service tax credit amounting to Rs. 22,108 in contravention of the Rule 2 and 3 of CENVAT Credit Rules, 2004 during the period from July 2007 to December 2007. Service i.e out door catering on which credit has been availed are not covered under the Rules and do not appear to be used in manufacture and clearance of final products. The said amount with interest has been claimed from the company under rule 14 of CENVAT Credit Rules, 2004 read with section 11A and section 11AB of the Central Excise Act, 1994 and penalty to be imposed under rule 15 of CENVAT Credit Rules. The matter is pending for hearing and the next date of hearing is not fixed.

(c) Banmore Tyre Plant, Madhya Pradesh

(i) There are 10 excise cases pending on the denial of credit on man made fabric amounting to Rs. 0.31 crore under the MODVAT Rules, 1986 read with the Central Excise Act, 1944 and under CENVAT Credit Rules, 2004 read with the Central Excise Act, 1944. Man made fabric is used in the manufacturing process as liner for covering the rubberized fabric to avoid self adhesion in between the layers of fabric during rolling process. The quasi judicial authorities below the Commissioner of Excise level (Joint Commissioner of Excise or Deputy Commissioner of Excise) rejected the credits on the ground that the man made fabric is used for storage of rubberized fabric and is not embodied in the in-process material or in finished products hence it can not be termed as an input for the purposes of allowance of credits under the MODVAT/CENVAT Credit Rules and issued show cause notices to our Company. Our Company has replied to all the show cause notices appropriately and till date no further proceedings have been initiated by the Deputy or Joint Commissioner of Excise.

(ii) There are 27 excise cases pending on the denial of credit on multi-layer co-extruded film amounting to Rs. 1.09 crore under the MODVAT Rules, 1986 read with the Central Excise Act, 1944 and under CENVAT Credit Rules, 2004 read with the Central Excise Act, 1944. Multi-layer co-extruded film is used in the manufacturing process as liner for covering the tread profiles to avoid moister, dust and foreign material. The quasi judicial authorities below the Commissioner of Excise level (Joint Commissioner of Excise or Deputy Commissioner of Excise) rejected the credits on the ground that the multi-layer co-extruded film is used for storage of rubberized fabric and is not embodied in final products hence it can not be termed as an input for the purposes of allowance of credits under the MODVAT/CENVAT Credit

Rules and issued show cause notices to our Company. Our Company has replied to all the show cause notices appropriately and till date no further proceedings have been initiated by the Deputy or Joint Commissioner of Excise.

(iii) There are 11 excise cases pending on the denial of credit on un-dipped leader liner amounting to Rs. 0.11 crore under the MODVAT Rules, 1986 read with the Central Excise Act, 1944 and under CENVAT Credit Rules, 2004 read with the Central Excise Act, 1944. Un-dipped leader liner is used in the manufacturing process as liner for covering the rubberized fabric to avoid self adhesion in between the layers on fabric during the rolling process. The quasi judicial authorities below the Commissioner of Excise level (Joint Commissioner of Excise or Deputy Commissioner of Excise) rejected the credits on the ground that the un-dipped leader liner is used for storage of rubberized fabric and is not embodied in the in-process or in the finished products hence it can not be termed as an input for the purposes of allowance of credits under the MODVAT/CENVAT Credit Rules and issued show cause notices to our Company. Our Company has replied to all the show cause notices appropriately and till date no further proceedings have been initiated by the Deputy or Joint Commissioner of Excise.

(iv) Three cases are pending before the Deputy/Assistant Commissioner of Excise amounting to Rs. 0.28 crore. In these cases, certain raw materials including carbon black, zinc oxide, steel tyre cord, purchased by our Company, were directly sent to the job workers. The processed goods were received by our Company and our Company claimed credit on the basis of the relevant duty paying documents. The Deputy/Assistant Commissioner issued show cause notices rejecting the credit on the ground that raw materials were not received by our Company in their original forms. Our Company has responded to these notices appropriately. These matters are pending before the Deputy/Assistant Commissioner of Excise and no order has been passed on these matters until date.

(v) Our Company on October 24, 1996 and on December 24, 1996 received two show cause notices from the Assistant Commissioner, Central Excise, Gwalior Division rejecting the exemption claimed by our Company amounting to Rs. 0.20 crore and amounting to Rs. 0.26 crore for the period from May 1996 to July 1996. Our Company has replied to the notices appropriately. Subsequently, the matters were heard by the Assistant Commissioner, Central Excise and the authority rejected the exemption vide its order dated May 21, 1997 and March 31, 1997. Our Company preferred appeals against such orders before the Commissioner of Central Excise (Appeals). The Commissioner of Central Excise (Appeals) vide its order dated September 19, 1997 disposed of the appeals against our Company. Subsequently, our Company preferred appeals to the Custom Excise and Gold Control Appellate Tribunal. The Tribunal vide its order dated January 4, 2000 disposed of both the appeals and remanded back to the Assistant Commissioner for fresh adjudication. The matter is pending before the Assistant Commissioner, Central Excise.

Sales Tax Cases

There are seven sales tax cases pending before various courts and authorities against our Company. The total amount of claims, against us aggregates to approximately Rs. 17.58 crore. The cases in this regard are described below.

(a). Vikrant Tyre Plant (I and II), Karnataka

(i) The Office of Joint Commissioner of Commercial Taxes had issued notice (No. DCCT/INT/ INS.3/91-92/93-94) dated August 24, 1993 for the Assessment years 1985-86 to 1992-93, to our Company for an amount of Rs. 7.49 crore in form of central sales tax arrears and has also sought to impose a penalty of Rs. 0.39 crore. Aggrieved by the said notice our Company had filed a writ petition (No. 4535-42/ 1999) before High Court of Karnataka. The High Court vide its order dated April 1, 1997 ordered re-assessment. The Department issued a fresh notice dated August 8, 1997. On October 15, 1997, the department passed a reassessment order. Aggrieved by the re-assessment our Company filed fresh batch of writ petitions (No. 30949-30956/1997). The High Court vide its order dated February 18, 1998 allowed our Company to withdraw the said Writ Petitions. The Department issued a fresh notice (No. DCCT(AP) Mys.T.25 98-99) on June 19, 1998. The Department also issued Notices (No. DCCT(AP)44/98-99 dated June 20, 1998 proposing to levy maximum penalty under the Act. Aggrieved by the said notice, our Company filed writ petitions (No. 32723 to 32730/1998) before High Court seeking permission to file Appeals directly before the Karnataka Appellate Tribunal as various States to which the stock transfers were effected during the relevant period have to be made parties. The said writ petition was rejected vide order dated November 12, 1998. Our Company preferred writ appeals (No. 76 to 83 / 1999) which were not admitted by Division Bench of High Court by order dated February 25, 1999. Our Company preferred special leave petition (No. 5383 – 5390 / 1999) before Supreme Court. The Supreme Court on April 10, 1999 granted an interim stay from recovery provided our Company satisfies the assessing authority that taxes have been paid in the respective States from which the sales were effected after stock transfers. Subsequently, leave was granted on May 21, 2001 and appeals (No. 957 to 964/2001). The appeals were disposed off on February 4, 2004. Writ petitions (No. 11352 – 11359 / 2004) were filed on March 16, 2004 before High Court of Karnataka. On April 12, 2004 the High Court granted an interim stay from recovery provided our Company satisfied the assessing authority that taxes have been paid in the respective states from which the sales were effected after stock transfers. The writ petitions are currently pending.

(ii) The Sales Tax Department had denied our Company benefit of exemption from sales tax on radial tyres for the Assessment year 2000-01 amounting to Rs. 2.09 crore vide its assessment order dated April 23, 2004. Our Company has paid Rs. 0.37 crore. On August 21, 2004, a notice regarding the balance tax, i.e. Rs. 1.72 crore was issued. Subsequently, our Company filed Form-50 (Declaration for concessional rate of tax) for Rs. 0.39 crore. Our Company filed appeal (No. KST.AP:45/04-05 and CST AP 11/04/05) before the Joint Commissioner Tax (Appeal). The Joint Commissioner (Appeals) vide order dated June 29, 2004 dismissed the appeals. Our Company filed appeals (No. 2080 and 2081) which were dismissed. Hence, our Company filed review petitions (No. 42 and 43/2005) before the Karnataka Appellate Tribunal. The tribunal vide its order dated January 23, 2007 dismissed the same. Aggrieved by the said dismissal, our Company has filed a revision petition (No. 22 and 23/2007). The matter is pending adjudication and the next date of hearing is not fixed.

(b) <u>Kankroli Tyre Plant, Rajasthan</u>

(i) The Assistant Commissioner, Nimbahera issued a show cause notice dated February 19, 2002 to our Company for not having filled up the declaration form to evade tax liability during the transportation of goods and imposed a penalty of Rs. 0.04 crore. Aggrieved by the order of the A.C.T.O our Company has filed an appeal (No. 48/RST/0102/Rajsamand) before the Deputy Commissioner (Appeals) Commercial Taxes, Bhilwara and prayed that the penalty imposed by the A.C.T.O be set aside. The D.C.A.C.T vide its order (D.C.A./Bhil/04/85) dated November 23, 2004 allowed our appeal and dismissed the penalty. Aggrieved by the order of the D.C.A.C.T, the Assistant Commissioner filed an appeal (No. 938/2005) before the Rajasthan Tax Board, Ajmer. However, the Rajasthan Tax Board vide its order dated November 24, 2005 also upheld the previous order. Aggrieved by this order, the Assistant Commissioner has filed a revision petition (No. 393/2006) before the Rajasthan High Court at Jodhpur in 2006. The matter is still pending and the next date of hearing has not yet been fixed.

(ii) The Commercial Tax Officer, Rajsamand issued an assessment order for the year 1997-1998 dated August 26, 2000 against our Company and imposed a difference tax (1%) and surcharge of Rs. 0.02 crore. Aggrieved by the order of the Commercial Tax Officer, Rajsamand our

Company has filed an appeal (No. 65/RST/00-01) before the Deputy Commissioner (Appeals) Commercial Taxes, Udaipur and prayed that the penalty imposed by the A.C.T.O be set aside. The D.C.A.C.T vide its order (D.C.A./UDP/2002-03/332-3) dated February 25, 2003 allowed our appeal and dismissed the penalty. Aggrieved by the order of the D.C.A.C.T, the Commercial Tax Officer, Rajsamand filed an appeal (No. 1060/2003/Rajsamand) before the Rajasthan Tax Board, Ajmer. However, the Rajasthan Tax Board vide its order dated February 27, 2004 also upheld the previous order. Aggrieved by the aforesaid order, the Assistant Commissioner, Rajsamand has filed a revision petition (No. 100/2005) before the Rajasthan High Court at Jodhpur in 2005. The matter is still pending and the next date of hearing has not yet been fixed.

(iii) The Commercial Tax Officer, Anti-Evasion, Bhiwara issued two show cause notices dated December 10, 2004 imposed a penalty of Rs. 2.25 crore on grounds that we were not eligible to retain the remission of the sales tax exemptions. Aggrieved by the notices, our Company filed a writ petition (No. 3690/06) before the Rajasthan High Court at Jodhpur under Articles 226 and 227 of the Constitution of India against the State of Rajasthan, the Commissioner, Commercial Taxes, Rajasthan and the CTO, Anti Evasion, Commercial Tax Division, Bhiwara. The High Court vide its order dated July 26, 2006 has granted an ex parte ad interim stay of the impugned show cause notices until further orders. Subsequently, the High Court vide its order dated May 8, 2007 confirmed the interim order of July 26, 2006 and has granted liberty to the respondents to move an application for vacating the interim order after filing their reply. The matter is still pending and the next date of hearing has not yet been fixed.

(iv) The Commercial Tax Officer, Anti Evasion, Bhiwara issued two show cause reassessment notices dated December 10, 2004 and imposed a penalty of Rs. 2.03 crore on grounds that we were not eligible to retain the remission of the sales tax exemptions under the aforesaid Acts and sought to withdraw the partial exemption benefit allowed to our Company in regular CST assessments in terms of a notification dated May 6, 1986 issued by the State Government. Aggreived by the notices, our Company filed a writ petition (No. 3690/06) before the Rajasthan High Court at against the State of Rajasthan, the Commissioner, Commercial Taxes, Rajasthan and the CTO, Anti Evasion, Commercial Tax Division, Bhiwara. The High Court vide its order dated July 26, 2006 has granted an ex parte ad interim stay of the impugned show cause notices until further orders. Subsequently, the High Court vide its order dated May 8, 2007 confirmed the interim order of July 26, 2006 and has granted liberty to the respondents to move an application for vacating the interim order after filing their reply. The matter is still pending and the next date of hearing has not yet been fixed.

(v) The Commercial Tax Officer, Anti Evasion, Bhiwara issued two show cause notices dated December 10, 2004 and imposed a penalty of Rs. 1.55 crore on grounds that we were not eligible to retain the remission of the sales tax exemptions under the aforesaid Acts. Aggrieved by the notices, our Company filed a writ petition (No. 3690/06) before the Rajasthan High Court at Jodhpur against the State of Rajasthan, the Commissioner, Commercial Taxes, Rajasthan and the CTO, Anti Evasion, Commercial Tax Division, Bhiwara. The High Court vide its order dated July 26, 2006 has granted an ex parte ad interim stay of the impugned show cause notices until further orders. Subsequently, the High Court vide its order dated May 8, 2007 confirmed the interim order of July 26, 2006 and has granted liberty to the respondents to move an application for vacating the interim order after filing their reply. The matter is still pending and the next date of hearing has not yet been fixed.

Customs Cases

There are five customs tax cases pending before various courts and authorities against our Company. The total amount of refunds claimed by our Company aggregates to approximately Rs. 0.45 crore. The cases in this regard are described below.

(i) Our Company approached the Assistant Commissioner for a refund contending that rubber cess on natural rubber that was imported was not allowed amounting to Rs. 0.01 crore. The Assistant Commissioner vide order dated July 14, 1997 rejected the refund claim. Our Company filed an appeal before the Commissioner (Appeals) which was rejected vide an order dated February 19, 1998. Our Company then filed an appeal before the CESTAT. The CESTAT vide order dated December 16, 2005 stated that cess was payable by our Company. Our Company has filed a special leave petition (No. 2931/2006) before the Supreme Court and the matter is currently pending.

(ii) Our Company approached the Assistant Commissioner for a refund contending that cess on nylon yarn and natural rubber that was imported was not allowed amounting to Rs. 0.13 crore. The Assistant Commissioner vide order November 16, 1998 rejected the refund claim. Our Company filed an appeal before the Commissioner (Appeals) who vide his order dated October 27, 1999 affirmed the order of the Assistant Commissioner. Our Company then filed an appeal before the CESTAT on December 30, 1999 which is currently pending.

(iii) Our Company filed a refund claim before the Assistant Commissioner for Rs. 74,258 contending that customs duty is not leviable on interest charges which were collected on brass coated steel cord which was imported by our Company on deferred payment. The Assistant Commissioner rejected the claim vide order dated September 17, 1999. Our Company filed an appeal before the Commissioner (Appeals) who vide his order dated June 30, 2000 affirming the order of the Assistant Commissioner. Our Company filed an appeal (No. C/596/2000) before the CESTAT which is currently pending.

(iv) Our Company filed a refund claim before the Assistant Commissioner for Rs. 0.02 crore contending that special excise duty was wrongly collected on radial tyres, tubes and flaps that were imported in March 2005 even though the special excise duty was abolished from March 1, 2005. The Assistant Commissioner rejected the claim vide order dated November 2, 2005. Our Company filed an appeal before the Commissioner (Appeals) dated December 30, 2005 who vide order dated March 30, 2006 affirmed the order dated November 2, 2005. Our Company has filed an appeal before CESTAT on June 26, 2006 which is currently pending.

(v) Our Company filed a refund claim before the Commissioner of Customs, Chennai for Rs. 0.28 crore contending that rubber cess was wrongly collected on imported natural rubber. The Commissioner of Customs rejected the refund claim filed by our Company. Our Company has filed an appeal (No. C/295/05) before the Appellate Tribunal, Bangalore. The matter is currently pending adjudication and the next date of hearing has not been fixed.

<u>Stamp Duty Cases</u>

There is one stamp duty case pending before the High Court against our Company. The total amount claimed against our Company aggregates to approximately Rs. 1.10 crore along with penalty. The case is described below.

(i) The Deputy Collector, Office of Stamp Duty Valuation Cell has issued notice dated February 15, 2007 asking our Company to show cause as to why our Company should not pay the deficit stamp duty of Rs. 0.78 crore and registration fees of Rs. 0.32 crore with penalty on the registration of Trust Deed dated May 5, 1995 executed in order to secure floating rate secured redeemable non-convertible bonds of an aggregate amount of Rs. 21.50 crore. Our Company has filed a writ petiton (No. 7404/2007) before the High Court of Gujrat for setting aside the above mentioned show cause notice. The matter is currently pending and the next date of hearing has not been fixed.

II. Litigation by our Company

1. Criminal Cases

Our Company has filed 145 criminal complaints before various courts. These cases primarily relate to dishonour of cheques and claims for delivery of goods without the requisite permission of our Company. The total amount of claim raised by us aggregates to approximately Rs. 5.63 crore. Brief details of these cases are set forth below.

(i) Our Company has filed 144 criminal cases under section 138 of the Negotiable Instruments Act, 1881 for the dishonour of cheques that were issued in favour of our Company towards discharge of debts owed to our Company. The total amount aggregates to approximately Rs. 5.48 crore. The cases are currently pending adjudication

(ii) Our Company has filed a criminal case (No. 172/94) before the Magistrate against Economic Transport claiming a sum of Rs. 0.15 crore for delivering the goods to various parties without requisite permission of our Company. The matter is currently pending.

2. Civil Cases

Our Company has filed 54 civil cases before various courts. These cases primarily relate to suits for recovery of money, suits for permanent injunctions and enhancement of certain bank guarantees. The total amount of claim raised by us aggregates to approximately Rs. 4.53 crore. The cases are currently pending adjudication. The material cases in this regard are described below.

(i) Our Company filed a suit (No. 204 of 1998) in the Court of the Civil Judge, Senior Division, Kalyan (District Thane) to recover from M/s Pal Peugeot Limited Rs. 2.46 crore on account of certain outstanding payments. The matter is currently pending.

(ii) There was a dispute between the Mysore City Corporation, Karnataka Urban Water Supply and Drainage Board and our Company regarding water rates revision and consumption figures. In 1993, /Karnataka Urban Water Supply and Drainage Board revised the water rates vide public notification dated January 4, 1992 and invited objections. The said notification was given effect vide notification dated January 28, 1993. However, in the notification dated January 28, 1993, the water rates applicable to the industries were different from the previous notification and the effective date was also changed. Aggrieved by the aforementioned revision our Company filed a writ petition (No. 6131/93) before a Single Judge of the High Court of Karnataka. Vide its order dated April 5, 1999 the Hon'ble High Court quashed the impugned notification but directed payment of arrears of water charges based on the public notification dated January, 4 1992. Our Company filed a writ appeal (No. 3747/99). Vide its order dated July 1, 1999 the Division Bench of the Hon'ble High Court dismissed the said appeal. Aggrieved by the said order, our Company filed civil appeal (No.2237/01) before the Supreme Court. Vide its interim order dated October 25, 1999, the Supreme Court stopped the respondent authorities from taking any coercive actions. Subsequently, on March 19, 2001 the Supreme Court directed that the interim order should continue and further asked our Company to pay 50% of the arrears prior to the order of the Single Judge dated April 5, 1999 and to pay water charges as per the notification dated January 4, 1992. Pursuant to the said order, our Company deposited Rs. 0.48 crore in the form of arrears. The respondent authorities had also effected a revision in water rates w.e.f. July 1, 1996. Pursuant to the negotiations between our Company and the respondent authorities, the grievances of water consumption and water rates were settled. Our Company paid Rs. 1.12 crore on August 5, 2006 towards principal amount. However, a dispute regarding payment of Rs. 1.60 crore towards interest was pending. On January 15, 2006 and June 30, 2006 the respondent authorities issued notice of disconnection of water supply. Our Company challenged the issuance of the said notices vide interim application (No. 1 of

2006) in civil appeal (No. 2237/01). The Supreme Court vide order dated May 17, 2007, directed restoration of water supply and ordered our Company to pay Rs. 1.50 crore in three installments commencing from May 2007. The said order has been duly complied with by our Company. The matter is pending for disposal and the next date of hearing has not yet been fixed.

(iii) Our Company has entered into a lease agreement with the Government of Madhya Pradesh through Audyogik Kendra Vikas Nigam Limited ("AKVN") for the Industrial Area, Banmore. Pursuant to the lease agreement, the development and maintenance charges of the industrial area and the street light charges are subject to revision every five years commencing from April 1, 1990. If such development and maintenance charges and the street light charges are not paid within a period of one month after the prescribed date, our Company will be charged an interest of 18% per annum on outstanding amounts until the date of payment. On May 1, 2002, AKVN demanded an amount of Rs. 0.07 crore on account of lease rent and development and maintenance charges. Our Company has challenged the amount as the amount due was only Rs. 0.06 crore which has already been paid by our Company. Our Company filed a writ petition before the High Court of Madhya Pradesh on April 16, 2003 against the State of Madhya Pradesh. The Court vide its order dated April 16, 2003 has stayed the recovery process by the Government of Madhya Pradesh. The matter is pending before the High Court of Madhya Pradesh and the next date of hearing is not fixed.

(iv) Our Company has filed a writ petition (No. 395/97) before the High Court of Delhi challenging the formula prescribed under the scheme for permitting reversal of MODVAT credit availed by exporters of goods under value based advance licencing scheme as announced by the Central Government on January 4, 1997. No quantifiable claim has been made by our Company in this case. The matter is currently pending adjudication.

3. Arbitration Cases

Our Company has filed two arbitration petitions claiming damages for breach of contract. Our Company has claimed USD 0.03 crore along with interest and costs. The cases are currently pending adjudication. Brief details of these cases are set forth below.

(i) Our Company has initiated arbitration proceedings before the the International Council of Arbitration against M/s Technopolimeri SPA for breach of contract for sale and purchase of Russian Butyl Rubber, whereby M/s Technopolimeri SPA failed to supply the ordered good due to which our Company suffered losses and has made a claim of USD 1,09,463. M/s Technopolimeri SPA has denied the claim of our Company that a contract was entered into between the parties for supply of russian butyl rubber. The matter is currently pending adjudication and the next date of hearing has not been fixed.

(ii) Our Company has instituted an arbitration proceeding on July 24, 2007 against Metalco Company Limited ("Metalco"), a supplier of natural rubber on allegation of failure to supply the raw material to our Company and have claimed USD 2,11,704 along with an interest and cost. The matter is currently pending adjudication and the next date of hearing has not been fixed.

4. Anti-Dumping Cases

Our Company has filed two cases before the Anti-dumping Authority, Ministry of Commerce for imposition of anti-dumping duty. The total amount of claim raised by us has not been quantified and would depend upon the duty imposed by the Finance Ministry. The cases are described below.

(i) ATMA has filed a petition dated September 7, 2005 before the Anti-dumping Authority, Ministry of Commerce for imposition of anti-dumping duty on import of truck and bus bias tyres, tubes and flaps originating from China and Thailand. ATMA has filed the aforesaid petition on behalf of its members, including our Company. The Anti-dumping Authority recommended imposition of anti dumping duties on the said products. The Finance Ministry vide notification (No. 88/2007-CUSTOMS) dated July 24, 2007 imposed a duty on the basis of a reference price of USD 135.65 per set of tyre, tube and flap. ATMA has filed an appeal before the CESTAT requiring certain amendments in the notification. Aggrieved by the notification certain importers and exportershave also filed appeals before the CESTAT requesting for termination of the duties imposed. The matter is currently pending and the next date of hearing has not been fixed.

(ii) ATMA has filed a petition before the Anti-dumping Authority, Ministry of Commerce for imposition of anti-dumping duty on import of truck and bus radial tyres, tubes and flaps originating from China. ATMA has filed the aforesaid petition on behalf of its members, including our Company. Initiation notification from the Ministry of Commerce is awaited.

III. Litigation by or against our Subsidiaries

J.K. Asia Pacific Limited ("J.K. Asia")

A. Cases filed against J.K. Asia

Nil

B. Cases filed by J.K. Asia

Nil

C. Contingent Liability as of September 30, 2007: Nil

J.K. Asia Pacific (S) Pte Limited ("J.K. Asia (S)")

A. Cases filed against J.K. Asia (S)

Nil

B. Cases filed by J.K. Asia (S)

Nil

C. Contingent Liability as of September 30, 2007: Nil

J.K. International Limited ("J.K. International")

A. Cases filed against J.K. International

Nil

B. Cases filed by J.K. International

Nil

C. Contingent Liability as of March 31, 2008: Nil

Lankros Holdings Limited

A. Cases filed against Lankros Holdings Limited

Nil

B. Cases filed by Lankros Holdings Limited

Nil

Sarvi Holdings Switzerland AG

A. Cases filed against Sarvi Holdings Switzerland AG

Nil

B. Cases filed by Sarvi Holdings Switzerland AG

Nil

Sunrise Hold Co Mexico, S.A. DE C.V.

A. Cases filed against Sunrise Hold Co Mexico, S.A. DE C.V.

Nil

B. Cases filed by Sunrise Hold Co Mexico, S.A. DE C.V.

Nil

Tornel Group

A. Litigation involving the Tornel Group

1. Water Litigation

There are seven cases filed involving the Tornel Group. These cases mainly deal with water discharge duties, fine imposed and illegal use of water use title. The aggregate claims in these cases amount to Peso $ 1.46 crore approximately. Brief details of these cases are set forth below.

(i) The Tornel Group has instituted amparo proceeding (No. 294/2006) before the District Court on March 22, 2006 against the final tax audit report (No. IL/05-00174) issued by Mexico City Treasury on February 28, 2006 related to water discharge duties owed by the Tornel Group from May 2000 to December 2004 for plant located at Lago Aullagas # 60. The District Court vide order dated May 2007 granted the amparo to the Tornel Group and directed the Treasury to issue a new final ruling. The Mexico City Treasury issued a new ruling dated July 23, 2007 against which the Tornel Group filed an appeal and also submitted amparo proceeding (No. 1179/2007). This action for annulment challenged the final determination of Peso $ 14,346,625.57 in relation to water discharge duties owed by the Tornel Group from May 2000 to December 2004. The Administrative Law Court vide ruling dated February 9, 2007 denied the annulment. The Tornel Group filed an appeal (No. 2115/2007) dated March 28, 2007, which was decided in favour of the Tornel Group. The Mexico City Treasury submitted a writ of review against this ruling. The matter is currently pending adjudication.

(ii) The Tornel Group filed an action for annulment before the Administrative Law Court on June 19, 2007 challenging the ruling in which a fine of Peso $ 41,862.60 was imposed by Mexico City Treasury on April 30, 2007 for the lack of presentation of a notice of compliance of obligations established in Tax Codes. The matter is currently pending adjudication.

(iii) The Tornel Group filed an action for annulment before the Administrative Law Court on October 23, 2007 challenging the duties imposed on payment vouchers for the determination of water discharge payments generated in the fourth bimonthly calculation in the amount of Peso $ 113,157 and Peso $ 151,164. The matter is currently pending adjudication.

(iv) The Tornel Group filed an action for annulment before the Administrative Law Court on November 6, 2007 challenging a ruling of Mexico City Treasury dated October 3, 2007 in which a fine of Peso $ 2,733.30 was imposed on the Tornel Group for the lack of presentation of certain documents. The matter is currently pending adjudication.

(v) The Tornel Group has instituted an amparo proceeding (No. 42/2008) before the Fourteenth District Court on January 10, 2008 against the final tax audit report (No. IL/07-00283) issued by Mexico City Treasury on December 18, 2007 related to water discharge duties owed by the Tornel Group from January 2005 to April 2007 for plant located at Lago Aullagas # 60. The matter is currently pending adjudication.

(vi) The National Waters Commission has imposed a fine of Peso $ 234,046 for the illegal use of water use title by Compania Hulera Tornel S.A. de C.V. which was issued to Compania Hulera Tacuba S.A. de C.V. An action for annulment was submitted before the Administrative law court on September 27, 2005 and the matter was decided against Compania Hulera Tornel S.A. de C.V. On January 15, 2007 an amparo proceeding was initiated against the above mentioned ruling. The amparo was not granted to Compania Hulera Tornel S.A. de C.V. vide ruling dated January 8, 2008. Compania Hulera Tornel S.A. de C.V. has filed an appeal on January 28, 2008 and the matter is currently pending adjudication.

Labour Litigations against the Tornel Group:

There are 11 labour cases filed against the Tornel Group (mainly Compania Hulera Tornel S.A. de C.V.). These cases mainly deal with wrongful dismissal, modification of the base salary and compensation for death or work related illness. The total claim against the Tornel Group amounts to approximately Peso $ 0.38 crore. The cases in this regard are described below.

(i) Arzola Ramirez Teodulo has filed a complaint against the Tornel Group and others dated October 10, 2006 for wrongful dismissal and compensation for work related illness. The claim made against the Tornel Group is approximately Peso $ 437,111. The matter is currently pending adjudication.

(ii) Banda Aguas Antonio has filed a complaint against the Tornel Group and the Mexican Social Security Institute dated June 2, 2004 claiming compensation for work related illness. A judicial resolution was granted in favour of the Tornel Group and the Mexican Social Security Institute have a right to appeal against the judicial resolution.

(iii) Bernal Cid Del Prado Juan Jose has filed a complaint against the Tornel Group dated October 11, 2006 claiming modification of the base salary for computing social security dues in order to get higher amount for pension. The matter is currently pending adjudication.

(iv) Espinoza Martinez Constantino and others have filed a complaint against the Tornel Group and Ave Transporters S.A. de C.V. for approximately Peso $ 1,350,000. The complaint was initiated on account of non-payment of the constitutional severance payments, accrued wages, seniority bonus, holidays' and christmas' bonus and indebtedness related to labour taxes and social security dues and government fees. The matter is currently pending adjudication.

(v) Hernandez Ortiz Guadalupe Cirila has filed a complaint against the Tornel Group and the union dated November 26, 2007 claiming a compensation of approximately Peso $ 260,297.11 for the death of her husband who was an employee of Compania Hulera Tornel S.A. de C.V. The matter is currently pending adjudication.

(vi) Reyes Vega Julian has filed a complaint against the Tornel Group and others dated August 7, 2007 for wrongful dismissal. The claim made against the Tornel Group is approximately Peso $ 473,150. The matter is currently pending adjudication.

(vii) Rodriguez Gonzalez Roberto Jesus has filed a complaint against the Tornel Group and the Union dated November 15, 2007 for wrongful dismissal. The claim made against the Tornel Group is approximately Peso $ 310,350. The matter is currently pending adjudication.

(viii) Ruelas Gonzalez Alvaro has filed a complaint against the Tornel Group dated October 23, 2007 for wrongful dismissal. The claim made against the Tornel Group is approximately Peso $ 400,680. The matter is currently pending adjudication.

(ix) Ramon Bustos has filed a complaint against the Tornel Group dated January 14, 2008 claiming compensation of approximately Peso $ 358,800. The matter is currently pending adjudication.

(x) Martinez Lopez Maria Guadalupe has filed a complaint against the Tornel Group dated November 5, 2007 claiming a compensation of approximately Peso $ 236,202.29 for the death of her husband who was an employee of Compania Hulera Tornel S.A. de C.V. The matter is currently pending adjudication.

(xi) Felipe Margarito Perez Garcia has filed a complaint against the Tornel Group and others dated June 30, 2004 claiming compensation of Peso $ 50,881 for work related illness. The matter is currently pending adjudication.

C. Contingent Liabilities of the Tornel Group as of December 31, 2007 are as follows:

Sl No.	Name of Company	Contingent Liability (Rs. in crore)
1.	Tornel	Nil
2.	Compania Hulera Tornel S.A. DE C.V.	1.93
3.	General De Inmuebles Industriales S.A. DE C.V.	Nil
4.	Hules Y Procesos Tornel S.A. DE C.V.	Nil
5.	Compania Inmobiliaria Norida S.A. DE C.V.	Nil
6.	Compania Hulera Tacuba S.A. DE C.V.	Nil
7.	Gintor Administracion S.A. DE C.V.	Nil
8.	Comercializadora America Universal S.A. DE C.V.	Nil

IV. Litigation by or against our Directors

There have been no cases filed by or against any of our Directors

V. Litigation by or against our Promoters

There have been no cases filed by or against any of our Promoters.

VI. Litigation by or against our Group Companies

Ltitigation by or against our top five listed Group Companies

Set forth below are the details of all criminal cases, tax related cases, anti-dumping cases and arbitration proceedings involving our top five listed Group Companies. For the purpose of this section, we have disclosed details of all material proceedings including cases involving claims exceeding a monetary value of Rs. 0.50 crore in civil cases, land acquisition/compensation cases, land encroachment cases, labour disputes and consumer cases. However, other non-material cases have been clubbed and brief details have been summarized.

JK Lakshmi Cement Limited

A. Cases filed against JK Lakshmi Cement Limited

1. Civil suits

There are 13 civil cases filed against JK Lakshmi Cement Limited. These cases mainly deal with recovery for inferior quality of materials supplied, stamp duty, water cess, coal cess, land tax and eviction suits along with recovery of mesne profits. The total amount of claims, against JK Lakshmi Cement Limited aggregates to approximately Rs. 16.72 crore. JK Lakshmi Cement Limited has also raised a counter claim of Rs. 0.44 crore. The material cases in this regard are described below.

(i) Digi Pulse India Private Limited has filed a suit (No. 626/03) before the High Court of Delhi for recovery of Rs. 0.84 crore along with interest alleging supply of inferior quality of materials. JK Lakskmi Cement Limited has filed a counter claim for Rs. 0.44 crore. The matter is currently pending before the High Court.

(ii) The Deputy Collector, Stamp Duty Valuation Cell, Mehsana issued a show cause notice on December 16, 2005 alleging that JK Lakshmi Cement Limited defaulted in paying the full stamp duty payable on the trust deed that was executed between JK Lakshmi Cement Limited and Industrial Development Bank of India Limited on March 30, 2000. The department has claimed that JK Lakshmi Cement Limited had only paid Rs. 0.02 crore out of the 0.95 crore payable and thus had to pay the remaining amount of Rs. 0.93 crore along with a penalty equivalent to 10 times the demand aggregating to Rs. 9.30 crore. JK Lakshmi Cement Limited has filed a writ petition (No. 6822 of 2007) before the Gujarat High Court praying for *exparte ad interim* stay and for the quashing of the show cause notice. The Gujarat High Court has vide order dated March 19, 2007 has granted the stay. The matter is currently pending before the Gujarat High Court.

(iii) The State Govt of Rajasthan imposed land tax amounting to Rs. 2.04 crore on JK Lakshmi Cement for the assessment year 2006-07 under the Rajasthan Land Tax Act ("Act"), which was made effective from April 1, 2006. JK Lakshmi Cement filed a Writ Petition (No.1185/07) before High Court challenging the validity of the Act. The High Court upheld the validity of the Act. JK Lakshmi Cement filed a special writ petition (No.1185/07) before the Supreme Court against the order of High Court. JK Lakshmi Cement has also challenged the assessment orders for the year 2006-07 before the appellate authority as well has filed one revision petition before the Tax Board for assessment for the year 2006-07 challenging the rate of land tax as adopted by the Assessing Officer as well as non granting of various exemptions, which are available to JK Lakshmi Cement in the Act. The Tax Board has decided the case in favour of JK Lakshmi Cement and remanded the case back to the Assessing Authority for de novo assessment. The matter is currently pending and the next date of hearing has not been fixed.

(iv) The State Govt of Rajasthan imposed land tax amounting to Rs. 2.05 crore on JK Lakshmi Cement for the assessment year 2007-2008 under the Rajasthan Land Tax Act ("Act"), which was made effective from April 1, 2006. JK Lakshmi Cement filed a Writ Petition (5460/07) before High Court challenging the validity of the Act. JK Lakshmi Cement has also challenged the assessment orders of the assessing authority for the year 2007-2008 before the appellate authority as well as one revision petition was also filed before Tax Board for assessment for the year 2007-2008. In the Revision Petition before Tax Board JK Lakshmi Cement has challenged the rate of land as adopted by the Assessing Officer as well as non granting of various exemptions, which are available to us in the Act. The matter is currently pending and the next date of hearing has not been fixed.

(v) The State of Rajasthan vide notice dated November 4, 1996 imposed an interest of Rs, 1.83 crore on the royalty paid by JK Lakshmi Cement on Limestone mining. JK Lashmi Cement filed a writ petiton (No. 535/97) challenging the imposition of interest on the royalty. The single bemch of High Court vide order dated August 11, 2005 drected the interest should be 12% of the royalty and directed for payment accordingly. The State Government filed an appeal (No.519/2005) challenging the said decision of the single bench of High Court before the division bench of High Court. The division bench also confirmed the decision vide order dated November 14, 2006. The State Government has filed a special leave petition dated September 11, 2007 before the Supreme Court against the decision of the High Court. The matter is currently pending and the next date of hearing has not been fixed.

2. Labour Cases

The Employee State Insurance Corporations has filed three cases against JK Lakshmi Cement Limited claiming non-deposits of contribution payable by JK Lakshmi Cement Limited on account of overtime, personal allowance and bonus. The total amount of claims against JK Lakshmi Cement Limited aggregates to approximately Rs. 0.16 crore. The cases are currently pending adjudication.

3. Income Tax Cases

There are 11 cases in relation to income tax that are pending before various courts. There are no outstanding demands payable by JK Lakshmi Cement Limited. The material cases in this regard are:

Assessment Year 2005-06

(i) The Assesment Officer vide order dated December 19, 2007 disallowed the claim of JK Lakshmi Cement Limited for allowance of expenditure amounting to Rs. 0.22 crore and thereby reducing returned loss by Rs. 0.22 crore without raising any tax demand payable by JK Lakshmi Cement Limited. Against the order passed by the AO, JK Lakshmi Cement Limited filed an appeal (No. 67/CC-VI/CIT(A),C-I/07-08) before the Commissioner of Income Tax (Appeals) praying for the order of AO to be set aside. The appeal is currently pending.

Assessment Year 2004-05

(i) The Assesment Officer vide order dated December 29, 2006 disallowed the claim of JK Lakshmi Cement Limited for allowance of expenditure amounting to Rs. 0.23 crore and thereby reducing returned loss by Rs. 0.23 crore without raising any tax demand payable by JK Lakshmi Cement Limited. Against the order passed by the AO, JK Lakshmi Cement Limited filed an appeal (No.256/CC-VI/CIT(A), C-I/06-07) before Commissioner of Income Tax (Appeals) which was partly allowed. Aggrieved by the order of Commissioner of Income Tax (Appeals), the AO filed an appeal (No.518/K/08) before ITAT praying for the order of CIT(A) to be set aside and that of the AO be restored. JK Lakshmi Cement Limited has also filed an appeal (No. 531/K/08) before ITAT. Both the appeals are pending before the ITAT.

<u>Assessment Year 2003-04</u>

(i) The AO vide order dated March 28, 2006 disallowed the claim of JK Lakshmi Cement Limited for allowance of expenditure amounting to Rs. 0.74 crore and thereby reducing returned loss by Rs. 0.74 crore without raising any tax demand payable by JK Lakshmi Cement Limited. Against the order passed by the AO, JK Lakshmi Cement Limited filed an appeal (No.33/CC-VI/CIT(A)C-I/06-07) before CIT(A). The appeal is currently pending.

<u>Assessment Year 2002-03</u>

(i) The AO vide order dated March 23, 2005 disallowed the claim of JK Lakshmi Cement Limited for allowance of expenditure amounting to Rs. 0.26 crore and thereby reducing returned loss by Rs. 0.26 crore without raising any tax demand payable by JK Lakshmi Cement Limited. Against the order passed by the AO, JK Lakshmi Cement Limited filed an appeal (No.45/CC-VI/CIT(A), C-I/05-06) before Commissioner of Income Tax (Appeals) which was partly allowed. Aggrieved by the order of Commissioner of Income Tax (Appeals), the AO filed an appeal (No.2087/K/07) before ITAT praying for the order of Commissioner of Income Tax (Appeals) to be set aside and that of the AO be restored. JK Lakshmi Cement Limited has also filed an appeal (No.2074/K/07) before ITAT. Both the appeals are pending before the ITAT.

<u>Assessment Year 2001-02</u>

(i) The AO vide order dated March 8, 2004 disallowed the claim of JK Lakshmi Cement Limited for allowance of expenditure amounting to Rs.1.49 crore and thereby reducing returned loss by Rs. 1.49 crore without raising any tax demand payable by JK Lakshmi Cement Limited. Against the order passed by the AO, JK Lakshmi Cement Limited filed an appeal (No.13/CC-VI/CIT(A),C-I/04-05) before CIT(A) which was partly allowed. Aggrieved by the order of CIT(A) the AO filed an appeal (No.1675/K/07) before ITAT praying for the order of CIT(A) to be set aside and that of the AO be restored. JK Lakshmi Cement Limited has also filed an appeal (No. 1759/K/07) before the. Both the appeals are pending before the ITAT.

<u>Assessment Year 2000-01</u>

(i) The AO vide order dated March 28, 2003 disallowed the claim of JK Lakshmi Cement Limited for allowance of expenditure amounting to Rs. 2.42 crore and thereby reducing returned loss by Rs. 2.42 crore without raising any tax demand payable by JK Lakshmi Cement Limited. Against the order passed by the AO, JK Lakshmi Cement Limited filed an appeal (No.18/CIT(A)C-I/CC-VI/03-04) before CIT(A) which was allowed. Aggrieved by the order of CIT(A) the AO filed an appeal (No. 1950/K/2006) before ITAT (Appeal) praying for the order of CIT(A) to be set aside and that of the AO be restored. The matter is currently pending.

<u>Assessment Year 1993-94</u>

(i) The AO vide order dated March 29, 1996 rejected the claim of JK Lakshmi Cement Limited for set-off of losses / unabsorbed depreciation amounting to Rs. 47.44 crore of the amalgamating company (Orissa Synthetics Limited) against profits of JK Lakshmi Cement Limited. Against order passed by the AO, JK Lakshmi Cement Limited filed an appeal (No. 64/CC-VI/CIT(A)C-1/96-97) before CIT(A) which was dismissed vide order dated 31, January 1997. JK Lakshmi Cement Limited filed an appeal (No.1099/C/1997) before ITAT, which reversed the order of the lower authorities and decided the appeal in favour of JK Lakshmi Cement Limited vide order dated March 18, 1999. Aggrieved by the order of ITAT the AO filed an appeal (No. 209 of 1999) before Kolkata High Court. The matter is currently pending.

Assessment Year 1992-93

(i) The AO vide order dated March 31, 1995 passed u/s 143(3) rejected the claim of JK Lakshmi Cement Limited for set-off of losses / unabsorbed depreciation amounting to Rs. 94.98 crore of the amalgamating company (Orissa Synthetics Ltd) against profits of JK Lakshmi Cement Limited. Against order passed by the AO, JK Lakshmi Cement Limited filed an appeal (No. 94/CC-VI/CIT(A)C-I/95-96) before CIT(A) which was dismissed vide order dated March 18, 1996. Against the order of CIT(A), JK Lakshmi Cement Limited filed an appeal (No.1650/C/1996) before ITAT, which reversed the order of the lower authorities and decided the appeal in favour of JK Lakshmi Cement Limited vide order dated June 9, 1998. Aggrieved by order of ITAT, the AO filed an appeal before Calcutta High Court. The matter is currently pending.

4. Excise cases

There are ten excise cases filed against JK Lakshmi Cement Limited. The total amount of claims, against JK Lakshmi Cement Limited aggregates to approximately Rs. 22.66 crore. The material cases in this regard are described below.

(i) Eight notices were issued by Superintendent, Central Excise, Abu Road on December 12, 1997, January 22, 1998, April 17, 1998, October 14, 1998, October 21, 1999, December 7, 1998, May 18, 1999 and April 27, 2000 for wrong availment of credit as on account of Validation Act, CENVAT on high speed diesel had become payable. JK Laksmi Cement filed a special leave petition (No. 478/2003) before the High Court challenging the Validation Act pending before Supreme. The matter is currently pending adjudication and the next date of hearing has not been fixed.

(ii) JK Lakshmi Cement Limited has received three notices from the Central Excise Department on July 30, 2004, February 2, 2007 and February 22, 2007 for short payment of duty amounting to Rs. 1.35 crore for excess cement cleared without payment of duty. JK Lakshmi Cement Limited has filed a writ petition (No. 341/2006) against these notices before the Rajasthan High Court. The High Court pursuant to its order dated January 19, 2005 granted an interim stay pending disposal of the matter. The matter is currently pending at the High Court. Further, the Excise Department has issued two notices amounting to Rs 0.05 crore and Rs 0.14 crore for the period from November, 2006 to February, 2007 and for the period from March, 2007 to September, 2007.

(iii) JK Lakshmi Cement Limited received three notices on February 20, 1996, March 1, 1996 and January 7, 1996 from Commissioner of Central Excise and Customs, Bhubaneshwar for misutilization of MODVAT credit for a total amount of Rs. 2.31 crore, The Commissioner of Central Excise and Customs has passed three assessment orders dated September 26, 2000, September 20, 2000 and October 12, 2000 directing

JK Lakshmi Cement Limited to pay the said amount. JK Lakshmi Cement Limited has preferred three appeals on January 9, 2001 before the CEGAT. CEGAT pursuant to its common order dated January 28, 2003 upheld the order of the Commissioner of Central Excise and Customs. JK Lakshmi Cement Limited filed three appeals before the High Court of Orrissa on September 3, 2003. The High Court pursuant to its order dated December 14, 2006 remanded the matter back to the CESTAT (previously known as CEGAT) for reconsideration. The matter is pending before the CESTAT.

(iv) JK Lakshmi Cement has received notice dated April 1, 2007 from the Excise Department claiming excise duty of Rs. 14.37 crore along with interest and penalty for cement supplied to various contractors, builders, educational institutions, societies, charitable institutions, government departments etc. and treating them as institutional/industrial consumer and charging duty at the rate of Rs. 400 per metric tonne. The department has claimed that under Notification No. 4/07 amended by Notification No. 23/07 except actual consumers of cement manufactures, no other consumer is covered under the definition of "institutional and industrial consumer" as provided in Section 2A of the Packaged Commodities Rules, 1977 because no one is providing services as mentioned in the definition of institutional consumer nor anybody is using cement in manufacturing of goods. Therefore, cement supplied to the above said institutional/industrial consumers are not covered under the definition and further alleged that during the period from March 1, 2007 to October 31, 2007 JK Lakshmi Cement has supplied 697357.75 metric tonnes of cement to the above categories of consumers by charging excise duty at the rate of Rs. 400 per metric tonne instead of Rs. 600 per metric tonne. The matter is currently pending and the next date of hearing has not been fixed.

(v) The Excise Department has claimed a duty of Rs. 1.86 crore on the limestone that was transferred from Unit-I to Unit-II of JK Lakshmi Cement in 1994-95 being 8% of the amount on the value of limestone transferred. JK Lakshmi Cement filed a writ petiton (No. 1498/99) against the order of the Commissioner as the notification dated October 21, 2001 was not available before the Commissioner while passing the assessment order. The High Court remanded back the matter to CESAT and the CESAT again remanded back the matter to Commissioner to readjudicate the matter. The Commissioner, Central Excise, Jaipur-II confirmed the demand aginst JK Lakshmi Cement along with interest and penalty. JK Lakshmi Cement has filed an appeal before CESTAT against the order of the Commissioner, Central Excise, Jaipur-II. The matter is currently pending and the next date of hearing has not been fixed.

5. Sales and Entry Tax cases

There are 35 cases including 16 sales tax cases and 19 entry tax cases. The aggregate amount claimed in relation to sales tax is Rs. 13.87 crore approximately. In relation to entry tax cases, the aggregate amounts demanded by the authorities aggregated to Rs. 16.86 crore approximately. However, Rs. 8.53 crore has been deposited in relation to these cases by JK Lakshmi Cement Limited and accordingly the balance amount payable in these cases is 8.33 crore approximately. The material cases in this regard are as follows:

(i) Based on the Notification No. F.4(8) FD/Gr.IV/91-115 dated March 6, 1991 issued by Rajasthan Government, tax was charged on sales to Government departments at the rate of 5% during the year 1992-93. The Commercial Taxes Officer issued two show cause notices dated April 23, 1996 for the financial year 1992-1993 and May 23, 1996 for the financial year 1993-1994 for assessing sales tax at the rate of 16% against JK Lakshmi Cement Limited and levying the difference of 11%. JK Lakshmi Cement Limited filed a representation before the Additional Commissioner, Commercial Taxes, Jaipur referring the question regarding the rate of the tax. The Additional Commissioner pursuant to its order dated July 2, 1993, held the matter against JK Lakshmi Cement Limited and confirmed the rate of tax to be 16%. JK Lakshmi Cement Limited filed an appeal against the order of the Additional Commissioner before Rajasthan Tax Board (previously known as Rajasthan Sales Tax Tribunal), Ajmer. The Rajasthan Tax Board pursuant to its order dated April 29, 1995 held the rate of tax to be 5% for such sale to the Government department. Subsequently, the Commercial Taxes Officer issued another notice dated May 23, 1996 stating that the order of the Rajasthan Tax Board is a prospective order and not retrospective and demanded for the previous amount of Rs. 1.28 crore for the financial years 1992-93 and 1993-94. JK Lakshmi Cement Limited filed two applications (79/1996 and 80/1996) before the Rajasthan Taxation Tribunal. The Rajasthan Taxation Tribunal pursuant to an interim order dated, granted a stay until further orders. Subsequently, the Rajasthan Taxation Tribunal was abolished and the matters were transferred to the Rajasthan High Court (No. 3306/99 and 3387/99). The matters are currently pending before the Rajasthan High Court.

(ii) JK Lakshmi Cement Limited received a show cause notice from the Commercial Taxes Officer, Anti-evasion wing, Rajasthan dated April 19, 2001 for reopening of assessment of the year 1997-98 and disallowing certain partial exemptions granted under a Notification (No. F.4 (72) FD Gr. IV/81-18) dated May 6, 1986 amounting to Rs. 1.13 crore. JK Lakshmi Cement Limited filed a writ petition (No. 1790/2001) on May 8, 2001 challenging the show-cause notice issued by the Commercial Taxes Officer before the High Court of Rajasthan. The High Court pursuant to its order dated July 24, 2002 dismissed the writ petition filed by JK Lakshmi Cement Limited and held the notice to be valid and directed JK Lakshmi Cement Limited to appear before the Commercial Taxes Officer, Anti-evasion wing, Rajasthan. JK Lakshmi Cement Limited has filed an appeal before the Division Bench of the High Court of Rajasthan (No. 497/2002) on July 31, 2002 challenging the order of the Single Bench of the High Court. The Division Bench pursuant to its order dated March 24, 2003 referred this matter to a larger Bench. The matter is pending before the High Court.

(iii) JK Lakshmi Cement Limited received a show cause notice from the Commercial Taxes Officer, Special Circle, Pali dated October 16, 2001 disallowing certain partial exemptions granted under a notification (No. F.4 (72) FD Gr. IV/81-18) dated May 6, 1986 amounting to Rs. 2.39 crore. JK Lakshmi Cement Limited filed a writ petition (No. 4300/2001) on November 2, 2001 challenging the show-cause notice issued by the Commercial Taxes Officer before the High Court of Rajasthan. The High Court pursuant to its order dated August 14, 2002 dismissed the writ petition filed by JK Lakshmi Cement Limited and held the notice to be valid and directed JK Lakshmi Cement Limited to appear before the Commercial Taxes Officer, Pali. JK Lakshmi Cement Limited has filed an appeal (No. 539/2002) before the Division Bench of the High Court of Rajasthan on August 21, 2002 challenging the order of the Single Bench of the High Court. The Division Bench pursuant to its order dated September 6, 2002 directed to connect the matter with appeal (No. 497/2002) pending before the High Court.

(iv) JK Lakshmi Cement Limited received a show cause notice from the Commercial Taxes Officer, Special Circle, Pali dated January 11, 2002 disallowing certain partial exemptions granted under a notification (No. F.4 (72) FD Gr. IV/81-18) dated May 6, 1986 amounting to Rs. 0.77 crore. JK Lakshmi Cement Limited filed a writ petition (No. 551/2002) on January 24, 2002 challenging the show-cause notice issued by the Commercial Taxes Officer before the High Court of Rajasthan. The High Court pursuant to its order dated September 3, 2002 granted a stay on the matter and directed the Commercial Taxes Officer to proceed with adjudication but not to issue any final order. The matter is pending before the High Court.

(v) JK Lakshmi Cement Limited received an assessment order from the Commercial Taxes Officer, Special Circle, Pali for the year 2002-2003 dated February 17, 2004 disallowing a claim for refund of entry tax paid under the provisions of the Rajasthan Tax on entry of Goods into the Local Areas Act, 1999 and issued a notice of demand for Rs. 1.14 crore. Pursuant to the demand notice, JK Lakshmi Cement Limited deposited Rs. 1.08 crore with the Commercial Taxes Officer. Aggrieved by the demand of the Commercial Taxes Officer, JK Lakshmi Cement has filed a writ petition (No. 738 of 2004) before the Rajasthan High Court at Jodhpur challenging the entry tax demanded. The High Court pursuant to its order dated February 19, 2004 granted an interim stay on the matter. The High Court vide its order dated September 12, 2007 has referred the matter to the larger bench. The matter is currently pending before the larger bench of the Rajasthan High Court.

(vi) JK Lakshmi Cement Limited received an assessment order from the Commercial Taxes Officer, Special Circle, Pali for the year 2003-2004 dated February 17, 2004 disallowing a claim for refund of entry tax paid under the provisions of the Rajasthan Tax on Entry Of Goods into the Local Areas Act, 1999 and issued a notice of demand for Rs. 1.02 crore. Pursuant to the demand notice, JK Lakshmi Cement Limited deposited Rs. 0.92 crore with the Commercial Taxes Officer. Aggrieved by the demand of the Commercial Taxes Officer, JK Lakshmi Cement has filed a writ petition (No. 739 of 2004) before the Rajasthan High Court at Jodhpur challenging the entry tax demanded. The High Court pursuant to its order dated February 19, 2004 granted an interim stay on the matter. The matter is currently pending before the Rajasthan High Court. The High Court vide its order dated September 12, 2007 has referred the matter to the larger bench. The matter is currently pending before the larger bench of the Rajasthan High Court.

(vii) JK Lakshmi Cement Limited received an assessment order dated June 8, 2007 from the Commercial Taxes Officer, Special Circle, Pali for the year 2004-2005 disallowing a claim for refund of entry tax paid under the provisions of the Rajasthan Tax On Entry Of Goods into the Local Areas Act, 1999 and issued a notice of demand for Rs. 3.43 crore. Pursuant to the demand notice, JK Lakshmi Cement Limited deposited Rs. 3.05 crore with the Commercial Taxes Officer. Aggrieved by the demand of the Commercial Taxes Officer, JK Lakshmi Cement has filed an appeal before the Deputy Commissioner (Appeals), Jodhpur challenging the entry tax demanded. The matter is currently pending before the Deputy Commissioner (Appeals) Jodhpur.

(viii) JK Lakshmi Cement Limited received an assessment order dated June 16, 2007 from the Commercial Taxes Officer, Special Circle, Pali for the year 2005-2006 disallowing a claim for refund of entry tax paid under the provisions of the Rajasthan Tax On Entry Of Goods into the Local Areas Act, 1999 and issued a notice of demand for Rs. 3.93 crore. Pursuant to the demand notice, JK Lakshmi Cement Limited deposited Rs. 3.48 crore with the Commercial Taxes Officer. Aggrieved by the demand of the Commercial Taxes Officer, JK Lakshmi Cement has filed an appeal before the Deputy Commissioner (Appeals), Jodhpur challenging the entry tax demanded. The matter is currently pending before the Deputy Commissioner (Appeals) Jodhpur.

(ix) JK Lakshmi Cement Limited received an assessment order from the Commercial Taxes Officer, Special Circle, Pali for the month of November 2006 dated May 4, 2007 in relation to provisional assessment of entry tax under the provisions of the

Rajasthan Tax On Entry Of Goods into the Local Areas Act, 1999 amounting to Rs. 0.52 crore. Aggrieved by the demand of the Commercial Taxes Officer, JK Lakshmi Cement has filed an appeal before the Deputy Commissioner (Appeals), Jodhpur challenging the entry tax demanded. The matter is currently pending before the Deputy Commissioner (Appeals) Jodhpur.

(x) JK Lakshmi Cement Limited received an assessment order from the Commercial Taxes Officer, Special Circle, Pali for the month of December 2006 dated May 4, 2007 in relation to provisional assessment of entry tax under the provisions of the Rajasthan Tax On Entry Of Goods into the Local Areas Act, 1999 amounting to Rs. 0.55 crore. Aggrieved by the demand of the Commercial Taxes Officer, JK Lakshmi Cement has filed an appeal before the Deputy Commissioner (Appeals), Jodhpur challenging the entry tax demanded. The matter is currently pending before the Deputy Commissioner (Appeals) Jodhpur.

(xi) JK Lakshmi Cement Limited received an assessment order from the Commercial Taxes Officer, Special Circle, Pali for the month of January 2007 dated May 31, 2007 in relation to provisional assessment of entry tax under the provisions of the Rajasthan Tax On Entry Of Goods into the Local Areas Act, 1999 amounting to Rs. 0.57 crore. Aggrieved by the demand of the Commercial Taxes Officer, JK Lakshmi Cement has filed an appeal before the Deputy Commissioner (Appeals), Jodhpur challenging the entry tax demanded. The matter is currently pending before the Deputy Commissioner (Appeals) Jodhpur.

(xii) JK Lakshmi Cement Limited received an assessment order from the Commercial Taxes Officer, Special Circle, Pali for the month of March 2007 dated May 31, 2007 in relation to provisional assessment of entry tax under the provisions of the Rajasthan Tax On Entry of Goods into the Local Areas Act, 1999 amounting to Rs. 1.17 crore. Aggrieved by the demand of the Commercial Taxes Officer, JK Lakshmi Cement has filed an appeal before the Deputy Commissioner (Appeals), Jodhpur challenging the entry tax demanded. The matter is currently pending before the Deputy Commissioner (Appeals) Jodhpur.

(xiii) JK Lakshmi Cement Limited received an assessment order from the Commercial Taxes Officer, Special Circle, Pali for the month of April 2007 dated June 29, 2007 in relation to provisional assessment of entry tax under the provisions of the Rajasthan Tax On Entry Of Goods into the Local Areas Act, 1999 amounting to Rs. 0.57 crore. Aggrieved by the demand of the Commercial Taxes Officer, JK Lakshmi Cement has filed an appeal before the Deputy Commissioner (Appeals), Jodhpur challenging the entry tax demanded. The matter is currently pending before the Deputy Commissioner (Appeals) Jodhpur.

(xiv) JK Lakshmi Cement Limited received assessment orders from the Commercial Taxes Officer, Special Circle, Pali for the month of April, May, June, July and August, 2006 in relation to provisional assessment of entry tax under the provisions of Rajasthan Tax on Entry of Goods into Local Areas Act, 1999 amounting to Rs. 1.48 crore. Aggrieved by the demand of the Commercial Taxes Officer, JK Lakshmi Cement has filed a writ petition (No. 3629/2006) before Rajasthan High Court. The High Court has granted stay vide its order dated July 21, 2006. The High Court vide its order dated September 9, 2007 referred the matter to the larger bench. The matter is currently pending before the larger bench of the Rajasthan High Court.

(xv) JK Lakshmi Cement Limited received nine assessment orders from the Commercial Taxes Officer, Special Circle, Pali, for the month of September, 2006, October, 2006, February, 2007, May, 2007, June, 2007, July, 2007, August, 2007, September, 2007 and October, 2007 amounting to Rs. 3.57 crore in relation to provisional assessment of entry tax under the provisions of the Rajasthan Tax on Entry of Goods into Local areas Act, 1999. Aggrieved with order of the Commercial Taxes Officer, JK Lakshmi Cement Limited has filed nine separate appeals before the Dy.Commissioner (Appeals), Commercial Taxes, Jodhpur, challenging the entry tax demanded. The matter is pending before the Deputy Commissioner (Appeals).

(xvi) The Assistant Commissioner, Anti Evasion, Pali issued a show cause notice dated February 5, 1998 for the year 1996-1997 and 1997-1998 alleging as to why discount allowed to the dealers should not be disallowed and consequential tax interest and penalty should be imposed on JK Lakshmi Cement Limited. JK Lakshmi Cement has filed two applications (No. 119/98 and 120/98) before then Rajasthan Taxation Tribunal, Jodhpur for the year 1996-1997 and 1997-1998 respectively. The Rajasthan Taxation Tribunal granted stay in both the cases. On abolition of Rajasthan Taxation Tribunal both cases were transferred to Rajasthan High Court as writ petitions (No. 3529/99 and 3563/99 respectively). Both matters are now pending before the Rajasthan High Court and the stay is continuing. The total amount under these notices and if the case is not decided in favour of JK Lakshmi Cement is Rs 8.07 crore.

6 Service Tax Cases

(i) The Commissioner Central Excise, Jaipur - II raised a demand of Rs. 0.75 crore vide notice dated March 3, 2006 for wrong availment of CENVAT credit by JK Lakshmi Cement. JK Lakshmi Cement filed an appeal against the depratment's order before the Appellate Commissioner. The Appellate Commissioner confirmed the demand raised by the department. JK Lakshmi Cement has filed an appeal against the order of the Appellate Commissioner before the CESTAT. The CESTAT vide their order dated March 12, 2007 has stayed the recovery against JK Lakshmi Cement. The matter is currently pending before CESAT and the next date of hearing has not been fixed.

B. Cases filed by JK Lakshmi Cement Limited

1. Civil suits

There are two civil cases filed by JK Lakshmi Cement Limited in relation to claims made by North Western Railway against fulfillment of certain loading targets and operating staff cost. The total amount of claims against JK Lakshmi Cement Limited aggregates to approximately Rs. 1.50 crore, brief details of which are set forth below.

(i) JK Lakshmi Cement Limited received eight notices from the Chief Commercial Manager, North Western Railway for adjustment of Rs. 2.44 crore against station-to-station claims in relation to claims made by North Western Railway against fulfillment of certain loading targets for the year 2003-2004 and have demanded Rs. 0.50 crore. JK Lakshmi Cement Limited filed a writ petition (No. 6083/2006) before the Rajasthan High Court on October 7, 2006 challenging the demand notices issued by the North-Western Railway. The matter is pending before the High Court.

(ii) JK Lakshmi Cement has filed a writ petition (No. 208/2007) before the Rajasthan High Court against the Indian Railways for charging operating staff cost. In 1985, the Indian Railways has issued a circular that in case of peripheral yard where the freight is charged from furtherst point of siding to the destination the operating staff cost should be borne by Indian Railways. JK Lakshmi Cement is contending that its yard was officially declared as peripheral yard in 1987 and the Indian Railways started charging freight from the furthest point of the yard to the destination instead from Banas to the destination. The bill raised by the railways as of March 31, 2005 was Rs. 1 crore. The High Court has granted stay in favour of JK Lakshmi

Cement Limited. The matter is currently pending and the next date of hearing has not been fixed.

C. Contingent Liability as on March 31, 2008 is Rs. 45.36 crore.

JK Paper Limited

A. Cases filed against JK Paper Limited

1. Criminal Cases

(i) There are 48 criminal cases filed against JK Paper Limited. These cases primarily relate to non payment of provident funds to employees of Central Pulp Mills (now known as JK Paper Limited) and dishonour of cheques. The total amount of claims against JK Paper Limited aggregates to approximately Rs. 0.14 crore.

2. Civil suits

There are 45 civil cases pending in various courts against JK Paper Limited. These cases primarily relate to winding up petitions, recovery of dues, land acquisition, water cess and rent related disputes. The total amount of claims, against JK Paper Limited aggregates to approximately Rs. 9.42 crore. Material cases are described below.

(i) The Divisional Forest Officer, Phulbani ordered JK Paper Limited to pay Rs. 0.50 crore as the balance of the minimum royalty payable by JK Paper Limited for bamboos harvested from the government forests by March 15, 1984 and any failure on the part of JK Paper Limited to make the payment would lead to stoppage of work of harvesting bamboos. JK Paper Limited filed a stay petition (No. 807 of 1984) before the High Court of Orrisa dated March 22, 1984 against the State of Orrisa and various other Divisional Authorities. The High Court vide order dated April 3, 1984 sanctioned the stay in favour of JK Paper Limited. Subsequently, the High Court vide order dated May 2, 1990 ruled in the favour of JK Paper Limited asserting that JK Paper Limited was correct in its interpretation that the rebate was applicable on the total production of the bamboos per year and not on per each unit of bamboo produced in excess of the minimum production in the preceding four years relating to each division as claimed by the Government of Orissa. Aggrieved by the order the Orissa Government filed an appeal (No. 12895 of 1990) before the Supreme Court dated August 13, 1990 claiming that JK Paper Limited's interpretation of the rebate over harvesting bamboos were incorrect and the State Government was within its rights to clarify any clauses of the lease conditions. The Supreme Court vide order dated December 3, 1993 ruled in the favour of the State Government. JK Paper Limited filed a review petition before the Supreme Court dated January 15, 1994 which was eventually dismissed. The amount to be paid is still under reconciliation.

(ii) The Orissa Forest Development Corporation vide its letter dated April 17, 1999 (No. 8946) imposed a penalty for Rs. 0.67 crore on JK Paper Limited for not meeting the production and transportation target of bamboos. The empowered Committee vide its meeting held on September 2, 2002 suggested the appointment of an arbitrator for the settlement of the claim. The arbitrator is yet to be appointed.

(iii) The Orissa Forest Development Corporation vide letters dated March 11, 1998 and April 17, 1999 has raised the demand of Rs. 0.58 crore against JK Paper Limited for the shortages and the loss of bamboo in transit. The empowered Committee in its meeting held on September 2, 2002 suggested the appointment of an Arbitrator for the settlement of the claim. The arbitrator is yet to be appointed.

(iv) The Orissa Forest Development Corporation vide letter (No. 6F(A)-20/03/3937/F &E) dated March 9, 2004 raised a demand of Rs. 1.39 crore against JK Paper Limited towards the payment of the cost of re-plantation of the area given to JK Paper Limited and the license fee for the license (No. 5F-C-50/85-17837/FFAH) dated May 16, 1986. JK Paper Limited filed a petition before the High Court of Orissa praying for the stay of the government order dated March 9, 2004 against the payment of the re-plantation costs and the license fee along with the refund of the excess amount of royalty paid as ordered by the Supreme Court vide order dated November 11, 2003. The High Court vide order dated May 17, 2006 has granted a stay in favour of JK Paper Limited. The matter is currently pending.

(vi) Mr. N. Subramanyam and others have filed a public interest litigation (No. OJC-9752/97) dated July 16, 1997 before the Orissa High Court against JK Paper Limited and others alleging that damage was caused to their cotton crops due to the air pollution caused by the JK Paper Mills and claiming a compensation of Rs. 0.90 crore. JK Paper Limited has filed a counter claim claiming that JK Paper Limited has taken all the necessary measures to control pollution and has been regularly inspected and monitored by the State Pollution control Board and has also received consents to operate the mills. The matter is currently pending and the date of hearing has not been fixed.

3. Excise cases

There are 39 excise cases pending in various courts against JK Paper Limited. The total amount of claims, against JK Paper Limited aggregates to approximately Rs. 33 crore. Some of these cases are in relation to refunds claimed by JK Paper Limited. The total amount of refund claimed by JK Paper Limited aggregates to approximately Rs. 1.66 crore. The cases are currently pending adjudication. Material cases are described below.

(i) The Central Excise Department vide letter (Ref No. V(20)Misc/VC/1/83/PT.I/8005) dated October 15, 1986 requested JK Paper Limited to make the payment of Excise Duties for the period of August-September 1986. JK Paper Limited filed a writ petition (No. 1396 of 1980) before the Delhi High Court against the Central Excise Department. The Delhi High Court vide order dated December 8, 1998 disposed off the petition directing the Central Excise Department to give an opportunity of hearing to JK Paper Limited in accordance with the law and to file their replies to various show cause Notices issued by the department. The demand outstanding as quantified by JK Paper Limited is Rs. 0.70 crore. The matter is currently pending.

(ii) The Central Excise Department issued a notice (No. V(48)15/ADJN/B-1/SENBAT/39/05/10394A) dated May 30, 2005 to JK Paper Limited demanding an amount of Rs. 5.89 crore along with interest and penalty for the period of April 1, 1999 to February 20, 2002 for the illegal availment of credit for the manufacturing of exempted goods. The Central Excise Department has also alleged that the MODVAT/CENVAT credit on inputs during the period has not been paid by JK Paper Limited in contravention of Central Excise Law. The matter is currently pending before the Commissioner of Central Excise, Bhuwaneshwar.

(iii) The Central Excise Department issued a notice (No. V(48)15/B-1/ADJN/CENVAT/41/04/3362A) dated February 10, 2005 to JK Paper Limited demanding an amount of Rs. 0.58 crore along with interest and penalty for the period of April 1, 2000 to February 20, 2002 for the allegation of illegal availment of credit for the manufacturing of exempted goods. The Central Excise Department has also alleged that the MODVAT/CENVAT credit on inputs during the period has not been paid by JK Paper Limited in contravention of Central Excise Law. The matter is currently pending before the Commissioner of Central Excise, Bhuwaneshwar.

(iv) The Central Excise Department issued a notice (No. V(48)15/B-1/ADJN/CENVAT/41/04/3365A) dated February 10, 2005 to JK Paper Limited demanding an amount of Rs. 3.62 crore along with interest and penalty for the period of March 1, 2002 to March 31, 2004 for the allegation of illegal availment of credit for the manufacturing of exempted goods. The Central Excise Department has also alleged that the MODVAT/CENVAT credit on inputs during the period has not been paid by JK Paper Limited in contravention of Central Excise Law. The matter is currently pending before the Commissioner of Central Excise, Bhuwaneshwar.

(v) The Central Excise Department issued a notice (No. V(48)15/ADJN/B-1/SENBAT/41/04/8933A) dated May 6, 2005 to JK Paper Limited demanding an amount of Rs. 2.89 crore along with interest and penalty for the period of April 1, 2004 to February 28, 2005 for the allegation of illegal availment of credit for the manufacturing of exempted goods. The Central Excise Department has also alleged that the MODVAT/CENVAT credit on inputs during the period has not been paid by JK Paper Limited in contravention of Central Excise Law. The matter is currently pending before the Commissioner of Central Excise, Bhuwaneshwar.

(vi) The Central Excise Department issued a notice (No. V(47/8)15/ADJN/B-1/11 A/65/05/6190) dated April 4, 2006 to JK Paper Limited demanding an amount of Rs. 1.49 crore along with interest and penalty for the period of March 1, 2005 to August 31, 2005 for the allegation of illegal availment of credit for the manufacturing of exempted goods. The Central Excise Department has also alleged that the MODVAT/CENVAT credit on inputs during the period has not been paid by JK Paper Limited in contravention of Central Excise Law. The matter is currently pending before the Commissioner of Central Excise, Bhuwaneshwar and the next date of hearing is not fixed.

(vii) The Central Excise Department issued a notice (No. V(47/8)15/ADJN/B-1/2 A/30/06/18102-A) dated September 21, 2006 to JK Paper Limited demanding an amount of Rs. 0.92 crore along with interest and penalty for the period of September 1, 2005 to March 31, 2006 for the allegation of illegal availment of credit for the manufacturing of exempted goods. The Central Excise Department has also alleged that the MODVAT/CENVAT credit on inputs during the period has not been paid by JK Paper Limited in contravention of Central Excise Law. The matter is currently pending before the Commissioner of Central Excise, Bhuwaneshwar.

(viii) The Central Excise Department issued a notice (No. V(47/8)15/ADJN/B-1/11A/06/07/9777A) dated March 30, 2007 to JK Paper Limited demanding an amount of Rs. 2.44 crore along with interest and penalty for the period of April 1, 2006 to December 31, 2006 for the allegation of illegal availment of credit for the manufacturing of exempted goods. The Central Excise Department has also alleged that the MODVAT/CENVAT credit on inputs during the period has not been paid by JK Paper Limited in contravention of Central Excise Law. The matter is currently pending before the Commissioner of Central Excise, Bhuwaneshwar.

(ix) The Central Excise Department had issued a notice (No. DGCEI. F No. 42/KZU/RKL/05/591) dated April 29, 2005 demanding Rs. 3.19 crore along with the interest and penalty for the period from April 1, 2000 to February 28, 2003 alleging that JK Paper Limited has not maintained a separate account of all the inputs going in for the manufacture of paper made out of unconventional raw material which is exempted from excise duty for the above period and availed CENVAT credit on such inputs. The department has also imposed personal penalty on Mr. S.K. Agarwal, Vice-President (Commercial) and Mr. P.C. Tripathy (Deputy Manager Sales) on the same show cause notice. The matter is currently pending before the Commissioner of Central Excise, Bhuwaneshwar.

(x) The Central Excise Department had issued a notice (No. B(48)15/B1/ADJN/11A/1/04/27680A) dated December 6, 2004 demanding Rs. 0.76 crore along with the interest and penalty for the period from April 1, 2000 to March 31, 2004 alleging that certain duties have not been paid due to under valuation of goods. The matter is currently pending before the Commissioner of Central Excise, Bhuwaneshwar.

(xi) The Assistant Collectors of the Central Excise vide order (No. 2/TECH/MODVAT/CH-48/JKP/SBP/88) dated April 7, 1988 and order (No. SBP /90) dated December 1, 1990 disallowed the various MODVAT credit amounting to Rs. 1.31 crore on the inputs claimed by JK Paper Limited for the manufacturing of paper and paper board. JK Paper Limited has filed an appeal (E395/90) before the Collector (Appeals), Kolkata. The Collector (Appeals) vide order (No. A722 and A723) dated October 31, 1991 has allowed MODVAT credit on the inputs. The Central Excise Department has appealed against the said order before the CEGAT Kolkata to refer the matter to Kolkata High Court. The CEGAT vide order (No. M593/S-594 and 595/R-674 and 675) dated October 13, 1992 had dismissed the reference application of the Commissioner, Central Excise. Aggrieved by the said order the Collector Central Excise, Bhuwaneshwar has filed a reference application (No. SJC No. 83/1993) dated April 29, 1993 and (No. SJC No. 84/1993) before the High Court of Orissa. The matter is currently pending adjudication.

(xii) The Additional Director General of the Directorate of Excise Intelligence, Kolkata has issued a notice (No. F/26/KZU/RKL/05/622) dated February 9, 2005 for Rs. 0.53 crore for the period starting April 1, 2002 to August 31, 2004 alleging that the duty on value of free supplied packing material by Xerox Modi Corporation Limited have not been paid. The department has also imposed a personal penalty on Mr. S. K. Agarwal, Vice President (Commercial) on the said notice. The matter is currently pending before the Commissioner of Central excise, Bhubaneshwar and the date of hearing is not fixed.

(xiii) The Commissioner Central Excise and Customs, Bhubaneswar has issued show cause dated dated January 9, 2008 for Rs 1.08 crore for the period starting January 1, 2007 to June 30, 2007 alleging that JK Paper Limited had contravened Central Excise Rules and had not maintained separate accounts and have illegally taken CENVAT credit for manufacturing of pulp cleared without payment of duty.

4. Income Tax cases

There are eight income tax cases pending in various courts against JK Paper Limited. The total amount of claims, against JK Paper Limited aggregates to approximately Rs. 8.11 crore. The cases are currently pending adjudication. Material cases are set forth below.

<u>Assessment Year 2005-06</u>

i) The Assessing Officer vide order dated December 24, 2007 raised a demand of Rs. 2.10 crore by enhancing the figure of book profit. Against the order passed by Assessing Officer, JK Paper Limited filed an appeal (No.CAS/1/280/07-08) before Commissioner of Income Tax (Appeals)-I, Surat. The matter is currently pending and the next date of hearing has not been fixed.

<u>Assessment Year 2004-05</u>

ii) The Assessing Officer vide order dated December 26, 2006 raised a demand of Rs.5.03 crore by enhancing the figure of book profit. Against the order passed by Assessing Officer, JK Paper Limited filed an appeal (No.CAS/1/303/06-07) before Commissioner of Income Tax (Appeals)-I, Surat. The appeal was partly allowed. Aggrieved by the order of Commissioner of Income Tax (Appeals), JK Paper Limited filed an appeal (No.346/Ahd-2008) before Income Tax Appellatte Tribunal, Ahmedabad praying for the order of CIT(A) to be set aside. The matter is currently pending and the next date of hearing has not been fixed.

<u>Assessment Year 2003-04</u>

i) The Assessing Officer vide order dated February 27, 2006 raised a demand of Rs. 0.31 crore by enhancing the figures. Against the order passed by Assessing Officer, JK Paper Limited filed an appeal (No. CAS/1/84/05-06) before CIT(A), Surat. The appeal was partly allowed. Aggrieved by the order of CIT(A), the Assessing Officer filed an appeal (No. 738/Ahd/2007) before Income Tax Appellatte Tribunal, Ahmedabad praying for the order of CIT(A) to be set aside and that of the Assessing Officer be restored. Further, against CIT(A)'s order JK Paper Limited has also filed an appeal (No. 578/Ahd/2007) before Income Tax Appellate Tribunal, Ahmedabad. Both the appeals are pending before Income Tax Appellate Tribunal.

Assessment Year 2002-03

i) The Assessing Officer vide order dated March 28, 2005 raised a demand of Rs. 0.40 crore by enhancing the figures. Aggrieved by the order of the Assessing Officer, JK Paper Limited filed an appeal (No.CAS/1/14/05-06) before CIT(A). The Appeal was partly allowed. Aggrieved by the order of CIT(A), the Assessing Officer filed an appeal (No. 790/Ahd/2006) before Income Tax Appellatte Tribunal, Ahmedabad praying for the order of CIT(A) to be set aside and that of the Assessing Officer be restored. JK Paper Limited has also filed appeal (No. 979/Ahd/2006) before Income Tax Appellate Tribunal, Ahmedabad. Both the appeals are pending before Income Tax Appellate Tribunal.

Assessment Year 2001-02

i) The Assessing Officer vide order dated February 27, 2004 raised a demand of Rs. 0.27 crore by enhancing the figure of Book Profit. Aggrieved by the order passed by Assessing Officer, JK Paper Ltd. filed an appeal (No.CAS/1/67/03-04) before CIT(A). The appeal was partly allowed. Aggrieved by the order of CIT(A), the Assessing Officer filed an appeal (No. 2442/Ahd/2004) before Income Tax Appellatte Tribunal, Ahmedabad praying for the order of CIT(A) to be set aside and that of the Assessing Officer be restored. JK Paper Limited has also filed an appeal (No.2429/Ahd/2004) before Income Tax Appellate Tribunal, Ahmedabad. Both the appeals are pending before Income Tax Appellate Tribunal.

5. Sales and Entry Tax

There are 17 sales/entry cases pending in various courts against JK Paper Limited. The total amount of claims, against JK Paper Limited aggregates to approximately Rs. 3.14 crore. Some of these cases are in relation to refunds claimed by JK Paper Limited. The total amount of refund claimed by JK Paper Limited aggregates to approximately Rs. 2.52 crore. The cases are currently pending. The material case in this regard is described below.

(i) The Commissioner, Central Excise, Customs and Service Tax has issued a notice dated January 9, 2008 demanding a sum of Rs. 5.97 crore including penalty of 3.97 crore for defective C and F forms, filed by JK Papers Limited for quarter ending September, 2006 and December, 2006. JK Paper Limited filed an appeal before the Customs, Excise and Sales Tax Appellate Tribunal against the order of the Commissioner and also prayed for a stay order. The Customs, Excise and Sales Tax Appellate Tribunal has vide order dated March 16, 2005 granted stay in favour of JK Papers Limited. The matter is currently pending and the next date of hearing has not been fixed.

6. Other Tax cases

There are 21 other tax cases pending in various courts against JK Paper Limited. These cases primarily relate to octroi duty and water tax. The total amount of claims, against JK Paper

Limited aggregates to approximately Rs. 2.24 crore. The cases are currently pending adjudication. Brief details of the material cases are set forth below.

(i) The Irrigation Officer has issued notice for payment of water tax amounting to Rs. 0.99 crore against JK Paper Limited. JK Paper Limited has filed a writ petition (No. OJC-6348 of 1995) dated September 11, 1995 before the Orissa High Court against the government of Orissa challenging the constitutional validity of the Orissa Irrigation (Amendment) Act, 1993. JK Paper Limited has also filed a miscellaneous case (No. 02 of 1995) dated September 15, 1995 against the said notice. The Orissa High Court vide order dated February 28, 1997 stated that no interim measures would be taken against JK Paper Limited for the allegation of water tax and that they have to pay 50% of the amount demanded and furnish a bank guarantee for the balance 50%. The matter is currently pending and the next date of hearing has not been fixed.

B. Cases filed by JK Paper Limited

1. Civil Cases

There are 26 civil cases pending in various courts filed by JK Paper Limited. These cases primarily relate to recovery of dues. The total amount of claims by JK Paper Limited aggregates to approximately Rs. 1.14 crore. The cases are currently pending adjudication.

C. Contingent Liability as on June 30, 2007 is 28.54 crore.

JK Agri Genetics Limited

A. Cases filed against JK Agri Genetics Limited

1. Criminal Cases

There are four criminal complaints pending in various courts against JK Agri Genetics Limited. These cases primarily relate to poor quality of seeds and non-compliance of seed quality standard. The cases are currently pending adjudication.

2. Civil Cases

There are five civil cases pending in various courts against JK Agri Genetics Limited. These cases primarily relate to disputes on advances received and return of seeds by certain parties. The total amount of claims, against JK Agri Genetics Limited aggregates to approximately Rs. 50,000. The cases are currently pending adjudication.

3. Consumer Cases

There are 269 consumer dispute cases pending in various consumer forums against JK Agri Genetics Limited. These cases primarily relate to sale of poor quality of seeds and poor yields in seed production. The total amount of claims, against JK Agri Genetics Limited aggregates to approximately Rs. 1.78 crore. The cases are currently pending adjudication.

B. Cases filed by JK Agri Genetics Limited

1. Criminal Cases

JK Agri Genetics Limited has filed three criminal complaints before various courts. These cases primarily relate to suit for dishonour of cheques. The total amount of dishonored cheques aggregates to approximately Rs. 0.06 crore. The cases are currently pending adjudication.

2. **Civil Cases**

JK Agri Genetics Limited has filed two civil cases before various courts which are currently pending adjudication. These cases primarily relate to suit for recovery of dues and advances. The total amount of claimed by JK Agri Genetics Limited aggregates to approximately Rs. 0.01 crore.

3. **Securities Cases**

JK Agri Genetics Limited has filed one securities related complaint before SEBI. The matter relates to contravention of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 ("Takeover Code"), the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 ("Insider Trading Regulations") and the Securities and Exchange Board of India (Prohibition of Fraudulent and unfair Trade Practices relating to Securities Market) Regulations, 2003 ("Unfair Trade Practices Regulations"). The case is described below:

1. JK Agri Genetics Limited has filed a complaint before SEBI alleging that Mr. Chandak, Religare Securities and Religare Finvest have, in the purchase and sale of the equity shares of JK Agri Genetics Limited, committed breaches of their disclosure obligations under the Takeover Code and the Insider Trading Regulations. JK Agri Genetics Limited also alleged that Mr. Chandak, Religare Securities and Religare Finvest engaged in circular trading, so as to inflate the price of the shares. The Company Law Board has already granted interim injunction restraining Mr. Chandak, Religare Securities and Religare Finvest from exercising any voting rights in JK Agri Genetics Limited. JK Agri Genetics Limited has prayed for penalty and imprisonment under the applicable law. The matter is currently pending adjudication.

C. Contingent Liability as on March 31, 2007 is Nil.

Netflier Finco Limited

A. Cases filed against Netflier Finco Limited

Nil

B. Cases filed by Netflier Finco Limited

Nil

C. Contingent Liability as on September 30, 2006 is Nil

Ashim Investment Company Limited

A. Cases filed against Ashim Investment Company Limited

Nil

B. Cases filed by Ashim Investment Company Limited

Nil

C. Contingent Liability as on June 30, 2007 is Nil.

Litigation by or against our other Group Companies

Set forth below are the details of all material cases involving our other Group Companies. For the purpose of this section, we have disclosed details of all material proceedings involving claims exceeding a monetary value of Rs. 1.00 crore or cases which if decided against our Group Companies would have a material adverse effect on the business and assets of our Company. Apart from the litigations disclosed below there are no material litigations involving our other Group Companies.

Fenner (India) Limited

A. Cases filed against Fenner (India) Limited

Civil Cases

(i) Tahira Industries (India) Private Limited has filed a suit (No. 88/117 of 2000) before the Small Causes Court at Mumbai against Fenner (India) Limited for eviction from the ground floor at 19/21, Mohandas Street, Fort, Mumbai as the lease for the said premises has expired and Tahira Industries (India) Private Limited requires the property for its personal use and occupation. Tahira Industries (India) Private Limited has also claimed mesne profit and rent at the market rate from June 1, 2000 till the handing over possession of the Leased Premises. The Small Causes Court vide order dated August 23, 2001 decided the case against Fenner (India) Limited. Fenner (India) Limited filed an appeal (742/2001) aginst the said order. The matter is currently pending adjudication.

Income Tax Cases

Assesment Year 1992-1993

(i) Fenner (India) Limited has filed an appeal before the High Court of Chennai against the order of the Income Tax Appellate Tribunal disallowing the deduction of upfront lease rent payment of Rs. 2.35 crore during the financial year 1992-1993. The matter is currently pending and the next date of hearing has not been fixed.

(ii) Fenner (India) Limited has filed an writ petition before the High Court of Madurai against the order of the Assistant Commissioner of Income Tax imposing an interest of Rs. 3.12 crore on the income tax demand made on Fenner (India) Limited. The matter is currently pending and the next date of hearing has not been fixed.

Excise Tax Cases

(i) Fenner (India) Limited has filed an appeal before the Commissioner (Appeals), Meerut-II against the order of the Deputy Commissioner, Central Excise, Hapur dated December 18, 2007 disallowing the refund under section 57 F (4) of an amount of Rs. 1.17 crore. The matter is currently pending adjudication and the next date of hearing has not been fixed.

Service Tax Cases

(i) Fenner (India) Limited has filed an appeal before the Commissioner of Central Excise (Appeals) agaisnt the order of the Commissioner of Central Excise dated December 1, 2004 imposing a demand of service tax amounting to approximately Rs. 1.17 crore on the value of services rendered by Fenner (India) Limited under the category of clearing and forwarding agent services as defined under the Finance Act, 1994 along with interest and penalty for the period from July 1, 2001 to December 31, 2003. The CESTAT has granted a stay in favour of Fenner (India) Limited. The matter is currently pending and the next date of hearing has not been fixed.

B. Cases filed by Fenner (India) Limited

1. Arbitration Cases

(i) Fenner (India) Limited has initiated arbitration proceedings against Neyveli Lignite Corporation Limited for the payment of various charges and fees and also refund of value against encashed bank guarantee under the contract dated July 16, 1999. Fenner (India) Limited has raised a claim of Rs. 24.38 crore. Neyveli Lignite Corporation Limited has raised a counter claim of Rs. 9.03 crore for the various costs incurred by it due to breach of contract by Fenner (India) Limited. The matter is currently pending adjudication and the next date of hearing is on October 10, 2008.

(ii) Fenner (India) Limited has initiated arbitration proceedings against Reliance Energy Limited for claims arising out of extra civil, electrical and structural work and also refund of value against encashed bank guarantee under the work order dated March 15, 2000. Fenner (India) Limited has raised a claim of Rs. 5.84 crore. Reliance Energy Limited has raised a counter claim of Rs. 1.48 crore against Fenner (India) Limited. The matter is currently pending adjudication.

(iii) Fenner (India) Limited has initiated arbitration proceedings against Steel Authority of India Limited for non payment of dues and raised a claim of Rs. 4.51 crore. Steel Authority of India Limited has filed a counter claim against Fenner (India) Limited for failure to execute the works in accordance with the contract dated April 25, 1997 due to which Steel Authority of India Limited had a production loss of Rs. 5.54 crore apart from other loss and damages. Steel Authority of India Limited has claimed a sum of Rs. 5.84 crore along with interest. The matter is currently pending adjudication and the next date of hearing is on September 16, 2008.

C. Contingent Liability as of March 31, 2007 is Rs. 3.02 crore

Udaipur Cement Works Limited

A. Cases filed against Udaipur Cement Works Limited

Udaipur Cement Works Limited is a sick company registered with BIFR in November 2003. There are a number of legal proceedings pending against Udaipur Cement Works Limited. The material case in this regard is:

1. The Collector (Stamps) Udaipur vide order dated January 29, 2004 determined the stamp duty liability of Rs. 8.04 crore along with equal amount of penalty on Udaipur Cement Works Limited. Udaipur Cement Works Limited filed a revision petition against the order before the Revenue Board, Ajmer, which was transferred to Rajasthan Tax Board, Ajmer who vacated the stay order granted by the Revenue Board. The Collector (Stamps) initiated recovery proceedings against Udaipur Cement works Limited. Udaipur Cement Works filed a writ petition (No. 6597/2005) before the High Court of Rajasthan at Jodhur. The High Court vide order dated May 8, 2006 allowed the writ petition. The Rajasthan Revenue Board vide order dated October 6, 2006 dismissed the revision petition filed by Udaipur Cement Works Limited. The Collector (Stamps) against initiated the recovery proceedings. Udaipur Cement Works filed a writ petiton against the order of the Revenue Board and the action of the Collector (Stamps). The High Court has stayed further action by the Collector (Stamps). The matter is currently pending adjudication and the next date of hearing has not been fixed.

C. Contingent Liability (including contingent liability of stamp duty as mentioned above) as on December 31, 2007 is 19,29,53,886.

Contingent liabilities of the other Group Companies

Sl No.	Name of Company	As on	Contingent Liability (Rs. in crore)
1.	Mr. Shripati Singhania (HUF)	June 10, 2008	Nil
2.	Mr. Bharat Hari Singhania (HUF)	June 10, 2008	Nil
3.	Dr. Raghupati Singhania (HUF)	June 10, 2008	Nil
4.	Mr. Harsh Pati Singhania (HUF)	June 10, 2008	Nil
5.	Mr. Vikrampati Singhania (HUF)	June 10, 2008	Nil
6.	Juggilal Kamlapat Lakshmipat (Firm)	March 31, 2007	Nil
7.	Habras International (Firm)	March 31, 2007	Nil
8.	Pranav Investment (M.P.) Company Limited	September 30, 2007	0.13
9.	Sidhi Vinayak Investment Limited	June 30, 2007	Nil
10.	Nav Bharat Vanijya Limited	March 31, 2007	0.08
11.	Hidrive Finance Limited	September 30, 2006	Negligible
12.	Umang Dairies Limited	March 31, 2007	3.21
13.	Bengal & Assam Company Limited	March 31, 2007	0.04
14.	Juggilal Kamlapat Udyog Limited	March 31, 2007	Nil
15.	Mayfair Finance Limited	June 30, 2007	Nil
16.	Terrestrial Finance Limited	June 30, 2007	Nil
17.	Yashodhan Investment Limited	June 30, 2007	Nil
18.	BMF Investments Limited	March 31, 2007	Nil
19.	Panchanan Investment Limited	June 30, 2007	Nil
20.	Radial Finance Limited	September 30, 2006	Nil
21.	Panchmahal Properties Limited	June 30, 2007	Nil
22.	Accurate Finman Services Private Limited	March 31, 2008	Nil
23.	Akhand Investments Private Limited	March 31, 2007	Nil
24.	Crossbow Investments Private Limited	March 31, 2007	Nil
25.	Saptrishi Consultancy Services Limited	March 31, 2007	Nil
26.	RPS Securities Private Limited	March 31, 2007	Nil
27.	Anant Design Private Limited	March 31, 2007	Nil
28.	HSS Stock Holding Private Limited	March 31, 2007	Nil
29.	Tanvi Commercial Private Limited	March 31, 2007	Nil
30.	JK Sugar Limited	March 31, 2008	2.09
31.	JK Pharmachem Limited	-	Under Liquidation
32.	Bhopal Udyog Limited	March 31, 2008	0.44

GOVERNMENT APPROVALS

Our Company has received the necessary consents, licenses, permissions and approvals from the government and various governmental agencies required for its present business and except as mentioned below, no further material approvals are required for carrying on its present business.

Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

1. The Board of Directors has, pursuant to resolution passed at its meeting held on July 30, 2007 authorized the Issue of our Company under Section 81(1) of the Companies Act;

2. In-principle approval from the Bombay Stock Exchange Limited dated January 21, 2008;

3. In-principle approval from the National Stock Exchange of India Limited dated January 23, 2008; and

4. In-principle approval from the Calcutta Stock Exchange of India Limited dated January 29, 2008.

General Approvals

PAN Number: AAACJ6716F

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
1.	Recognition under the Income Tax Act, 1961 granted by the Commissioner of Income Tax, Kolkata for setting up an employee provident fund.	P.F./11/56-57	March 10, 1958 with effect from June 30, 1956	Not applicable
2.	Approval under the Income Tax Act, 1961 granted by the Commissioner of Income Tax, Kolkata for setting up a superannuation fund constituted under the trust deed dated June, 15 1988.	Rec.61-6/68-09/CTC–I/ 13440- 42.	December 23, 1988.	Not applicable
3.	Approval under the Income Tax Rules, 1962 granted by the Commissioner of Income Tax, Kolkata for setting up an employee gratuity fund as constituted under the trust deed dated November 10, 2004 w.e.f. October 1, 2004.	6A-16/GF/2005-06/CTC-I/7075	August 17, 2005 with effect from October 1, 2004	Not applicable
4.	Certificate of Importer and Exporter Code granted by the Ministry of Commerce.	0297018191	December 9, 1997	Not applicable
5.	Registration under the Finance Act, 1994 granted by the Superintendent, Service Tax, for having undertaken to comply with the condition under the Service Tax Rules, 1994 and registration with the Central Excise Department for the payment of service tax on Intellectual Property Services, Goods transport operator and Input Service Distributors.	DL-I/ST/IPS-GTO-ISD/10/JKI/05	July 7, 2005	Not applicable

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
6.	Registration under the Finance Act, 1994 granted by the Superintendent of Central Excise, Mysore	AAACJ6716FST001/ ST3/2007	May 14, 2007	Not applicable
7.	In-principal approval granted by the Reserve Bank of India for raising an ECB of USD 20 million from Bank of India, Manchester.	FED/CO/ECBD/2626 9/03.02.766/2007-08	May 8, 2008	August 8, 2008

Registration and Licenses for our various manufacturing facilities

1. *Mysore Tyre Plant I, Metagilli, Karnataka*

A. Factory related Approvals

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
1	License under the Factories Act, 1948 granted by the Chief Inspector of Factories, Karnataka for the use of Vikrant Tyre Plant, Metagalli, Karnataka	SR-118/06-07	January 1, 2008	December 31, 2008
2	License under the Factories Act, 1948 granted by the Chief Inspector of Factories, Karnataka to work a factory	MYS 754	January 1, 2008	December 31, 2008
3	Certificate under the Indian Boilers Act, 1923 granted by the Karnataka State Boiler Inspection Department for the use of boiler having a capacity of 21 kg per square centimeter	MYS-1410	February 5, 2008	February 4, 2009
4	Certificate under the Indian Boilers Act, 1923 granted by the Karnataka State Boiler Inspection Department for the use of boiler having a capacity of 20 kg per square centimeter	MYS 1795	August 4, 2007	July 31, 2008
5	Certificate under the Indian Boilers Act 1923 granted by the Karnataka State Boiler Inspection Department for the use of a coil type economiser having a capacity of 28 kg per square centimeter	KTK-E-84	September 12, 2007	March 19, 2009
6	License under the Petroleum Act, 1934 granted by the Petroleum and Explosives Safety Organization (PESO) for the storage and importation of 820 K.L. of Petroleum	P/HQ/KA/15/202(P11209)	January 19, 2006	December 31, 2008
7	License under the Petroleum Act 1934 granted by the Department of Explosives for the storage and importation of 60 K.L of petroleum	P/HQ/KA/15/224(P11231)	March 7, 2008	December 31, 2010
8	License under the Indian Explosives Act, 1884 granted by the Chief Controller of Explosives to store compressed gas in pressure vessels	PV/(SC)S-1/KK	April 1, 2008	March 31, 2011
9	License under the Indian Explosives Act, 1884 granted by the Under Secretary to	5/1983	April 4, 2008	December 31, 2008

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
	Government to use 500 tons of sulphur			
10	License granted by the Department of Posts for an electronic franking machine	KN-27/FME-17	January 1, 2008	December 31, 2012

B. Tax related Approvals

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
1	Certificate under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 issued by Regional Fund Commissioner allotting provisional fund code	RJ/2601	January 11, 1980	Not applicable
2	Certificate under the Finance Act, 1994 issued by Deputy Commissioner of Central Excise for allotting a service tax code number	AAACJ6716FST002	August 21, 2006	Not applicable
3	Certificate under the Employees' State Insurance Act, 1948 issued by Assistant Regional Director allotting employees' state insurance code	S3-3245-90	October 25, 1979	Not applicable
4	Certificate of registration under the Central Tax Act, 1956 granted by the Assistant Commissioner of Commercial Taxes, Karnataka for manufacturing or processing of goods for sale	29140116820	April 24, 2007	Not applicable
5	Central Excise Registration certificate under the Central Excise Rules, 2002 granted by Assistant Commissioner of Central Excise Registration, Mysore for manufacturing of excisable goods	AAACJ6716FXM010	June 20, 2007	Not applicable

Approvals applied for:

1. Application dated April 28, 2008 before the Karnataka State Pollution Control Board for the renewal of the certificate (KSPCB/HWM/90) issued under the Hazardous Waste (Management and Handling) Amendment Rules, 2003 for handling, storage and disposal of hazardous waste for a period of three years w.e.f July 1, 2008.

2. Application dated February 28, 2008 before the Karnataka State Pollution Control Board to renew the consent (KSPCB/WPC/SEO-4/DEO/AEO/2007 -08/292) under the Water (Prevention and Control of Pollution) Act, 1974 for the discharge of sewage and trade effluents for the period July 1, 2008 till June 30, 2009.

3. Application dated February 28, 2008 before the Karnataka State Pollution Control Board to renew the consent (KSPCB/WPC/SEO-4/EO/DEO/AEO/2007-08/283) under the Air (Prevention and Control of Pollution) Act 1981 granted by the Pollution Control Board, Karnataka for the operation of Vikrant Tyre Plant, (I) for the period July 1, 2008 till June 30, 2009.

2. *Mysore Tyre Plant II, Hebbal, Karnataka*

A. Factory related Approvals

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
1	License granted by the Chief Inspector of Factories, Karnataka under the Factories Act, 1948 to set up the Vikrant Tyre Plant, Hebbal, Karnataka	SR 117/06-07	January 1, 2007	December 31, 2008
2	License under the *Factories Act, 1948 granted by the Chief* Inspector of Factories, Karnataka to work a factory	MYM 1100	January 1, 2007	December 31, 2008
3	Certificate under the Indian Boilers Act, 1923 granted by the Karnataka State Boiler Inspection Department for the use of boiler having a capacity of 20 Kg per square centimeter	MYS-1796	February 25, 2008	February 24, 2009
4	Certificate under the Indian Boilers Act, 1923 granted by the Karnataka State Boiler Inspection Department for the use of boiler having a capacity of 20 Kg per square centimeter	MYS-1797	April 21, 2008	March 20, 2009

Approvals applied for:

1. Application dated September 21, 2006 before the Joint Chief Controller of Explosives for the renewal of licence (No. P-12(22)1185/MYS-3510) for importation and storage of 500 KL of petroleum.

2. Application dated April 28, 2008 before the Karnataka State Pollution Control Board for the renewal of the certificate (No. KSPCB/HWM/811) issued under the Hazardous Waste (Management and Handling) Amendment Rules, 2003 for handling, storage and disposal of hazardous waste for a period of three years w.e.f July 1, 2008.

3. Application dated February 28, 2008 before the Karnataka State Pollution Control Board to renew the consent (KSPCB/WPC/SEO-4/EO/DEO/AEO/2007-08/293) under the Water (Prevention and Control of Pollution) Act, 1974 for the discharge of sewage and trade effluents for the period July 1, 2008 till June 30, 2009.

4. Application dated February 28, 2008 before the Karnataka State Pollution Control Board to renew the consent (KSPCB/WPC/SEO-4/EO/DEO/AEO/2007-08/282) under the Air (Prevention and Control of Pollution) Act 1981 granted by the Pollution Control Board, Karnataka for the operation of Vikrant Tyre Plant, (II) for the period July 1, 2008 till June 30, 2009.

C. Tax related Approvals

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
1	Exemption of Sales Tax under the Karnataka Sales Tax Act, 1957 granted by the Department of Finance, Government of Karnataka	FD 266 CSL 200 (1)	March 12, 2001	Valid for ten years after the start of commercial production
2	Exemption of Sales Tax under the Karnataka Sales Tax Act, 1957 granted	FD 266 CSL 200 (2)	March 12, 2001	Valid for ten years from the

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
	by the Department of Finance, Government of Karnataka			commencement of commercial production
3	Exemption of Entry Tax under the Karnataka Entry of Goods Act, 1979 granted by the Department of Finance, Government of Karnataka	FD 266 CSL 200 (3)	March 12, 2001	Valid for ten years from the commencement of commercial production
4	Deferment of Sales Tax under the Central Sales Tax Act, 1956 read with Karnataka Sales Tax Act, 1957 granted by the Director of Industries and Commerce	IDF/E2/111/STD/ VTL/2001-02	March 13, 2002	December 29, 2012
5	Exemption of Entry Tax under the Karnataka Tax on Entry of Goods Act, 1979 granted by the Under Secretary to the Government, Finance Department, Government of Karnataka	FD 266 CSL 2000 (I)	March 12, 2001	Valid for ten years from the commencement of commercial production.
6	Certificate under the Karnataka V.A.T., 2003 granted by the Commissioner Commercial Taxes, Karnataka for registration as a dealer	29140116820	April 1, 2005	Not applicable
7	Certificate under the Finance Act, 1994 issued by Deputy Commissioner of Central Excise for allotting Service Tax code number	AAACJ6716FST0 02	August 21, 2006	Not applicable
8	Certificate of registration under the Central Tax Act, 1956 granted by the Assistant Commissioner of Commercial Taxes, Karnataka for manufacturing or processing of goods for sale	29140116820	April 24, 2007	Not applicable
9	Central Excise Registration certificate under the Central Excise Rules, 2002 granted by Assistant Commissioner of Central Excise Registration, Mysore for manufacturing of excisable goods	AAACJ6716FXM0 09	June 20, 2007	Not applicable

3. *Banmore Tyre Plant, Morena, Madhya Pradesh*

A. Factory related approvals

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
1.	License under the Factories Rules 1962 granted by the Chief Inspector of factories, Madhya Pradesh to work a factory	6/10935/MRN/2m (i)	November 19, 2007	December 31, 2008
2.	Certificate of registration under the Contract Labour (Regulation and Abolition) Act, 1970 granted by the Registration Officer, Gwalior,	137/GWL/91	September 18, 2007	December 31, 2008

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
	Madhya Pradesh			
3.	Registration under the Packed Commodity Rules, 1977 granted by the Department of Consumer affairs for Weights and Measurements	WM-23(7)/2000	February 9, 2000	Not applicable
4.	Registration under the Food Adulteration Act, 1954 issued by the Licensing Authority, Morena, Madhya Pradesh	55/MRM/01/2007	April 2, 2007	Not applicable
5.	Certificate under the Indian Boilers Act, 1923 granted by the Boiler Inspection Department, Madhya Pradesh for the use of a boiler having a capacity of 78 kg per square centimeter	T-52/2007	March 31, 2008	February 22, 2009
6.	Certificate under the Indian Boilers Act, 1923 granted by the Karnataka State Boiler Inspection Department for the use of boiler having a capacity of 21 kg per square centimeter	MYS-1409	July 26, 2007	July 25, 2008
7.	License under the Petroleum Act, 1934 granted by the Chief Controller of Explosives, Madhya Pradesh to import and store 150 K.L of petroleum	P/HQ/MP/15/342/ (P14045)	June 18, 2007	December 31, 2009
8.	License under the Petroleum Act, 1934 granted by the Chief Controller of Explosives, Madhya Pradesh to import and store 300 KL of petroleum	P/HQ/MP/15/394(P14105)	January 10, 2005	December 31, 2009
9.	License under the Petroleum Act, 1934 granted by the Chief Controller of Explosives, Madhya Pradesh to import and store 50 K.L of petroleum	P/HQ/MP/15/375(P14081)	January 11, 2005	December 31, 2009
10.	License under the Petroleum Act, 1934 granted by the Chief Controller of Explosives, Madhya Pradesh to import and store 10 KL of petroleum	P/HQ/MP/15/470(P14196)	January 11, 2005	December 31, 2009
11.	License under the Petroleum Act, 1934 granted by the Chief Controller of Explosives, Madhya Pradesh to import and store 1 K.L of petroleum	P/CC/MP/16/28(P189815)	June 18, 2007	December 31, 2009
12.	License under the Petroleum Act, 1934 granted by the Chief Controller of Explosives, Madhya Pradesh to import and store 180 KL of petroleum	P/HQ/MP/15/638(P14396)	January 11, 2005	December 31, 2009
13.	License granted by the Collector and District Magistrate, Morena for the storage of 300 KL per tank (per year) of furnace oil	02	January 17, 2001	December 31, 2009
14.	License granted by the Collector and District Magistrate, Morena for the storage of 100 KL per tank (per year) of Naphtha	01	April 16, 2001	December 31, 2008
15.	License granted by the Collector and District Magistrate, Morena for the storage of 1 KL of Haxene and 10 KL of Iso Propoal (per year)	01	April 16, 2001	December 31, 2008
16.	License under the Arms Act, 1959 and the Arms Rule, 1962 granted by the Additional District Magistrate, Morena, for acquisition and possession of 50 metric tons of sulpher	F16/92/97/C-1	August 22, 1997	December 31, 2008
17.	Chimney approval granted by Air Force Authority, Gwalior	(1)40WIS 2851/1/FS (II)	November 18, 1997	Not applicable
18.	License granted by the Collector and District Magistrate, Morena for storage of 50 KL of	04	August 8, 2003	December 31, 2009

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
	Light Diesel Oil (per year)			

Approvals applied for:

1. Application dated October 5, 2007 has been applied before the Inspector of Boilers, Bhopal for the renewal of licence (No. T-13/2006) for the use of boiler having a capacity of 31.5 kg per square cm.

B. Environment related Approvals

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
1.	Authorization under Hazardous Wastes (Management and Handling) Rules, 1989 and Hazardous Waste (Management and Handling) Amendments Rules 2003 granted by the Pollution Control Board, Madhya Pradesh for handling hazardous waste	109/HOPCB/HSMD/2007	January 8, 2007 w.e.f August 30, 2006	August 30, 2008
2.	Consent under the Air (Prevention and Control of Pollution) Act, 1981 granted by the Pollution Control Board, Madhya Pradesh for operation of the plant	6968/TS/MPPCB/2007	July 5, 2007 w.e.f May 1, 2007	April 30, 2009
3.	Consent under the Water (Prevention and Control of Pollution) Act, 1974 granted by the Pollution Control Board, Madhya Pradesh for discharge of sewage and trade effluents	6966/TS/MPPCB/2007	September 5, 2007 w.e.f May 1, 2007	April 30, 2009

C. Tax related Approvals

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
1.	Certificate granted by Deputy/Assistant Director, Directorate General Customs and Central Excise for allotment of Excise Control code number	AAACJ6716FX001	June 14, 2000	Not Applicable
2.	Certificate under the Madhya Pradesh Commercial Tax Act, 1994 granted by the Commercial Tax Officer, Gwalior for registration as a dealer	23935202243	July 1, 2003	Not Applicable

3. Kankroli Tyre Plant, Rajsamand, Rajasthan.

A. Factory related approvals

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
1.	License under the Petroleum Act, 1934 granted by the Petroleum and Explosives Safety Organization (PESO) for the storage and importation of 220 K.L. of Petroleum	P/HQ/RJ/15/720 (P77650)	December 13, 2005	December 31, 2008
2.	License under the Indian Explosives Act, 1884 granted by the Deputy Chief Controller of Explosives to store compressed gas in pressure vessels	G/NC/RJ/06/239(G 6301)	May 16, 2006	September 30, 2008
3.	License under the Indian Explosives Act, 1884 granted by the Chief Controller of Explosives for storage of 200 KL of petroleum	P-12(20)424/RA-1213	June 7, 2006	December 31, 2008
4.	License under the Factories Act 1948 granted by the Chief Inspector of Factory, Rajasthan to work a factory	RJ5274	June 21, 2006	March 31, 2009
5.	License under the Indian Explosives Act, 1884 granted by the Under Secretary to Government to use 442 KL of solvent	4/2002	April 1, 2008	March 31, 2010
6.	License under the Indian Explosives Act, 1884 granted by the Under Secretary to Government to use 445 KL of Naptha	3/2002	April 1, 2008	March 31, 2010
7.	License under the Customs Act, 1962 granted by the Assistant Collector, Central Excise and Customs, Ajmer for customs bonded private warehouse	3/Cus/77/Ajmer	December 13, 2007	December 31, 2008

Approvals applied for:

(i) Application dated March 23, 2007 has been applied before the Labour Welfare Officer, Rajsamand for renewal of certificate under the MTW Act.

B. Environment related Approvals

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
1.	Approval under the Hazardous Waste (Management and Handling) Rules, 1989 Authorization granted by the Pollution Control Board, Rajasthan for operating a facility for collection, storage, transport and disposal of hazardous wastes	F:16(48)RPCB/Haz/GR III/1468	October 23, 2005	October 22, 2008

Approvals applied for:

(i) Application dated September 20, 2007 has been applied before the Member Secretary, Rajasthan State Pollution Control Board, for renewal of consent (No. F.12(30-89)RPCB/Gr.

III/2484) under Water (Prevention and Control of Pollution) Act, 1974 for discharge of industrial /domestic effluent.

(ii) Application dated September 20, 2007 has been applied before the Member Secretary, Rajasthan State Pollution Control Board, for renewal of consent (No. F.12(30-89) RPCB/Gr. III/2487) to operate and for expansion of capacity under the Air (Prevention and Control of Pollution) Act, 1981.

C. Tax related Approvals

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
1.	Letter under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 issued by the Regional Provident Fund Commissioner	RJ/2601 (PF/F.1/RJ/2601/Enf/16919)	January 11, 1980 with effect from January 31, 1980	Not applicable
2.	Certificate under the Employees State Insurance Act, 1948 issued by the Regional Director for registration of employees and establishment	15/6717/27	January 3, 1981	Not applicable
3.	Certificate under the Rajasthan Value Added Tax, 2003 granted by the Commissioner Commercial Taxes, Rajasthan for registration as a dealer.	08851250124	April 11, 2007	Not applicable
4.	Registration under Central Excise Rules, 2002 granted by the Deputy Commissioner of Central Excise, Udaipur for manufacturing of excisable goods	AAACJ6716FXM003	April 26, 2007	Not applicable
5.	Certificate issued under the Central Excise Rules, 2002 issued by the Deputy Commissioner of Central Excise, Udaipur for allotment of service tax code	AAACJ6716FST002	August 21, 2008	Not applicable

Miscellaneous Tax Exemptions

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
1.	Exemption of Sales Tax under the Karnataka Sales Tax Act, 1957 granted by the Department of Finance, Government of Karnataka	FD 266 CSL 200 (1)	March 12, 2001	Valid for ten years after the start of commercial production
2.	Exemption of Sales Tax under the Karnataka Sales Tax Act, 1957 granted by the Department of Finance, Government of Karnataka	FD 266 CSL 200 (2)	March 12, 2001	Valid for ten years from the commencement of commercial production
3.	Exemption of Entry Tax under the Karnataka Entry of Goods Act, 1979 granted by the Department of Finance, Government of Karnataka	FD 266 CSL 200 (3)	March 12, 2001	Valid for ten years from the commencement of commercial production

S No.	Description	Reference No.	Date of Issue/Renewal	Expiry date
4.	Deferment of Sales Tax under the Central Sales Tax Act, 1956 read with Karnataka Sales Tax Act, 1957 granted by the Director of Industries and Commerce	IDF/E2/111/STD/VTL/2001-02	March 13, 2002	December 29, 2012

Intellectual Property Approvals

Our Company owns/ or has licenses to use patents and intellectual property, covering various aspects in the design and manufacture of its products and processes. We also own and use our trademarks in several countries abroad. We have the following trademarks registered in our name.

Sl. No.	Description	Registration No.	Date of Registration	Issuing Authority	Validity
1.	J K Tyre Logo	47334	June 10, 2003	National Office of Industrial Property, Vietnam	January 14, 2012
2.	J K Tyre Logo	16841	October 26, 2003	General Department of Registration, Yemen	August 28, 2012
3.	J K Tyre Logo	58766 LM	September 10, 2003	Nicaragua	September 9, 2013
4.	J K Tyre Logo	TMA594081	November 5, 2003	Canadian Intellectual Property Office	November 14, 2018
5.	J K Tyre Logo	2813500	February 10, 2004	United States Patent and Trademark Office	February 9, 2014
6.	J K Tyre Logo	699/04	October 16, 2003	Trade Mark Registration Department, Saudi Arabia	December 26, 2011
7.	J K Tyre Logo	52125	October 3, 2001	Registrar of Trade Marks, Republic of Kenya	October 3, 2011
8.	J K Tyre Logo	700.213	August 10, 2004	Department of Trade Mark Registry, Republic of Chile	August 10, 2014
9.	J K Tyre Logo	4-2001-004650	September 25, 2006	Intellectual Property Office, Republic of Philippines	November 27, 2015
10.	J K Tyre Logo	874124	April 30, 2001	Trade Marks Office Commonwealth of Australia	April 29, 2011
11.	JK Tyre Logo	150116	April 6, 2002	Registrar of Trade Marks Egypt	April 6, 2012
12.	JK Tyre Logo	01005526	May 2, 2001	Registrar of Trade Marks Malaysia	May 2, 2011
13.	JK Tyre Logo	3064083	April 23, 2003	Trade Mark Office, China	April 20, 2013
14.	JK Tyre Logo	T01/06013C	April 30, 2001	Registrar of Trade Marks, Singapore	April 30, 2011
15	"WL 407".	957864	September 22, 2000	Registrar of Trade Marks, Trade Marks Registry, Government of India	September 21, 2010
16.	JK Tyre Logo	123781	May 19, 2003	Registrar of Intellectual Property, Guatemala	May 18, 2013
17.	JK Tyre Logo	2001 09041	May 15, 2001	Turkish Patent Institute, Republic of Turkey	May 15, 2011
18.	JK Tyre Logo	744296	May 8, 2001	Registrar Mexico	May 8, 2011
19.	FT 404	408350	July 23, 1983	Registrar of Trade Marks, Trade Marks Registry,	July 23, 2014

Sl. No.	Description	Registration No.	Date of Registration	Issuing Authority	Validity
			Renewed: July 23, 2004 for 10 years	Government of India.	
20.	Vikrant	402240	March 03, 1983 Renewed: March 03, 2004	Registrar of Trade Marks, Trade Marks Registry, Government of India.	March 03, 2014
21.	Vikrant and Vikrant Logo	962407	Januray 02, 2006	Registrar of Trade Marks, Trade Marks Registry, Government of India.	October 10, 2010
22.	Vikrant and Logo Registered	402241	March 3, 1983	Registrar of Trade Marks, Trade Marks Registry, Government of India	March 2, 2014
23.	POWER KING	444242	October 11, 2006	Registrar of Trade Marks, Trade Marks Registry, Government of India	October 11, 2016
24.	J.K. Emblem	304275	April 3, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	April 3, 2010
25.	JK Monogram	304376	April 8, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	April 10, 2010
26.	JK(L) mark	445036	November 1, 2006	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 1, 2016
27.	DHARTI	306832	July 11, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	July 11, 2010
28.	JETDRIVE	413409	November 19, 2004	Registrar of Trade Marks, Trade Marks Registry, Government of India	Nov-ember 19, 2014
19.	JETLOAD	413406	November 19, 2004	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 19, 2014
30.	LOADKING JUMBO	386100	February 4, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	February 4, 2010
31.	RAPIER	386103	February 4, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	February 4, 2010
32.	MINEKING	397506	November 10, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 10, 2013
33.	POWERLUG	334042	March 1, 2006	Registrar of Trade Marks, Trade Marks Registry, Government of India	March 1, 2016
34.	JETLOAD88	458077	August 5, 2007	Registrar of Trade Marks, Trade Marks Registry, Government of India	August 5, 2017
35.	NULIFE	386097	February 4, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	February 4, 2010
36.	JETLUG	386099	February 4, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	February 4, 2010

Sl. No.	Description	Registration No.	Date of Registration	Issuing Authority	Validity
37.	NAYA SAFAR	413407	November 19, 2004	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 19, 2014
38.	SAFAR STEELEX	397505	November 10, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 10, 2013
39.	MOTI	399306	December 27, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	December 27, 2013.
40.	AUTORICK	386101	February 4, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	February 4, 2010
41.	FLEETKING	386098	February 4, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	February 4, 2010
42.	HIGRIP	386105	February 4, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	February 4, 2010
43.	SOFTRIDE	386102	February 4, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	February 4, 2010
44.	J.K. GALAXY	408770	August 1, 2004	Registrar of Trade Marks, Trade Marks Registry, Government of India	August 1, 2014
45.	JETGRIP	413410B	November 19, 2004	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 19, 2014
46.	JET TRAILER	449957	February 20, 2007	Registrar of Trade Marks, Trade Marks Registry, Government of India	February 20, 2017
47.	JETKING	452351	April 9, 2007	Registrar of Trade Marks, Trade Marks Registry, Government of India	April 9, 2017
48.	STEEL KING	449955	February 20, 2007	Registrar of Trade Marks, Trade Marks Registry, Government of India	February 20, 2017
49.	DUTYMAN	401584	February 17, 2004	Registrar of Trade Marks, Trade Marks Registry, Government of India	February 17, 2014
50.	SONA	386107	February 4, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	February 4, 2010
51.	HEERA	415466	January 2, 2005	Registrar of Trade Marks, Trade Marks Registry, Government of India	January 2, 2015
52.	DUTYMAN	306845	July 11, 2000	Registrar of Trade Marks, Trade Marks Registry, Government of India	July 10, 2010
53.	SUPERJUMBO	413411B	November 19, 2004	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 19, 2014
54.	FLEETKING 100	435525	March 22, 2006	Registrar of Trade Marks, Trade Marks Registry,Government of India	March 22, 2016
55.	JET RIB	471063	April 20, 2007	Registrar of Trade Marks, Trade Marks Registry, Government of India	April 20, 2017

Sl. No.	Description	Registration No.	Date of Registration	Issuing Authority	Validity
56.	NAI DHARTI	449956	February 20, 2007	Registrar of Trade Marks, Trade Marks Registry, Government of India	February 20, 2017
57.	JETTRAK	401583	February 17, 2004	Registrar of Trade Marks, Trade Marks Registry, Government of India	February 17, 2014
58.	DHARTI	401585	February 17, 2004	Registrar of Trade Marks, Trade Marks Registry, Government of India	February 17, 2014
59.	JETGLAS	408211	July 19, 2004	Registrar of Trade Marks, Trade Marks Registry, Government of India	July 19, 2014
60.	J.K. SKIPPER	408768	August 1, 2004	Registrar of Trade Marks, Trade Marks Registry, Government of India	August 1, 2014
61.	JET GRABBER	470570	April 9, 2004	Registrar of Trade Marks, Trade Marks Registry, Government of India	April 9, 2014
62.	SUPER JUMBO	492795	June 14, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	June 14, 2009
63.	CAPTAIN	497726	September 13, 1998	Registrar of Trade Marks, Trade Marks Registry, Government of India	September 13, 2008
64.	JETRIB	588706	January 18, 2003	Registrar of Trade Marks, Trade Marks Registry, Government of India	January 18, 2013
65.	TORNADO	588708	January 18, 2007	Registrar of Trade Marks, Trade Marks Registry, Government of India	January 18, 2017
66.	ULTIMA	588707	January 18, 2007	Registrar of Trade Marks, Trade Marks Registry, Government of India	January 18, 2017
67.	ULTIMA XS	652657	June 19, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	June 19, 2009
68.	BRUTE	652658	January 9, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	January 9, 2009
69.	RALLY	652661	January 19, 2005	Registrar of Trade Marks, Trade Marks Registry, Government of India	January 19, 2015
70.	JET DRIVE XS	663467	April 24., 2005	Registrar of Trade Marks, Trade Marks Registry, Government of India	April 24., 2015
71.	JET DRIVE EXCESS	663468	April 24., 2005	Registrar of Trade Marks, Trade Marks Registry, Government of India	April 24., 2015
72.	JET DRIVE XX	663469	April 24., 2005	Registrar of Trade Marks, Trade Marks Registry, Government of India	April 24., 2015
73.	JET DRIVE EXCEL	663470	April 24., 2005	Registrar of Trade Marks, Trade Marks Registry, Government of India	April 24., 2015
74.	MEGA DRIC	663473	April 24., 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	April 24., 2009

Sl. No.	Description	Registration No.	Date of Registration	Issuing Authority	Validity
75.	HYDROSONIC	663474	April 24., 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	April 24., 2009
76.	WATERTRED	676194	August 9, 2005	Registrar of Trade Marks, Trade Marks Registry, Government of India	August 9, 2015
78.	HYDROSONIC	676196	August 9, 2005	Registrar of Trade Marks, Trade Marks Registry, Government of India	August 9, 2015
79.	HYDRO	676198	August 9, 2005	Registrar of Trade Marks, Trade Marks Registry, Government of India	August 9, 2015
80.	WATERSONIC	676199	August 9, 2005	Registrar of Trade Marks, Trade Marks Registry, Government of India	August 9, 2015
81.	JK MULTILUG	680237	September 15, 2005	Registrar of Trade Marks, Trade Marks Registry, Government of India	September 15, 2015
82.	JK TYRE STEEL WHEELS	713335	May 6, 2006	Registrar of Trade Marks, Trade Marks Registry, Government of India	May 6, 2016
83.	JK TYRE DIAL A TYRE	844780	March 11, 1999	Registrar of Trade Marks, Trade Marks Registry, Government of India	March 11, 2009
84.	JET STEEL JDH	862501	June 24, 1999	Registrar of Trade Marks, Trade Marks Registry,Government of India	June 24, 2009
85.	TRAK TUF	864615	July 8, 1999	Registrar of Trade Marks, Trade Marks Registry, Government of India	July 8, 2009
86.	HI WAY KING	896163	January 5, 2000	Registrar of Trade Marks, Trade Marks Registry, Government of India	January 5, 2010
87.	ULTIMA XP-iRADIAL	924062	May 11, 2000	Registrar of Trade Marks, Trade Marks Registry, Government of India	May 11, 2010
88.	JETMILE	957865	September 21, 2000	Registrar of Trade Marks, Trade Marks Registry, Government of India	September 21, 2010
89.	JETHAUL	957866	September 21, 2000	Registrar of Trade Marks, Trade Marks Registry, Government of India	September 21, 2010
90.	TANKERLUG	957867	September 21, 2000	Registrar of Trade Marks, Trade Marks Registry, Government of India	September 21, 2010
91.	VIKING	957868	September 21, 2000	Registrar of Trade Marks, Trade Marks Registry, Government of India	September 21, 2010
92.	JETWAY JUG	983298	January 11, 2001	Registrar of Trade Marks, Trade Marks Registry, Government of India	January 11, 2011
93.	JET STEEL JDH	983299	January 11, 2001	Registrar of Trade Marks, Trade Marks Registry, Government of India	January 11, 2011
94.	JET STEEL JDHTT	983300	January 11, 2001	Registrar of Trade Marks, Trade Marks Registry, Government of India	January 11, 2011

Sl. No.	Description	Registration No.	Date of Registration	Issuing Authority	Validity
95.	JET STEEL JUHTT	983301	January 11, 2001	Registrar of Trade Marks, Trade Marks Registry, Government of India	January 11, 2011
96.	JET WAY JUHTT	983303	January 11, 2001	Registrar of Trade Marks, Trade Marks Registry, Government of India	January 11, 2011
97.	JET STEEL JUHEXP1	983304	January 11, 2001	Registrar of Trade Marks, Trade Marks Registry, Government of India	January 11, 2011
98.	JET TRAK CLASSIC	1035044	August 8, 2001	Registrar of Trade Marks, Trade Marks Registry, Government of India	August 8, 2011
99.	STAR KING	1035165	August 8, 2001	Registrar of Trade Marks, Trade Marks Registry, Government of India	August 8, 2011
100.	COOL WHEELS	1038308	August 20, 2001	Registrar of Trade Marks, Trade Marks Registry, Government of India	August 20, 2011
101.	T-LUG	1154634	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
102.	FLEETTRAILE R	1154635	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
103.	JETTRAK-39 DX	1154636	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
104.	JETTRAK-39	1154637	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
105.	JETTUF-HD	1154638	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
106.	JETTRAK-DX	1154639	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
107.	JETKING-DX	1154560	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
108.	JETTUF	1154641	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
109.	FLEETRIB	1154642	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
110.	POWERTRAK	1154643	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
111.	STARLUG-AX	1154644	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
112.	SAFEWAY-XT	1154646	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
113.	SAFEWAY	1154647	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012

Sl. No.	Description	Registration No.	Date of Registration	Issuing Authority	Validity
114.	SAND CUM HIGHWAY	1154648	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
115.	SAND	1154649	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
116.	ULTIMA-XT	1154640	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
117.	ULTIMA-XP	1154651	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
118.	ULTIMA-210H	1154652	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
119.	ULTIMA-XR	1154653	November 28, 2002	Registrar of Trade Marks, Trade Marks Registry, Government of India	November 28, 2012
120	MEGA DRIVE	652659	April 17, 2008	Registrar of Trade Marks, Trade Marks Registry, Government of India	January 19, 2015

Copyright Registration

We have the following copyrights registered in our name.

Sl No.	Description	Registration No.	Date of Registration	Issuing Authority	Validity
1.	Artistic (JK Logo)	A-13156/75	May 26, 1975	Registrar of Copyrights	For 60 years after the death of the author
2.	Artistic (JK monogram)	A-13215/75	May 30, 1975	Registrar of Copyrights	For 60 years after the death of the author

Pending Applications for Trade Marks Registration/Renewal

1. Application (No. 415465) dated August 12, 2005 has been filed before the Trade Marks Registry, New Delhi for the Registration of Trade Mark "GALAXY".
2. Application (No. 148) dated April 30, 1985 has been filed before the Trade Marks Registry, New Delhi for the Registration of Trade Mark "HI-WAY KING".
3. Application (No. 1690) dated June 19, 1987 has been filed before the Senior Examiner of Trade Marks, New Delhi for the Registration of Trade Mark "MULTI LUG".
4. Application (No. A/13799) dated February 28, 1984 has been filed before the Superintendent of Trade Marks, New Delhi for the Registration of Trade Mark "SKIPPER".
5. Application (No. 588704) dated January 18, 1993 has been filed before the Senior Examiner of Trade Marks, New Delhi for the Registration of Trade Mark "SUPER JET".
6. Application No. (713336) dated May 6, 1996 has been filed before the Trade Marks Registry, New Delhi for the Registration of Trade Mark "JK TYRE STEEL WHEELS".
7. Application (No. 5587) dated July 07, 1999 has been filed before the Asst. Registrar of Trade Marks, New Delhi for the Registration of Trade Mark "JET STEEL - JDS".
8. Application (No. 5589) dated July 07, 1999 has been filed before the Asst. Registrar of Trade Marks, New Delhi for the Registration of Trade Mark "JET WAY - JUH".
9. Application (No. 17300) dated December 5, 2000 has been filed before the Trade Marks Registry, New Delhi for the Registration of Trade Mark "PRAGATI".

10. Application (No. 1730) dated December 5, 2000 has been filed before the Trade Marks Registry, New Delhi for the Registration of Trade Mark "AZAD".
11. Application (No. 17302) dated December 5, 2000 has been filed before the Trade Marks Registry, New Delhi for the Registration of Trade Mark "ULTIMA XPS".
12. Application (No. 17303) dated December 5, 2000 has been filed before the Trade Marks Registry, New Delhi for the Registration of Trade Mark "MACHO".
13. Application (No. 26347) dated April 24, 2001 has been filed before the Trade Marks Registry, New Delhi for the Registration of Trade Mark "JETSTEEL JDS TT".
14. Application (No. 43403) dated November 23, 2001 has been filed before the Trade Marks Registry, New Delhi for the Registration of Trade Mark "JET TRAK PLUS".
15. Application (No. 43402) dated November 23, 2001 has been filed before the Trade Marks Registry, New Delhi for the Registration of Trade Mark "STAR LUG".
16. Application dated August 7, 2001 has been filed before the the Trade Marks Registry, New Delhi for the Registration of Trade Mark "STARTUF".
17. Application (No. 4893) dated November 29, 2002 has been filed before the Trade Marks Registry, New Delhi for the Registration of Trade Mark "SONA TRACTOR TRAILER".
18. Application (No. 1630656) dated December 12, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "AQUASONIC."
19. Application (No. 1633585) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "Jumbo Ace."
20. Application (No. 1633586) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JET-R Miles."
21. Application (No. 1633537) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JET-R Plus."
22. Application (No. 1633588) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JM19."
23. Application (No. 1633589) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETROCK."
24. Application (No. 1633590) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETACE."
25. Application (No. 1633591) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JET STAR."
26. Application (No. 1633592) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JET ONE."
27. Application (No. 1633593 dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JET XTRA."
28. Application (No. 1633594) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETSPEED."
29. Application (No. 1633595) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "STAR NXT."
30. Application (No. 1633596) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "ELANZO CRUSERO."
31. Application (No. 1633597) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "ULTIMA NXT."
32. Application (No. 1633598) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "ZEPHYR."
33. Application (No. 1633599) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "VECTRA."
34. Application (No. 1633600) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "BRUTE TEMPRA."
35. Application (No. 1633601) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "ELANZO SUPRA."
36. Application (No. 1633602) dated December 18, 2007 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "ELANZO."

37. Application (No. D002008007520) dated March 3, 2008 has been filed before the Trade Mark Office, Jakarta, Indonesia for the registration of Trade Mark "JK Tyres."
38. Application (No.D002008007521) dated March 3, 2008 has been filed before the Trade Mark Office, Jakarta, Indonesia for the registration of Trade Mark "VIKRANT."
39. Application (No. 1665773) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "CARGO-TREX."
40. Application (No. 1665772) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "FK-SUPER."
41. Application (No. 1665806) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETPACE EXCEL."
42. Application (No. 1665785) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JET TRAX HD."
43. Application (No. 1665786) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JET LIFT."
44. Application (No. 1665787) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETWAY JTH."
45. Application (No. 1665789) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JEET."
46. Application (No. 1665790) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETROCK XD."
47. Application (No. 1665791) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETKING-10."
48. Application (No. 1665792) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JR-613."
49. Application (No. 1665793) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JET PACE."
50. Application (No. 1665794) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JET POWER D.S."
51. Application (No. 1665795) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETDRIVE-DX."
52. Application (No. 1665796) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETRIB-AX."
53. Application (No. 1665797) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JET-TRAK AX."
54. Application (No. 1665798) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETMILES S."
55. Application (No. 1665799) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETRIB VX."
56. Application (No. 1665800) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETRIB CX."
57. Application (No. 1665801) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETWAY JUC."
58. Application (No. 1665802) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETSTEEL JDC."
59. Application (No. 1665803) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETSTEEL JDO."
60. Application (No. 1665804) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETWAY JUH-2."
61. Application (No. 1665805) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETWAY JUH-3."
62. Application (No. 1665807) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "JETTRAILER AX."
63. Application (No. 1665771) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "KART."

64. Application (No. 1665774) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "LOAD TUF."
65. Application (No. 1665764) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "LTS-36."
66. Application (No. 1665770) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "PRITHVI."
67. Application (No. 1665769) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "STAR-XT."
68. Application (No. 1665768) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "STK-4."
69. Application (No. 1665767) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "SONA H/F."
70. Application (No. 1665766) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "STAR LUG DX."
71. Application (No. 1665765) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "SONA RADIAL."
72. Application (No. 1665781) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "TUFLITE."
73. Application (No. 1665775) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "ULTIMA-XPC."
74. Application (No. 1665782) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "TRAK KING."
75. Application (No. 1665788) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "TRAKTUF DX."
76. Application (No. 1665784) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "TRACTOR TRAILER."
77. Application (No. 1665780) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "BRUTE 4x4."
78. Application (No. 1665779) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "ULTIMA ROYALE."
79. Application (No. 1665778) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "ULTIMA 21OS."
80. Application (No. 1665776) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "ULTIMA SPORT."
81. Application (No. 1665777) dated March 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the registration of Trade Mark "VTL TUF."
82. Application (No. 363030) dated February 23, 2008 has been filed before the Trade Mark Registry, Kolkata for the renewal of registration of Trade Mark "JK Tyre."
83. Application (No. 588705) dated December 1, 2006 has been filed before the Trade Mark Registry, Kolkata for the renewal of registration of Trade Mark "BLAZE."
84. Application (No. 472059) dated February 23, 2008 has been filed before the Trade Mark Registry, Kolkata for the renewal of registration of Trade Mark "GRIP KING.
85. Application (No. 353323) dated June 12, 2007 has been filed before the Trade Mark Registry, Kolkata for the renewal of registration of Trade Mark "JET TRAK."
86. Application (No. 470569B) dated February 14, 2008 has been filed before the Trade Mark Registry, Kolkata for the renewal of registration of Trade Mark "RADIAL KING

STATUTORY AND OTHER INFORMATION

Authority for the Issue

Pursuant to the resolution passed by our Board at its meeting held on July 30, 2007 it has been decided to make the rights offer to the Equity Shareholders of our Company with a right to renounce.

Prohibition by SEBI

Neither our Company, nor the Directors or our Group Companies, or companies with which the Company's 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 have been prohibited from accessing the capital markets under any order or direction passed by SEBI. Further neither the Promoter, our Company or group companies has been declared as wilful defaulters by RBI / Government authorities except as disclosed in the section titled "Risk Factors - Some of our Directors, Promoters and entities forming part of our Group Companies have appeared in the list of willful defaulters by the Credit Information Bureau (India) Limited ("CIBIL") in the past" beginning on page xxiv of this Letter of Offer.

Eligibility for the Issue

Our Company is an existing company registered under the Companies Act whose Equity Shares are listed on the BSE, the NSE and the CSE. We are eligible to offer this Issue in terms of Clause 2.4.1(iv) of the SEBI Guidelines.

Disclaimer Clause

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. LEAD MERCHANT BANKER, AMBIT CORPORATE FINANCE PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER AMBIT CORPORATE FINANCE PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 31, 2007 WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS MORE PARTICULARLY**

REFERRED TO IN THE ANNEXURE, IN CONNECTION WITH THE FINALIZATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID RIGHTS 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, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,**

   WE CONFIRM THAT:

   - **THE DRAFT LETTER OF OFFER FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

   - **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   - **THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE.**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.**

6. **WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.**

7. **WE UNDERTAKE THAT CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE .WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE.**

8. **WE CERTIFY THAT THE REQUIREMENTS OF PROMOTER'S CONTRIBUTION ARE NOT APPLICABLE TO THE ISSUER COMPANY UNDER CLAUSE 4.10.1(C).**

9. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

10. **WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF THE SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE DESIGNATED STOCK EXCHANGE AS MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER NOTE THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SHALL SPECIFICALLY CONTAIN THIS CONDITION.**

11. **WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE – NOT APPLICABLE.**

12. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.**

13. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**

    (a) **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY**

    (b) **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**

THE FILING OF OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER(S) ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT.

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by us or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

The Lead Manager and our 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 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 Kolkata, India only.

Selling Restrictions

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 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.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer had 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. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. No person receiving a copy of this Letter of Offer in any territory other than in India may treat the same as constituting an invitation or offer to him, nor should he in any event use the CAF unless, the relevant territory, such an invitation or offer could lawfully be made to him and the CAF could lawfully be used or dealt with without contravention of any registration or other legal or regulatory requirements. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of Equity Shares or the rights entitlements distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the rights entitlements referred to in this Letter of Offer, unless our Company determines that such actions would not violate applicable legal or regulatory requirements. 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 Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Draft Letter of Offer was filed with SEBI, SEBI Bhavan, C-4G, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, for its observations. SEBI gave its observations on May 7, 2008, pursuant to which, the same was incorporated in the Draft Letter of Offer and the Letter of Offer was filed with the Designated Stock Exchange as per the provisions of the Act.

United States Restrictions

NEITHER THE RIGHTS ENTITLEMENTS NOR THE EQUITY SHARES THAT MAY BE PURCHASED PURSUANT HERETO HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "UNITED STATES" OR THE "U.S.") OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, "US PERSONS" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY SHARES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SHARES OR RIGHTS. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME. NEITHER OUR COMPANY NOR ANY PERSON ACTING ON BEHALF OF OUR COMPANY WILL ACCEPT SUBSCRIPTIONS FROM ANY PERSON, OR THE AGENT OF ANY PERSON, WHO APPEARS TO BE, OR WHO OUR COMPANY OR ANY PERSON ACTING ON BEHALF OF OUR COMPANY HAS REASON TO BELIEVE IS, IN THE UNITED STATES. ANY PERSON DELIVERING A CAF WILL BE DEEMED TO REPRESENT THAT SUCH PERSON HAS NOT VIOLATED ANY U.S. SECURITIES LAWS IN CONNECTION WITH THE EXERCISE. OUR COMPANY IS INFORMED THAT THERE IS NO OBJECTION TO A UNITED STATES SHAREHOLDER SELLING ITS RIGHTS IN INDIA. RIGHTS MAY NOT BE TRANSFERRED OR SOLD TO ANY U.S. PERSON.

European Economic Area Restrictions

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WHICH HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE AT ANY RELEVANT TIME (EACH, A "RELEVANT MEMBER STATE") OUR COMPANY HAS NOT MADE AND WILL NOT MAKE AN OFFER OF THE EQUITY SHARES TO THE PUBLIC IN THAT RELEVANT MEMBER STATE PRIOR TO THE PUBLICATION OF A PROSPECTUS IN RELATION TO THE EQUITY SHARES WHICH HAS BEEN APPROVED BY THE COMPETENT AUTHORITY IN THAT RELEVANT MEMBER STATE OR, WHERE APPROPRIATE, APPROVED IN ANOTHER RELEVANT MEMBER STATE AND NOTIFIED TO THE COMPETENT AUTHORITY IN THAT RELEVANT MEMBER STATE, ALL IN ACCORDANCE WITH THE PROSPECTUS DIRECTIVE, EXCEPT THAT IT MAY, WITH EFFECT FROM AND INCLUDING THE RELEVANT IMPLEMENTATION DATE, MAKE AN OFFER OF EQUITY SHARES TO THE PUBLIC IN THAT RELEVANT MEMBER STATE AT ANY TIME:

(A) TO LEGAL ENTITIES WHICH ARE AUTHORIZED OR REGULATED TO OPERATE IN THE FINANCIAL MARKETS OR, IF NOT SO AUTHORIZED OR REGULATED, WHOSE CORPORATE PURPOSE IS SOLELY TO INVEST IN SECURITIES;
(B) TO ANY LEGAL ENTITY WHICH HAS TWO OR MORE OF (1) AN AVERAGE OF AT LEAST 250 EMPLOYEES DURING THE LAST FINANCIAL YEAR; (2) A TOTAL BALANCE SHEET OF MORE THAN €4,30,00,000 AND (3) AN ANNUAL NET TURNOVER OF MORE THAN €5,00,00,000, AS SHOWN IN ITS LAST ANNUAL OR CONSOLIDATED ACCOUNTS; OR
(C) IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE.

FOR THE PURPOSE OF THIS PROVISION, THE EXPRESSION AN "OFFER OF EQUITY SHARES TO THE PUBLIC" IN RELATION TO ANY EQUITY SHARES IN ANY RELEVANT MEMBER STATE MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE EQUITY SHARES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE FOR THE EQUITY SHARES, AS THE SAME MAY BE VARIED IN THAT MEMBER STATE BY ANY MEASURE IMPLEMENTING THE PROSPECTUS DIRECTIVE IN THAT MEMBER STATE AND THE EXPRESSION "PROSPECTUS DIRECTIVE" MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN EACH RELEVANT MEMBER STATE. THIS EUROPEAN ECONOMIC AREA SELLING RESTRICTION IS IN ADDITION TO ANY OTHER SELLING RESTRICTION SET OUT BELOW.

United Kingdom Restrictions

THIS DOCUMENT IS ONLY BEING DISTRIBUTED TO AND IS ONLY DIRECTED AT (I) PERSONS WHO ARE OUTSIDE THE UNITED KINGDOM OR (II) TO INVESTMENT PROFESSIONALS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER") OR (III) HIGH NET WORTH ENTITIES, AND OTHER PERSONS TO WHOM IT MAY LAWFULLY BE COMMUNICATED, FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THE EQUITY SHARES ARE ONLY AVAILABLE TO, AND ANY INVITATION, OFFER OR AGREEMENT TO SUBSCRIBE, PURCHASE OR OTHERWISE ACQUIRE SUCH EQUITY SHARES WILL BE ENGAGED IN ONLY WITH, RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of this Issue will be the BSE.

Disclaimer Clause of the BSE

The Bombay Stock Exchange Limited (the "exchange") has given vide its letter dated January 21, 2008 permission to our Company to use the exchange's name in this Letter of Offer as one of the Stock Exchanges on which this Company's securities are proposed to be listed. The exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The exchange does not in any manner: (i) warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or (ii) warrant that this Company's securities will be listed or will continue to be listed on the exchange; or (iii) take any responsibility for the financial or other soundness of this Company, its Promoter, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of this Letter of Offer has been submitted to National Stock Exchange of India Limited (the "NSE"). NSE has given vide its letter Ref No. NSE/LIST/65163-K dated January 23, 2008 permission to the Issuer to use the Exchange's name in this Letter of Offer as one of the Stock Exchanges on which the Issuer's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Letter of Offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; nor does it warrant that the Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Issuer, its Promoter, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquires any securities of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer clause of CSE

The Calcutta Stock Exchange Association Limited, vide its letter no. CSEA/LD/047/2008 dated January 29, 2008, has given its permission to the Company to use the name of the exchange in the Offer Document as a Non-Designated Stock Exchange on which the Company's further securities are proposed to be listed. The exchange has scrutinized this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company.

The exchange does not in any manner:

(i) warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or

(ii) warrant that the Company's securities will be listed or will continue to be listed on this Exchange; or

(iii) take any responsibility for the financial or other soundness of this Company, its promoters, management or any scheme or project of this Company;

and it should not be, in any reason be deemed or construed that this Letter of Offer has been cleared or approved by the exchange. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted in the Offer Document or any other reason whatsoever.

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act which is reproduced below:

"*Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing 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*"

Filing

The Draft Letter of Offer has been filed with SEBI at SEBI Bhavan, Plot no. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. The Draft Letter of Offer has also been filed with the BSE, the NSE and the CSE. All legal requirements applicable till the date of filing the Letter of Offer with the Stock Exchanges have been complied with.

Dematerialised dealing

We have entered into agreements dated September 2, 1999 and March 14, 2000 with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited respectively, and our Equity Shares bear the ISIN No. INE573A01034.

Listing

The existing Equity Shares are listed on the BSE, the NSE and the CSE. Our Company has made applications to the BSE, NSE and CSE 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. Our Company has received in-principle approvals from BSE, NSE and CSE by letters dated January 21, 2008, January 23, 2008 and January 29, 2008, respectively. We shall apply to the BSE, NSE and CSE for listing of the Equity Shares to be issued pursuant to this Issue.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, within 42 days from the Issue Closing Date, our 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 eight days after our Company becomes liable to repay it, then our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the section 73 of the Act.

Consents

Consents in writing of the Auditor's, Lead Manager, Legal Advisor's, Registrar to the Issue, Bankers to our Company, Banker to the Issue and IDBI (as project appraiser) to act in their respective capacities have been obtained and filed with SEBI, along with a copy of the Draft Letter of Offer and such consents have not been withdrawn up to the time of delivery of this Letter of Offer for registration with the stock exchanges.

M/s Lodha & Co., the Auditors of our 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.

M/s Lodha & Co. have given their written consent for inclusion of tax benefits in the form and content as appearing in this Letter of Offer, accruing to our Company and its members.

To the best of our Company's knowledge there are no other consents required for making this Issue. However, should the need arise, necessary consents shall be obtained by our Company.

Expert Opinion, if any

Except in the sections titled "Financial Statements", "Statement of General Tax Benefits" and "Objects of the Issue" on page 143, 48 and 38 of this Letter of Offer, no expert opinion has been obtained by our Company in relation to this Letter of Offer.

Expenses of the Issue

The expenses of the Issue payable by our Company including brokerage, fees and reimbursement to the Lead Manager, Auditor's, Legal Advisors, Registrar to the Issue, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses are estimated at Rs. 2.71 crore (around 3.11% of the total Issue size) and will be met out of the proceeds of the Issue.

Rs. In Crore

Activity	Expenses
Advisors fees	1.56
Advertising and marketing expenses	0.80
SEBI filing and stock exchange listing fees	0.07
Postage, printing and stationery	0.25
Other (Registrar's fees and contingencies)	0.03
Total estimated Issue expenses	**2.71**

Fees Payable to the Lead Manager to the Issue

The fees payable to the Lead Manager to the Issue are set out in the engagement letters issued by our Company to the Lead Manager and the Memorandum of Understanding entered into by the Company with the Lead Manager, copies of which are available for inspection at the registered office of the Company.

Fees Payable to the Registrar to the Issue

The fee payable to the Registrar to the Issue is as set out in the relevant documents, copies of which are available for inspection at the Registered Office of our Company.

Previous Issues by our Company

Our Company has not undertaken any previous public or rights issue during the last five years.

Year of listing on the Stock Exchange

The Equity Shares of our Company were listed in 1975 on the BSE and the CSE. Thereafter, the Equity Shares were listed on the NSE in 2004.

Issues for consideration other than cash

Our Company has not issued Equity Shares for consideration other than cash or out of revaluation reserves, other than issuances mentioned in the section "Capital Structure" on page 22 of the Letter of Offer.

Outstanding Debentures or Bonds and Preference Shares

Our Company has not issued any debentures, bonds or preference shares other than those mentioned in the sections on "Capital Structure" and "Financial Indebtedness" on pages 22 and 224 of the Letter of Offer

Option to Subscribe

Other than the present Issue, our Company has not given any person any option to subscribe to the Equity Shares of our Company.

Stock Market Data for Equity Shares

As our Company's shares are listed on the BSE, the CSE and the NSE, our Company's stock market data has been given separately for each of these Stock Exchanges.

The high and low closing prices recorded on the BSE, CSE and NSE for the preceding three years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

BSE

Year ending September 30	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
2005	127.75	August 22, 2005	3,14,830	57.10	November 1, 2004	1,06,971	92.43
2006	137.55	September 14, 2006	5,36,197	68.80	June 8, 2006	22,545	103.18
2007	158.75	July 31, 2007	2,09,568	105.05	April 2, 2007	23157	131.90

The average price for the year is the average of high and low prices of that year.

NSE

Year ending September 30	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
2005	128.10	August 30, 2005	1,02,501	57.00	November 1, 2004	9,373	92.55
2006	137.25	September 14, 2006	3,79,630	66.60	June 8, 2006	22,391	101.93
2007	157.65	July 31, 2007	1,80,990	104.60	April 4, 2007	9,461	131.13

The average price for the year is the average of high and low prices of that year.

CSE

Year ending September 30	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
2005	103.1	March 4, 2005	8000	103.1	March 4, 2005	8000	103.1
2006	128.8	January 24, 2006	27930	96.5	August 3, 2006	13000	112.65
2007	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

The average price for the year is the average of high and low prices of that year.

The high and low prices and volume of Equity Shares traded on the respective dates during the last six months is as follows:

BSE

Month, Year	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (Rs.)
January 2008	195.00	January 3, 2008	1,10,426	114.85	January 22, 2008	15,717	154.93
February 2008	149.00	February 27, 2008	7,706	116.10	February 13, 2008	30,099	132.55

Month, Year	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (Rs.)
March 2008	141.75	March 3, 2008	7,018	104.00	March 24, 2008	25,388	122.88
April 2008	134.90	April 30, 2008	58,404	111.60	April 1, 2008	16,966	123.25
May 2008	153.00	May 6, 2008	1,08,832	120.00	May 30, 2008	8,732	136.50
June 2008	124.90	June 16, 2008	5,675	92.00	June 30, 2008	27,485	108.45

* In the event the high and low price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this section.
The average price for the month is the average of high and low prices of that month.

NSE

Month, Year	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (Rs.)
January 2008	198.00	January 3, 2008	1,75,349	110.30	January 25, 2008	21,874	154.15
February 2008	148.00	February 27, 2008	43,146	103.65	February 12, 2008	14,776	125.83
March 2008	147.00	March 3, 2008	14,248	86.60	March 25, 2008	24,539	116.80
April 2008	134.90	April 30, 2008	83,851	93.65	April 8, 2008	11,324	114.28
May 2008	153.10	May 6, 2008	1,93,966	118.10	May 30, 2008	26,760	135.60
June 2008	121.95	June 2, 2008	23,898	92.15	June 30, 2008	36,931	107.05

* In the event the high and low price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this section.
The average price for the month is the average of high and low prices of that month.

CSE

There has been no trading on the CSE in the last six months.

The cum-right market price was Rs. 94.15 on BSE on June 30, 2008, the trading day immediately following the day on which Board meeting was held to finalize the offer price for the Issue.

The cum-right market price was Rs. 94.30 on NSE on June 30, 2008, the trading day immediately following the day on which Board meeting was held to finalize the offer price for the Issue.

There has been no trading on CSE on June 30, 2008, the trading day immediately following the day on which Board meeting was held to finalize the offer price for the Issue.

Equity Shares of the Company started trading ex-rights with effect from July 7, 2008. Closing ex-rights market price of equity shares of face value of Rs.10/- of the Company as on July 7, 2008 on BSE was Rs. 82.80 and on NSE was Rs. 82.35.

There have not been any transactions in Equity Shares by the Promoter, the Promoter Group and directors of our Promoter, Ashim Investment Company Limited during the last six months from the date of filing of the Draft Letter of Offer till date apart from those mentioned in the section titled "Capital Structure" on page 22 of the Letter of Offer.

Important

- This Issue is pursuant to the resolution passed by the Board of Directors at its meeting held on July 30, 2007.
- This Issue is applicable to those 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 our Company at the close of business hours on the Record Date i.e. July 14, 2008, after giving effect to the valid share transfers lodged with our Company upto the Record Date i.e. July 14, 2008.
- Your attention is drawn to the section entitled 'Risk Factors' appearing on page ix of this Letter of Offer.
- Please ensure that you have received the Composite Application Form ("CAF") with this Letter of Offer.
- Please read the 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 each an integral part of this Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.
- All enquiries in connection with the Letter of Offer or CAF should be addressed to the Registrar to the Issue, quoting the Registered Folio number/ DP and Client ID number and the CAF numbers as mentioned in the CAF.
- All information shall be made available to the Investors by the Lead Manager and the Issuer, and no selective or additional information would be available by them for any section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports, etc.
- The Lead Manager and our Company shall update the Letter of Offer and keep the public informed of any material changes till the listing and trading commences.

Issue Schedule

Issue Opening Date:	**August 4, 2008**
Last date for receiving requests for split forms:	August 18, 2008
Issue Closing Date:	September 2, 2008

Our Board may however decide to extend the issue period as it may determine from time to time but not exceeding 60 days from the Issue Opening Date.

Allotment Letters / Refund Orders

Our 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 42 days from the date of closure of the Issue. If such money is not repaid within eight days from the day our Company becomes liable to pay it, our Company shall pay that money with interest as stipulated under Section 73 of the Companies Act.

Applicants residing at 68 centers where clearing houses are managed by the Reserve Bank of India (RBI), State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur will get refunds through ECS only (Electronic Clearing Service) except where Applicants are otherwise disclosed as applicable/eligible to get refunds through direct credit, NEFT 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, and 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 the Issue.

In case of those Applicants who have opted to receive their Rights Entitlement in physical form and our Company issues letter(s) 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 further details see the section titled 'Terms of the Issue - Letters of Allotment/ Share Certificates/Demat Credit' on page 335 of this 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.

Promise v. Performance

1. Our Company

The details of the last three securities issues made by our Company are set forth below.

Sr. No.	Nature of the issue	Amount (in crore)	Objects of the issue	Performance
1.	Initial public offer of 40,30,000 equity shares and 75,000 redeemable cumulative preference shares in 1975	Rs. 4.78	To part finance the installation and implementation of a tyre and tube plant at Kankroli, Rajasthan.	The amounts raised from the issue were applied to the objects of the issue.
2.	Rights issue of 13,11,667 Equity Shares in 1976	Rs. 1.31	To finance the over-run in the project cost for installation and implementation of the tyre and tube plant at Kankroli, Rajasthan.	Out of rights issue of 13,11,667 Equity Shares, 10,91,675 Equity Shares were allotted and the proceeds of this allotment were applied to the objects of the issue.
3.	Rights issue of	Rs. 257.66	To part finance radial tyres	The amounts raised

Sr. No.	Nature of the issue	Amount (in crore)	Objects of the issue	Performance
	91,27,201 Equity Shares and 48,75,306 secured partly convertible debentures in 1993		capacity expansion at Kankroli, expansion scheme at Banmore, pig iron project, semi-synthetic cephalosporins project and to finance rehabilitation of the Central Pulp Mills Limited, investment in J.K. Pharmachem Limited, augmentation of long term resources.	from the issue were applied to the objects of the issue except the amount raised for pig iron project which was abandoned and the issue proceeds for the pig iron project was utilized for a tyre expansion project at Banmore, Madhya Pradesh.

2. Group Companies

Sr. No.	Nature of the issue	Amount (in crore)	Objects of the issue	Performance
1.	Rights issue of 98,00,000 equity shares by Ashim Investment Company Limited in 1993	Rs. 9.80	To augment investible surplus.	The amounts raised from the issue were applied to the object of the issue.
2.	Public issue of 21,75,000 16% secured partly convertible redeemable debentures by JK Pharmachem Limited in 1994	Rs. 47.85	To finance a manufacturing project of 1250 MMU of pencillin G at Tamil Nadu	The amounts raised from the issue were applied to the object of the issue.
3.	Rights issue of 89,20,367 equity shares, 45,61,138 secured partly convertible debentures and 47,50,949 secured non-convertible debentures with detachable warrants by JK Lakshmi Cement Limited (earlier known as Straw Products Limited) in 1992	Rs. 268.99	To part finance cement expansion-cum-modernization project, expansion of paper mill, takeover and rehabilitation of the Central Pulp Mills Limited and to raise resources for investment and other expenses.	The amounts raised from the issue were applied to the object of the issue.
4.	Public issue of 82,57,000 equity shares and 27,50,000 secured redeemable partly convertible debentures by Udaipur Cement Works Limited in 1995	Rs. 66.02	To repay short term loans, pay off purchase consideration to Bajaj Hindustan Limited for acquisition of Udaipur Cement Works, to meet capital expenditure for modernization and debottlenecking through installation of balancing equipments and other expenses.	The amounts raised from the issue were applied to the object of the issue.

Sr. No.	Nature of the issue	Amount (in crore)	Objects of the issue	Performance
5.	Public issue of 17,60,000 equity shares and 32,50,000 15% secured redeemable partly convertible debentures by Umang Dairies Limited (earlier known as JK Dairies and Foods Limited) in 1994	Rs. 9.88	To part finance the milk processing project to manufacture dairy whitener, ghee and whey powder.	The amounts raised from the issue were applied to the object of the issue.
6.	Rights issue and to the employees (including Indian working directors) of 37,80,000 equity shares by Nav Bharat Vanijya Limited in 1992	Rs. 3.78	To meet the requirement of funds for expansion of the existing business.	The amounts raised from the issue were applied to the objects of the issue.
7.	Rights issue of 98,00,000 equity shares by Pranav Investment (M.P.) Co. Limited in 1993	Rs. 9.80	To augment investible surplus.	The amounts raised from the issue were applied to the objects of the issue.

Investor Grievances and Redressal System

We have adequate arrangements for redressal of investor complaints and a well-arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for our Company is being handled by our registrar and share transfer agent. Letters are filed category wise after having been attended to. Redressal norm for response time for all correspondence including shareholders complaints is one to 15 days, depending on the nature of the grievance.

The contact details of the Registrar to the Issue are set forth below.

Alankit Assignments Limited
Alankit House
2E/21, Jhandewalan Extension
New Delhi 110 055
Tel.: +91 11 2354 1234
Fax: +91 11 2355 2001
Email: info@alankit.com
Website: www.alankit.com

Status of Complaints

(a) No. of shareholders complaints as of March 31, 2008: Nil
(b) Total number of complaints received during last financial year (2006-2007): Five
(c) Total number of complaints received during current financial year (October 1, 2007 to June 20, 2008): Two
(d) Status of the complaints received during last financial year (2006-2007): All the five complaints received in Fiscal 2007 have been resolved.
(e) Current status of the complaints received during the current financial year (Until June 20, 2008): Both the complaints have been resolved.

(e) Time normally taken for disposal of various types of investor grievances: One to 15 days, depending on the nature of the grievance.

Investor Grievances arising out of this Issue

Our Company's investor grievances arising out of the Issue will be handled by Mr. P. K. Rustagi, Company Secretary and Compliance Officer and Alankit Assignments Limited, Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between our Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of letter of allotment/ share certificate / warrant/ refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, email address of the first applicant, number and type of shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 15 days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the Investor grievances in a time bound manner.

Investors may contact the Compliance Officer / Company Secretary in case of any pre-Issue/ post - Issue related problems such as non-receipt of letters of allotment/share certificates/demat credit/refund orders, etc. His address is as follows:

Mr. P. K. Rustagi
Gulab Bhawan,
6A, Bahadur Shah Zafar Marg,
New Delhi 110 002
Tel.: +91 11 23311112-5 (Extn 163)
Fax: +91 11 23739475, 23716670
Email: pkrustagi@jkmail.com

Changes in Auditors during the last three years

Our Company has not changed its Statutory Auditor in the last three years.

Capitalisation of Reserves or Profits

Our Company has not capitalized any of its reserves or profits for the last five years other than those mentioned in the section titled "Capital Structure" on page 22 of the Letter of Offer.

Revaluation of Fixed Assets

There has been no revaluation of our Company's fixed assets for the last five years.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue for the Equity Shares, the entire subscription shall be refunded to the applicants within 42 days from the date of closure of the Issue. If there is delay in the refund of subscription beyond eight days after the date from which our Company becomes liable to pay the subscription amount, our 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.

Additional Subscription by the Promoter

The Promoters have confirmed that they intend to subscribe to the full extent of their entitlement in the Issue. The Promoter Group entities have reserved their right to subscribe to their entitlement in this Issue, either by themselves or through renunciation, if any, to other Promoter Group entities including Promoters, subject to compliance with applicable laws. Ashim Investment Company Limited, one of our Promoters, has provided an undertaking, dated October 30, 2007, to our Company to apply for additional Equity Shares in the Issue, to the extend of any unsubscribed portion of the Issue. As a result of this subscription and consequent allotment, Ashim Investment Company Limited may acquire shares over and above its 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, if allotted to the Ashim Investment Company Limited 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)(ii) of the Takeover Code. Further this acquisition will not result in change of control of management of our Company. Additionally, pursuant to a proposed Scheme of Amalgamation, Ashim Investment Company Limited will be amalgamated with Bengal & Assam Company Limited, in the event the Scheme becomes effective. However, pursuant to an undertaking dated February 22, 2008, Bengal & Assam Company Limited has undertaken to subscribe to the unsubscribed portion of the Issue, if any, in case Ashim Investment Company Limited is merged with Bengal & Assam Company Limited which has also been aproved by the board of directors of Bengal & Assam Company Limited pursuant to its board resolution dated February 22, 2008.

For further details please refer to section titled "Terms of the Issue – Basis of Allotment" beginning on page 332 of this Letter of Offer.

SECTION VII – ISSUE INFORAMTION

TERMS OF THE ISSUE

The Equity Shares proposed to be issued on rights basis, are subject to the terms and conditions contained in this Letter of Offer, the enclosed Composite Application Form ("CAF"), the Memorandum and Articles of Association of our 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, the Reserve Bank 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 resolution passed by our Board under Section 81(1) of Act at its meeting held on July 30, 2007.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders of our Company whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in dematerialized form and on the Register of Members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, i.e., July 14, 2008, fixed in consultation with the Designated Stock Exchange, BSE.

The Equity Shares are being offered for subscription in the ratio of one Equity Share for every three Equity Shares held by the Equity Shareholders on the Record Date.

Fractional Entitlements

For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than three Equity Shares or is not in the multiple of three, the fractional entitlement of such holders shall be ignored. Shareholders whose fractional entitlements are being ignored, would be given preference of one additional Equity Share each, if they apply for additional Equity Shares. For example, if an Equity Shareholder holds between three and six Equity Shares, he/she will be entitled to one Equity Share on rights basis. He/she will also be given a preference for allotment of one additional Equity Share if he/she has applied for the same.

Those equity shareholders holding less than three Equity Shares and therefore are entitled to zero Equity Shares under the Issue, shall be dispatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Equity Shares, however they cannot renunciate the same to third parties. CAF with zero entitlement shall be non negotiable / non renunciable. For example, if an Equity Shareholder holds between one and two Equity Shares, he/she will be entitled to nil Equity Share on a rights basis.

Principal Terms and Conditions of the Issue

Face Value

- Each Equity Share will have the face value of Rs. 10

Issue Price

- Each Equity Share is being offered at a price of Rs. 85 (including a premium of Rs. 75)

Full amount of Rs. 85 per Equity Share is payable on application. The payment towards the Equity Share will be as under:

- Rs. 10 per Equity Share: Towards share capital
- Rs. 75 per Equity Share: Towards share premium account.

Rights Entitlement Ratio

As your name appears as beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder of our Company as on July 14, 2008 i.e. Record Date, you are entitled to the number of Equity Shares as set out in Part A of the enclosed CAF.

The Equity Shares are being offered on a rights basis to the existing Equity Shareholders of our Company in the ratio of 1 Equity Share for every 3 Equity Shares held as on Record Date.

Only upon receipt of the aforesaid details Rights Entitlement of the claimants shall be determined.

Rights of the Equity Shareholder

The Equity Shares allotted in this Issue shall rank *pari-passu* with the existing Equity Shares in all respects including dividend. Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles of Association.

For a detailed description of the main provisions of our Company's Articles of Association dealing with voting rights, dividends, forfeiture, lien, transfer and transmission, and/or consolidating/splitting, see the section titled "Main Provisions of Articles of Association" on page 343 of this Letter of Offer.

Listing and trading of Equity Shares proposed to be issued

The Company's existing Equity Shares are currently traded on the BSE, the CSE and the NSE under the ISIN No. INE573A01034. The fully paid up Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE, the CSE and the NSE under the existing ISIN for fully paid Equity Shares of our Company. The fully paid up Equity Shares allotted pursuant to this Issue will be listed as soon as practicable but in no case later than 7 days from the date of allotment. Our Company has made an application for "in-principle" approval for listing of the Equity Shares in accordance with applicable provisions of the Listing Agreements with the Stock Exchanges through letters dated December 31, 2007 and has received such approval from the BSE, NSE and CSE on January 21, 2008, January 23, 2008 and January 29, 2008.

Electronic Clearing Service for Payment of dividend

Our Company offers Electronic Clearing Service facility to its shareholders. The RBI has introduced the concept of Electronic Clearing Service through the clearing house to obviate the need for issuing and handling paper instruments and thereby facilitates improved customer service. This facility will be available in 68 cities where RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur provides such a facility. Our Company will then be able to credit the dividend amount to the investor's account with the concerned bank

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 mandatorily required to be given 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. Our 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 our Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one Bengali daily newspaper with wide circulation and/or, will be sent by ordinary post / registered post / speed post to the registered holders of the Equity Share from time to time.

Market lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is 1 (one) share. In case of holding of Equity Shares in physical form, our Company would issue to the allottees one (1) certificate for the Equity Shares allotted to one (1) folio ("Consolidated Certificate"). In respect of the Consolidated Certificate, our Company will, upon receipt of a request from the Equity Shareholder, split such Consolidated Certificate into smaller denomination within six (6) weeks time from the receipt of request of the Equity Shareholder. No fee would be charged by our Company for splitting the Consolidated Certificate.

Joint holders

Where two or more persons are registered as the holders of any Equity Shares they shall be deemded to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association.

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.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the 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 our Company or such other person at such addresses as may be notified by our 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 our Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depositary Participant ("DP") of the applicant would prevail. Any applicant desirous of changing the existing nomination is requested to inform its respective DP.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue for the Equity Shares, on the date of closure of the Issue or the subscription level falls below 90% after the closure of the Issue on account of cheques having being returned unpaid or withdrawal of applications, 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 our Company becomes liable to pay the subscription amount (i.e. forty two days after closure of the issue), our Company will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

Additional Subscription by the Promoter

The Promoters have confirmed that they intend to subscribe to the full extent of their entitlement in the Issue. The Promoter Group entities have reserved their right to subscribe to their entitlement in this Issue, either by themselves or through renunciation, if any, to other Promoter Group entities including Promoters, subject to compliance with applicable laws. Ashim Investment Company Limited, one of our Promoters, has provided an undertaking, dated October 30, 2007, to our Company to apply for additional Equity Shares in the Issue, to the extend of any unsubscribed portion of the Issue. As a result of this subscription and consequent allotment, Ashim Investment Company Limited may acquire shares over and above its 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, if allotted to the Ashim Investment Company Limited 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)(ii) of the Takeover Code. Further this acquisition will not result in change of control of management of our Company. Additionally, pursuant to a proposed Scheme of Amalgamation, Ashim Investment Company Limited will be amalgamated with Bengal & Assam Company Limited, in the event the Scheme becomes effective. However, pursuant to an undertaking dated February 22, 2008, Bengal & Assam Company Limited has undertaken to subscribe to the unsubscribed portion of the Issue, if any, in case Ashim Investment Company Limited is merged with Bengal & Assam Company Limited which has also been aproved by the board of directors of Bengal & Assam Company Limited pursuant to its board resolution dated February 22, 2008.

For further details please see the section titled "Terms of the Issue – Basis of Allotment" beginning on page 332 of this 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 / notification No. FEMA 20/200-RB dated May 3, 2000. 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 existing Equity Shares against which the new Equity Shares are issued pursuant to this Issue.

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. Further, the RBI in its Master Circular dated July 1, 2007 has stated that OCBs are not permitted to subscribe to equity shares of Indian companies on rights basis under the automatic route. OCBs shall not be eligible to subscribe to the Equity Shares pursuant to this Letter of Offer unless they obtain the prior approval of the RBI in this regard. Thus, OCBs desirous of participating in this Issue must obtain prior approval from the RBI. On providing such approval to our Company at its registered office, the OCB shall be entitled to receive the Letter of Offer and the CAF.

Letter of offer and CAF shall be dispatched to non-resident Equity Shareholders in India only. In case the registered address of the non-resident equity shareholders is not in India, the Letter of Offer and the CAF shall be dispatched to the Indian addresses supplied by the non-resident equity shareholders to the Company.

No Offer in the United States

The rights and the shares of our Company have not been and will not be registered under Securities Act or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Letter of Offer are being offered in India, but not in the United States. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said shares or rights. Accordingly, this Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company, the Lead Manager nor any person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is, in the United States. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States, and all persons subscribing for Equity Shares and wishing to hold such shares in registered form must provide an address for registration of the Equity Shares in India. Our Company is making this Issue of Equity Shares on a rights basis only to the shareholders of our Company who have an Indian address. Any person who acquires rights or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the rights entitlements, it will not be, in the United States.

Procedure for Application

The CAF would be printed in black ink for all Equity Shareholders. 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, 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 may obtain a copy of the CAF from the Registrar to the Issue, from their office located at Alankit House, 2E/21, Jhandewalan Extension, New Delhi 110 055, 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 of the collecting banks 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 of Directors of our Company in this regard. Applicants at centers not covered by the branches of collecting banks can send their CAF together with the cheque/demand draft 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.

Option available to the Equity Shareholders

The CAF 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;
- Rennounce his entitement in full to one or more than one person.

Renouncees 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 and, 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 made at the sole discretion of our Board, in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section entitled 'Terms of the Issue – Basis of Allotment' beginning on page 332 of this Letter of Offer. The renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

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. Renouncees 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 authorised under its constitution/bye laws to hold equity shares in a company and cannot be a partnership firm having more than three persons including joint-holders, HUF, 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 Letter of Offer could be illegal or require compliance with securities laws of such jurisdiction or any other persons not approved by our 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)/renouncee(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 derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of our Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of renouncees shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

Your attention is drawn to the fact that our Company shall not allot and/or register any Equity Shares in favour of:

- More than three persons in case of 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 the Trusts Act, 1882, as applicable, and is authorized under its constitution to hold shares of a company);

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(s) 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 our Company of the person(s) applying for Equity Shares in Part 'C' of the CAF to receive allotment of such Equity Shares. The renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part 'A' of the CAF must not be used by the renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to a shareholder in favour of one renouncee

If you wish to renounce the Equity Shares offered pursuant to this Issue and as indicated in Part ‘A’ of the CAF, in whole, please complete Part ‘B’ of the CAF. In case of joint holding, all joint holders must sign Part ‘B’ of the CAF. The person in whose favour renunciation has been made should complete and sign Part ‘C’ of the CAF. In case of joint renouncees, all joint renouncees must sign Part ‘C’ of the CAF.

To renounce in part or to renounce the whole to more than one person(s)

If you wish to either accept the Equity Shares offered pursuant to this Issue in part and renounce the balance Equity Shares or renounce all the Equity Shares offered pursuant to this Issue in favour of two or more renouncees, the CAF must be first split into the 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 our Company, the application is liable to be rejected.

Renouncee(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 in full.

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.

However, this right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the request for allotment from the renounce(s) without assigning any reason thereof.

Instructions for options

Please note that:

- Part ‘A’ of the CAF must not be used by any person(s) other than the Equity Shareholder to whom this Letter of Offer has been addressed. If used, this will render the application invalid.
- Request by the applicant for the split application form should reach our Company on or before August 18, 2008.
- Only the Equity Shareholder to whom this Letter of Offer has been addressed shall be entitled to renounce and to apply for split application forms. Forms once split cannot be split further.
- 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 by filling in the enclosed CAF provided by our 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 our Company at any offices except for postal applications as per instructions given elsewhere in this 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 renouncees
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 pursuant to this Issue shall, *inter alia*, be subject to the conditions as may be imposed from time to time by the RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/ certificates/ payment of dividends.

This Letter of Offer and the enclosed CAF shall be dispatched to non-resident Equity Shareholders in India only.

Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Additional Equity Shares

You are entitled 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, without renouncing them in whole or part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be in the manner prescribed under the section titled "Terms of the Issue – Basis of Allotment" beginning on page 332 of this Letter of Offer.

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 Stock Exchanges.

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 of your entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (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 (All joint holders must sign)
D.	Renounce your entitlement in full to one person (Joint renouncees not exceeding three are considered as one renouncee).	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 renouncee. The renouncees must fill in and sign Part C of the CAF (All joint renouncees must sign)
E.	Accept a part of your entitlement and renounce the balance or part of it to one or more renouncee(s) (Joint renouncees are deemed as one person)	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. On receipt of the Split Form take action as indicated below. (i) For the Equity Shares you wish to accept, if any, fill in and sign Part A of one split CAF. (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 renouncees. iii) Each of the renouncees should fill in and sign Part C for the Equity Shares accepted by them. (iv) Send the entire CAF to the Registrar to the Issue
F.	Renounce your entitlement to all the Equity Shares offered to you or part of it to more than one renouncee(s) (Joint renouncees are deemed as one person).	Follow the procedure stated in (E) above for obtaining the required number of Split Application Forms and on receipt of Split Application Forms follow the procedure as stated in (E) (ii), (iii) and (iv) above
G.	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 renouncees must fill in and sign Part C.

Applications for Equity Shares should be made only by way of the CAF, which is provided by our 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(s) to the Issue at its collecting branches mentioned on the reverse of the CAF on or before the Issue Closing Date. Non-resident shareholders/renouncees should forward their applications to the Banker(s) 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 the Issue 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 collection centres have been opened should send their completed CAF by registered post/speed post to the Registrar to the Issue, Alankit

Assignments Limited, along with bank drafts payable at New Delhi, net of demand draft and postal charges in favour of "JKTIL – Rights Issue – R" crossed "A/c Payee only" so that the same are received on or before the Issue Closing Date

Our 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 our 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 our 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 number and his/ her full name and address to the Registrar to the Issue by August 18, 2008. 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. If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications.

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 payable at New Delhi, net of bank and postal charges, which should be drawn in favour of "JKTIL – Rights Issue – R" in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of "JKTIL – Rights Issue – NR" 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. The envelope should be superscribed "JK Tyre & Industries Limited- Rights Issue" in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of "JKTIL – 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 form as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being JK Tyre & Industries Limited.
- Name and address of the Equity Shareholder including joint holders
- Registered Folio Number/ DP ID No., DP name and Client ID No
- Number of shares held as on the Record Date
- Certificate numbers and distinctive numbers, if held in physical form.
- Number of Rights Equity Shares entitled
- Number of Rights Equity Shares applied for, out of the entitlement
- Number of additional Equity Shares applied for, if any
- Total number of Equity Shares applied for

- Total amount paid on application at the rate of Rs. 85 per Equity Share
- Allotment option either in physical or demat mode.
- Particulars of cheque/demand draft
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order
- PAN number, Income Tax Circle/Ward/District
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company
- If payment is made by a draft purchased from NRE / FCNR / NRO Acount No., as the case may be, an account debit certificate from the bank issuing the draft, confirming that the draft has been isued by debiting NRE / FCNR / NRO Account.

Payments in such cases, should be through a cheque/ demand draft payable at New Delhi be drawn in favor of "JKTIL – Rights Issue - R" in case of resident shareholders and non-resident shareholders applying on non repatriable basis and in favour of "JKTIL – Rights Issue - NR" in case of non-resident shareholders applying on repatriable basis. All cheques/ demand drafts should be marked with payment to "A/c Payee Only".

Please note that those who are making the application otherwise than on an original CAF shall not be entitled to renounce their rights and should not utilize the 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. Our 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 September 2, 2008. The Issue will be kept open for a minimum of 30 (thirty) days and our 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 our Board/ Committee of Directors, the offer contained in this Letter of Offer shall be deemed to have been declined and our Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the section "Basis of Allotment".

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR 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 "JKTIL – Rights Issue – R"and marked 'A/c Payee only'

- Applicants residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their applications together with a demand draft of an amount net of bank and postal charges, equivalent to the full amount of the applicable money favouring "JKTIL – Rights Issue – R" 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. Our 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 "JKTIL – 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 non-residents 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. Our 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 are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in 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 "JKTIL – Rights Issue – R" 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. Payment by way of cash will not be accepted.

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 Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board or a committee thereof will proceed to allot the Equity Shares in the following order of priority:

(a) Full allotment to those Equity Shareholders who have applied for their rights entitlement either in full or in part and also to the renouncee(s) who has/ have applied for Equity Shares renounced in their favour, either in full or in part.

(b) For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than three Equity Shares or is not in the multiple of three, the fractional entitlement of such holders will be ignored. Equity Shareholders whose fractional entitlements are being ignored, would be given preference of one Equity Share each, if they apply for additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for allotment under this head are more than the number of shares available after allotment under (a) above, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

(c) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as rights 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 with reference to the number of Equity Shares held on the Record Date in consultation with the Designated Stock Exchange.

(d) Allotment to the renouncees who having applied for all the Equity Shares renounced in their favour have also applied for additional Equity Shares, provided there is surplus remaining after (a), (b) and (c) above. The allotment of such Equity Shares will be at the sole direction of our Board/ committee in consultation with the Designated Stock Exchange, as a part of the Issue.

(e) Allotment to any other person as our Board may in its absolute discretion deem fit provided there is surplus available after making full allotment under (a), (b), (c) and (d) above.

The Promoters have confirmed that they intend to subscribe to the full extent of their entitlement in the Issue. The Promoter Group entities have reserved their right to subscribe to their entitlement in this Issue, either by themselves or through renunciation, if any, to other Promoter Group entities including Promoters, subject to compliance with applicable laws. Ashim Investment Company Limited, one of our Promoters, has provided an undertaking, dated October 30, 2007, to our Company to apply for additional Equity Shares in the Issue, to the extend of any unsubscribed portion of the Issue. As a result of this subscription and consequent allotment, Ashim Investment Company Limited may acquire shares over and above its 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, if allotted to the Ashim Investment Company Limited 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)(ii) of the Takeover Code. Further this acquisition will not result in change of control of management of our Company. Additionally, pursuant to a proposed Scheme of Amalgamation, Ashim Investment Company Limited will be amalgamated with Bengal & Assam Company Limited, in the event the Scheme becomes effective. However, pursuant to an undertaking dated February 22, 2008, Bengal & Assam Company Limited has undertaken to subscribe to the unsubscribed portion of the Issue, if any, in case Ashim Investment Company Limited is merged with Bengal & Assam Company Limited which has also been aproved by the board of directors of Bengal & Assam Company Limited pursuant to its board resolution dated February 22, 2008.

Allocation of any additional Equity Shares shall be done by our Board or committee of the Board authorised in this behalf by our Board, in such manner as they think most beneficial to our Company and the decision of the Board or committee of our Board in this regard shall be final and binding. In the event of oversubscription, allotment will be made within the overall size of the issue.

Allotment to the Promoter of any unsubscribed portion of the Issue, over and above its 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. The Promoters and Promoter Group have confirmed that they would subscribe to their entitlement. Further, Ashim Investment Company Limited has confirmed that they would also subscribe to the unsubscribed portion of the Issue so that the Issue is fully subscribed.

Allotment / Refund

Our 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 (6) weeks from the Issue Closing Date. If such money is not repaid within eight days from the day our Company becomes liable to pay it, our Company shall pay that money with interest as stipulated under Section 73 of the Act.

Applicants residing at 68 centers where clearing houses are managed by the Reserve Bank of India (RBI), State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur will get refunds through ECS only (Electronic Clearing Service) except where applicants are otherwise disclosed as applicable/eligible to get refunds through direct credit, NEFT 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, an 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 a period of six weeks from the Issue Closing Date.

In case of those Applicants who have opted to receive their Rights Entitlement in physical form and our 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 our 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 see the section titled 'Terms of the Issue - Letters of Allotment/ Share Certificates/ Demat Credit' beginning on page 335 of this 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.

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. Our 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.

Payment of Refund

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 68 centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna,

Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Vishakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned 68 centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

3. Direct Credit – Applicants having bank accounts with the existing bankers of our Company shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Company.

4. Applicants having a bank account at any of the abovementioned 68 centres managed by the RBI and whose refund amount exceeds Rs. 0.10 crore, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first applicant and payable at par.

Letters of Allotment / Share Certificates / Demat Credit

In case our 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 our Company issued through this Issue shall be allotted the securities in dematerialised (electronic) form at the option of the applicant. Our Company has entered into an agreement dated March 14, 2000 with CDSL and an agreement dated September 2, 1999 with NSDL, which enables the investors to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates.

In this Issue, the allottees who have opted to receive Equity Shares in dematerialised 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 dematerialised or physical form or both. Applicants will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applicants, who do not furnish this information, will be issued the Equity Shares in physical form. No separate applications for Equity Shares in physical and/or dematerialized form should be made. If such applications are made, the application for Equity Shares in physical form will be treated as a multiple application and rejected.

The Equity Shares of our Company will be listed on the BSE, CSE and NSE.

Procedure for availing the facility for allotment of Equity Shares in this Issue in dematerialized 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 our 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 our Company). In case of applicants having various folios in our Company with different joint holders, the applicant will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account (s) with depositary participants need not comply with this step.*

- For Equity Shareholders already holding Equity Shares of our 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 our 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 our 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 be issued the Equity Shares in physical form.

The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to 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 Equity Shares pursuant to this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

General instructions for applicants

(a) Please read the instructions printed on the enclosed CAF carefully.

(b) Application should be made on the printed CAF, provided by our 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 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, father's / husband's name must be filled in block letters.

(c) Payments should be made in cash / cheque / demand draft drawn on any bank which is situated or is a member of sub-member of the banker's clearing house located at the centre where the CAF is accepted. Outstation cheques / demand drafts will not be accepted and CAF accompanied by such cheques / demand drafts will be rejected. The Registrar will not accept cash along with CAF.

(d) 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 our 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 authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at New Delhi 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.

(e) PAN Number: Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants, should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

(f) 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. Shareholders may please note that shares held in DEMAT mode, the bank account details shall be obtained from the depositories. Shareholders may ensure that the bank account details are updated with the depositories.

(g) 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.

(h) 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 our Company or depositories.

(i) 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 our 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.

(j) 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 our Company. Further, in case of joint applicants who are renouncees, 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.

(k) 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.

(l) 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 Investor Service Department of our Company or to the Registrar to the Issue, 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.

(m) Split forms cannot be re-split.

(n) Only the person or persons to whom Equity Shares have been offered and not renouncee(s) shall be entitled to obtain split forms.

(o) Applicants must write their CAF number at the back of the cheque/demand draft.

(p) 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.

(q) 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 (g) above)

(r) 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:

- Amount paid does not tally with the amount payable by the applicant;
- In case of physical shareholders, bank account details (for refund) are not given;
- Age of first applicant not given;
- If PAN number is not quoted;
- In case of application under power of attorney or by limited companies, corporate, trust, etc., relevant authority documents are not submitted;
- If the signature of the existing Equity Shareholder does not match with the one given on the CAF and in case of renouncees, if the signature does not match with the records available with their depositories;
- If the applicant desires to receive the Equity Shares in electronic form and the CAF does not have the applicant's depository account details;
- CAF are not submitted by the applicant within the time prescribed as per the CAF and the Letter of Offer;
- Applications not duly signed by the sole/joint applicants;
- Applications by OCBs unless accompanied by specific approval from the RBI permitting the OCBs to participate in the Issue;
- Applications accompanied by stockinvest;
- 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 Depositary Participant's identity (DP ID) and the beneficiary's identity;
- Applications which have evidence of being executed in/dispatched from US;
- Duplicate applications including cases where an applicant submits CAFs along with a plain paper applications;
- Applications where our Company believes that CAF is incomplete or acceptance of such CAFs may infringe applicable legal or regulatory requirements;
- 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.
- Multiple Applications

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our 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 (6) 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.

Utilisation of Issue Proceeds

The Board of Directors declares that:

(i) 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.

(ii) Details of all moneys utilised out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such moneys have been utilised.

(iii) Details of all such unutilised moneys out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised moneys have been invested.

(iv) Necessary arrangements have been made to ensure that the moneys received pursuant to the Issue shall be kept in a separate bank account as per the provisions of Section 73(3) of the Companies Act, 1956 and that such moneys shall be released by the said bank only after permission is obtained from the Designated Stock Exchanges as mentioned in the Letter of Offer. The Board of Directors further confirms that the agreement to be entered into between the Bankers to the Issue and the Issuer shall specifically contain this condition.

(v) Our Company undertakes that it shall comply with such disclosure, monitoring of the utilization of Net Proceeds of the Issue and accounting norms specified by SEBI from time to time.

(vi) Our Company undertakes that details of all unutilized monies out of the Net Proceeds of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilized monies have been utilized.

The funds received against this Issue will be kept in a separate bank account. Our Company would have no 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.

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

We agree that as far as possible the allotment of the Equity Shares shall be made within 42 days of the closure of Issue. Our Company further agrees that it shall pay interest at the rate of 15% per annum if the allotment has not been made and/or the refund orders have not been despatched to the investors or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 42 days from the date of closure of the Issue.

Undertakings by our Company

1. The complaints received in respect of the Issue shall be attended to by our 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 Equity Shares to be issued pursuant to this Issue are to be listed will be taken within seven (7) working days of finalization of basis of allotment.

3. The funds required for despatch of refund to unsuccessful applicants as per the mode disclosed shall be made available to the Registrar to the Issue by our Company.

4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the investors within 42 days of closure of the Issue giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund.

5. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.

6. No further issue of securities affecting equity capital of our 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, etc.

7. We accept full responsibility for the accuracy of information given in this Letter of Offer and confirms that to best of our knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirm that we have made all reasonable enquiries to ascertain such facts.

8. All information shall be made available by the Lead Manager and the Issuer to the Equity Shareholders at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports, etc.

9. Our Company certifies that the investors shall be given an option to get the shares in demat or physical mode.

10. Our Company undertakes that it shall comply with such disclosure, monitoring of the utilization of Net Proceeds of the Issue and accounting norms specified by SEBI from time to time.

The Issuer and Lead Manager shall update the Letter of Offer and keep the investors informed of any material changes till the listing and trading commences.

Important

- Please read this Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

- All enquiries in connection with this 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 superscribed "JK Tyre & Industries Limited – Rights Issue" on the envelope) to the Registrar to the Issue at the following address:

  Alankit Assignments Limited
  Alankit House
  2E/21, Jhandewalan Extension
  New Delhi 110 055
  Tel.: +91 11 23541234
  Fax: +91 11 23552001
  Email: info@alankit.com
  Website: www.alankit.com
  Contact Person: Mr. Mahesh Jairath

- It is to be specifically noted that this Issue of Equity Shares is subject to the section entitled ‘Risk Factors’ beginning on page ix of this Letter of Offer.

Period of Subscription

The Issue will be kept open for period of thirty days or for such longer period as our Company may determine, subject to such period not exceeding sixty days from the Issue Opening Date.

Details of Adverse Events affecting our Company since the last financial statement

No circumstances have arisen since the date of last financial statement that materially adversely affects/likely to affect the trading or profitability of our Company or the value of its assets or its ability to pay its liabilities within the next 12 months.

Material Developments

Except as stated in the section titled “Management Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 207 of this Letter of Offer, there are no material developments after the date of last financial statements.

SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association. Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of our Company are set forth below:

SHARES

*4.(i) The Authorised Share Capital of the Company shall be such amount and of such description as is stated for the time being or at any time, in the Company's Memorandum of Association and the Company shall have power to increase or reduce the share capital from time to time in accordance with the regulations of the Company and the legislation provisions for the time being in force in the behalf, and subject to the provisions of the Act, the shares in the capital of the Company for the time being, whether original increased or reduced, may be divided into classes, with any preferential, deferred qualified or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return of capital or otherwise.

*(iA) **Preference Shares**: The 55,00,000 Preference Shares of Rs.l00 each of the Company are classified into 7,00,000 14% Cumulative Redeemable Preference Shares of Rs. 100 each and 48,00,000 Cumulative Redeemable Preference Shares of Rs. l00 each.

*As altered pursuant to the Scheme of Arrangement and Amalgamation between the Company, JK Agri Genetics Limited, JK Sugar Limited and Vikrant Tyres Limited sanctioned by the Hon'ble High Courts at Calcutta and Bangalore.

*(iv.A) The 2,00,000 14% Cumulative Redeemable Preference Shares shall confer on the holders thereof the right to a fixed cumulative preferential dividend at the rate of 14% per annum free of Company's tax but subject to deduction of taxes at source at the prescribed rates on the capital for the time being paid up or credited as paid up thereon from the date of allotment thereof in priority to the Equity Shares and subject to any other law for the time being in force regarding declaration or payment of dividends and except as regards the rate of dividend, the date from which the holders of the said shares shall be entitled to dividend and the due date of redemption thereof, shall rank in all respects part passu with the @[……………………………………]. In case of redemption, all arrears of dividend whether earned, declared or not, shall be payable by the Company.

*(ivB) During the currency of the 14% Cumulative Redeemable Preference Shares, if the Central Government increases the rate of dividend in respect of Preference Shares or announces any relaxation, modification or amendment in future, the holders of the 2,00,000 14% Cumulative Redeemable Preference Shares shall have the right to seek, and the Board of Directors of the Company shall agree to review, the rate of dividend and/or any relaxation, modification or amendment in relation to the said shares.

* (v) In the event of winding up of the Company, the aforesaid @ [……………………………………………] 2,00,000 14% Cumulative Redeemable Preference Shares of Rs.100 each shall have priority for the repayment of the capital paid up and arrears of dividend whether earned, declared or not, upto the commencement of winding up over the Equity Shares out of the surplus assets of the Company but shall not confer any further right to participate in the profits or assets of the Company.

*(vi) In the event of the Company creating and/or issuing in future any further Preference Shares including the 53,00,000 Cumulative Redeemable Preference Shares of Rs.100 each ranking pan passu with or subordinate to the aforesaid 2,00,000 14% Cumulative Redeemable Preference Shares of Rs. 100 each it would do so with the consent in writing of three-fourths

of each of the aforesaid 2,00,000 14% Cumulative Redeemable Preference Shares of Rs. 100 each then outstanding or with the sanction of a Special Resolution passed at separate meeting of the holders of the aforesaid 2,00,000 14% Cumulative Redeemable Preference Shares of Rs.100 each then outstanding. The Company shall not issue in future any Preference Shares including the said 53,00,000 Cumulative Redeemable Preference Shares of Rs.100 each ranking in priority to the aforesaid 2,00,000 14% Cumulative Redeemable Preference Shares.

*(vii) @[…………………………………………………………………………..]

*(vii-A) The 2,00,000 14% Cumulative Redeemable Preference Shares of Rs. 100 each shall be redeemed at par at the expiry of 10 years from the date of allotment thereof. The Company has the option to redeem the whole or any part of the said Cumulative Redeemable Preference Shares at any time or times after the expiry of seven years from the date of their allotment by giving not less than six months' notice in writing specifying the date of redemption. If all the shares shall not be intended to be redeemed at one and the same time, the shares to be redeemed shall be determined by drawings to be made in the presence of such person or persons and at such time and place as may be fixed by the Directors of the Company. All such Cumulative Redeemable Preference Shares as are not redeemed under the said option, shall be redeemed at the expiry of 10 years from the date of allotment thereof.

*(viii) Subject to the preferential right of the holders. of the aforesaid @[……………………………………………] and 2,00,000 14% Cumulative Redeemable Preference Shares of Rs.100 each attached by the terms of issue thereof in respect of dividends including arrears of dividend and repayment of capital, in the event of winding up, the holders of Equity Shares shall be entitled to the whole of residue of the profits that may be decided to be distributed as dividend and the amount of capital paid up or treated as paid up on such shares to be repaid and all surplus assets thereafter shall belong to the Equity Shares in proportion to the capital subscribed on such shares at the commencement of winding up.

*4A. **Power of Company to purchase or re-sell its own Shares.** (1) Subject to the provisions of the Companies Act 1956 as amended from time to time permitting the Company in this behalf, the Board of Directors may purchase from time to time such quantity or quantities of the fully paid Shares of the Company whether or not they are redeemable, at such rate(s) and on such terms as the Board may deem proper and make payment(s) for such purchases and to keep them alive and/or resell from time to time such number(s) of the Shares so purchased, at such rate(s) and on such terms as the Board may deem proper.

(2) The Board of Directors of the Company shall exercise the powers contained in this Article only after necessary provision for the purpose is incorporated in the Companies Act 1956 or any statutory modification or re-enactment thereof and in such manner and after complying with the conditions prescribed in such provision and not otherwise.

*5A. **Power to issue Shares with non-voting and disproportionate Rights.** (1) Notwithstanding anything contained in any other Article, but subject to the provisions of the Companies Act 1956 or any statutory modification or reenactment thereof, the Company may from time to time and at any time issue to any person(s) as it may deem proper Shares, whether Equity, Preference or any other class, or any other Financial Instruments or Securities, by whatever name called, with non-voting rights and the Shares/Instruments/Securities so issued may carry rights as to voting, dividend, capital or otherwise which may be disproportionate to the rights attached to the other Shares or securities of the Company.

(2) The Board of Directors of the Company shall exercise the powers contained in this Article only after necessary provision for the purpose is incorporated in the Companies Act 1956 or any statutory modification or re-enactment thereof and in such manner and after complying with the conditions prescribed in such provision and not otherwise.

Further issue of capital

6. The Company shall comply with the provisions of Section 81 of the Act with regard to the issue of any further shares.

Redeemable Preference Shares

7. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares which are, or at the option of the Company are to be, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

Provisions to apply on issue of Redeemable Preference Shares

8. On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect:

(a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of. the proceeds of a fresh issue of shares made for the purpose of redemption;

(b) No such shares shall be redeemed unless they are fully paid;

(c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Share Premium Account before the shares are redeemed;

(d) Where any such shares are redeemed otherwise than out of the proceeds of fresh issue, there shall, out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "The Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid up share capital of the Company;

(e) Subject to the provisions of Section 80 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

The Board may issue shares as fully paid up

9. Subject to the provisions of the Act and these Articles, the Board may allot and issue shares in the capital of the Company as payment of any property sold or transferred or for services rendered to the Company in the conduct of its business and any shares which may be so issued shall be deemed to be fully paid up shares.

Consolidation, sub-division and cancellation of shares

10. The Company in general meeting may by an ordinary resolution from time to time alter the conditions of its 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) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in the case of share from which the reduced share is derived;

(c) cancel any shares which, at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.

Whenever the Company shall do any one or more of things provided for in the foregoing sub-clauses (a), (b) and (c) the Company shall, within one month thereafter, give notice thereof to the Registrar as required by Section 95 of the Act specifying as the case may be, the shares consolidated, divided, sub-divided or cancelled.

Return of allotment

11. The Directors shall cause to be made the returns as to all allotments from time to time made in accordance with the provisions of Section 75 of the Act.

Commission Brokerage for placing shares

12. The Company may at any time pay, subject to the provisions of Section 76 of the Act, a commission and/or brokerage to any person in consideration of his subscribing, or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company, or procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares in or debentures of the Company.

Instalment on shares to be duly paid

13. If by the conditions of any allotment of any shares the whole or any part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder or his legal representatives.

Payment of interest out of capital

14. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provisions of any plant which cannot be made profitable for a lengthy period the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate, and subject to the condition and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provision of the plant. The Articles relative to dividends shall, where the context permits. apply to interest paid under this Article.

Issue of shares at a premium

15. The Company shall have power to issue shares at a premium and shall duly comply with the provisions of Section 78 of the Act.

Application of premiums received on issue of shares

16.(1) Where the Company issues shares at a premium, whether for cash or otherwise a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account to be called "the share premium account", and the provisions of the Act relating to the reduction of the Share Capital of a Company shall, except as provided in this clause, apply as if the share premium account were paid-up share capital of the Company.

(2) The share premium account may, notwithstanding anything in sub-clause (1) be applied by the Company

(a) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
(b) in writing off the expenses of, or the commission paid or discount allowed on any issue of shares in or debentures of the Company, or
(c) in providing for the premium payable on the redemption of any redeemable preference shares in or of any debentures of the Company.

Issue of shares at a discount

17. The Company shall have power in accordance with the provisions of Section 79 of the Act under the authority of a resolution of the Company sanctioned by the Court or such other authority as may be authorized under the Act to issue shares at a discount.

Company not to give financial assistance for purchase its own shares

18. Save as provided by Section 77 of the Act, the Company shall not, except by a reduction of capital under the provisions of Sections 100 to 104 or Section 402 of the Act, buy its own shares nor give, whether directly or indirectly, and whether by means of a loan, guarantee, provisions of security or otherwise any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person or for any shares in Company or in its holding company.

Acceptance of shares

19. Any application duly signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, 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 therefor placed on the Register of Members shall, for the purposes of these Articles, be a member. The Directors shall cause the Company to comply with the provisions of Sections 71, 72 and 73 of the Act so far as they are applicable.

Deposit and calls etc. to be a debt payable immediately

20. The money (if any) which the Board of Directors 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.

Liability of Members

21. Every member or his heirs, executors or administrators to the extent of his assets come to their hands shall be liable to pay to the Company the portion of the capital represented by his share or shares which may. for the time being, remain unpaid thereon in such amounts at such time or times, and in such manner, as the Board of Directors, shall from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

Shares may be issued subject to different conditions as to call

22. Subject to the provisions of Sections 91 and 92 of the Act, the Company may make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and the time of payment of such calls.

Registered holder only the owner of the shares

23. Save as herein or by law otherwise expressly provided the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof, and accordingly shall not, except as ordered by a Court of competent Jurisdiction, or as by statute required, be bound to recognise any trusts whatsoever to equitable, contingent, future, partial or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof, and save as aforesaid, no notice of any trust, express, implied or constructive shall be entered on the Register, be receivable by the Company, the Directors shall, however, be at liberty, at their sole discretion, to register any share, in the Joint names of any two or more persons, and the survivor or survivors of them. Where any shares in or debentures of the Company are held in trust by any person (hereinafter referred to as "the trustee") it shall be the duty of the trustee to send to the Company a copy of the declaration made by him under Section 153B(2) of the Act as soon as may be after the said declaration is made.

Liability of joint holders

24. If any share stands in the names of two or more persons all the Joint holders of the share shall be severally as well as jointly liable for the payment of all deposits, instalments, and calls due in respect of such share, and for all incidents thereof according to the Company's regulations, but the person first named in the Register shall, as regards service of notice, and all other matters connected with the Company, except the transfer of the share and any other matter under the Act or herein otherwise provided, be deemed the sole holder thereof.

Trust not recognised

25. Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by statute required, be bound to recognise any benami, equitable or other claim to or interest in such share on the part of any other person.

DEMATERIALISATION AND DEPOSITORY

Authority to dematerialize securities

25A(1) Notwithstanding anything to the contrary contained in these Articles, the Board may at any time decide to permit holding of and dealings in any or all the shares or debentures or other securities of the Company(hereinafter referred to as 'securities') in dematerialised form under the provisions of the Depositories Act and may offer the securities of the Company for subscription! allotment in dematerialized form in the manner provided by the said Act.

(2) When any securities of the Company are held or dealt in dematerialised form-

Option to hold securities in certificates or with Depository

a) Every person holding any securities of the Company through allotment or otherwise shall have the option to receive and hold the same in the form of certificates or to hold the same with a depository.

Securities with Depository to be dematerialised

(b) All securities held with a depository shall be dematerialised and the depository shall hold the same for the beneficial owners thereof in a fungible form.

Beneficial owner is member

(c) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held by him in a depository.

Beneficial owner may opt out of a Depository

(d) Every person holding securities of the Company with a depository, being the beneficial owner thereof, may at any time opt out of the depository in the manner provided under the provisions of the Depositories Act and on exercise of such option and on fulfilment of the conditions and payment of the fees prescribed under the said Act, the Company shall rematerialise the relevant securities and issue to the beneficial owner thereof the requisite certificates of such securities.

Intimation to Depository

25B(1) The Company shall make available to the depository copies of the relevant records in respect of securities held by such depository for the beneficial owners thereof.

(2) When a holder or an allottee of securities opts to hold the same with a depository, the Company shall intimate such depository the details of his holdings or allotment of securities

and thereupon the depository shall enter in its record the names of the holders! allottees as the beneficial owners of such securities.

Register and Index of Beneficial Owners

25.C The Register and Index of Beneficial Owners of securities maintained by a depository under Section 11 of the Depositories Act shall be deemed to be and forming part of the Register and Index of Members or of Holders of Debentures or other securities of the Company.

Transfer of securities held in a Depository

25.D(1) Transfers of securities held in a depository will be governed by the provisions of the Depositories Act.

(2) Every depository shall furnish to the Company information about the transfer of securities, the name of beneficial owners at such intervals and in such manner as may be specified under the provisions of the Depositories Act.

(3) Section 108 of the Act shall not apply to transfer of securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.

CERTIFICATES OF SHARES

Member's right to certificate of shares

26. Subject to Articles 25A to 25D and the provisions of the Depositories Act, every member or allottee shall be entitled, without payment, to receive one certificate for the share or shares registered in his name, under the Common Seal of the Company.

May be delivered to any one of joint holders

27. A certificate of share registered in the names of two or more persons, unless otherwise directed by them in writing, may be delivered to any one of them or behalf of them all.

Issue of new additional or duplicate certificate

28.(1) Subject to Article 25A, the Company shall not charge any fee:

(a) for registration of transfer of shares and debentures;
(b) for sub-division and consolidation of shares and debenture certificates and for sub-division of Letters of Allotment and sub-division of Letters of Allotment and Split, Consolidation, Renewal and Pucca Transfer Receipts into denominations corresponding to the market unit of trading;
(c) for sub-division of renounceable Letters of right;
(d) for issue of new certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilized;
(e) for registration of any Power of Attorney, Probate, Letters of Administration or similar other documents

(2) No fees shall be charged exceeding those which may be agreed upon with the Stock Exchange—

(a) for issue of new certificates in replacement of those that are torn, defaced, lost or destroyed;

(b) for sub-division and consolidation of share and debenture certificates and for sub-division of Letters of Allotment and Split, Consolidation, Renewal and Pucca Transfer Receipts into denominations other than those fixed for the market units of trading.

*28A. Notwithstanding anything contained in Article 28 hereof, the Board may refuse any application for split or consolidation of one or more Certificate(s) relating to Equity Shares into Certificates for less than 50 Equity Shares except where such split or consolidation of Certificates for shares is required to be made to make a holding or part of a holding into a trading lot or to comply with any statutory provision or order of a competent court of law: Provided nevertheless that the Board may, at its discretion and in exceptional circumstances and for avoiding any hardship or for any other just and sufficient cause (on which the decision of the Board shall be final and conclusive), accept any application for split or consolidation of Certificate(s) of Equity Shares into Certificate(s) of less than 50 Equity Shares in the Company.

Directors may waive fee

29. The Directors may waive payment of any fee generally or in any particular case.

Endorsement on certificate

30. Every endorsement upon the certificate of any share in favour of any transferee thereof shall be signed by a Director, the Secretary or person for the time being authorised by the Directors in that behalf.

CALLS ON SHARES

Directors may make calls

Calls may be made by instalments

31. Subject to the provisions of Section 91 of the Act, the Directors may, from time to time, make such calls as they may think fit upon the members in respect of moneys unpaid on the shares held by them respectively, whether on account of nominal value of the shares or by way of premium, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by instalments. More than one call may be made by one resolution of the Directors.

Call to date from resolution

32. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such calls was passed and may be made payable by members on the Register on the subsequent date to be fixed by the Directors.

Restriction on power to make calls

33. No call shall be made payable, within one month after the last preceding call was payable.

Notice of calls.
Directors may extend time for payment.
Revocation of call

34. *Thirty days' notice at least of every call made payable otherwise than on allotment shall be given by the Company in the manner hereinafter provided for the giving of notices specifying the time and place of payment, and the person to whom such calls shall be paid. Provided that before the time for payment of such call the Directors may by notice given in the manner hereinafter provided revoke the same. The directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any, of the members who, from residence at a distance or from other cause, the Directors may deem fairly entitled to such extension, but no member shall be entitled to such extension, except as a matter of grace and favour. A call may be revoked or postponed at the discretion of the Board.

Amount payable at fixed time or by instalments to be treated as calls

35. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed time (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 of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or instalment accordingly.

When interest on call or instalment payable

**36. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for the payment thereof the holder for the time being or allottee of the share in respect of which the call shall have been made or the instalment shall be due, shall pay interest on the same at such rate as the Directors shall fix from the day appointed for the payment thereof to the time of actual payment but the Directors may waive payment of such interest wholly or in part.

Money due to members from the Company may be applied in payment of call or instalment

37. Any money due from the Company to a member may, without the consent and notwithstanding the objection of such member, be applied by the Company in or towards the payment of any money due from him to the Company for calls or otherwise.

Part payment on account of call etc. not preclude forfeiture.

38. Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part-payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of payment of any such money, shall preclude the forfeiture of such shares as hereinafter provided.

Evidence on trial of suit for money due on shares

39. On the trial or hearing of any action or suit brought by the Company against any member or his representatives to recover any moneys claimed to be due to the Company for any call or other sum in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered in the Register of Members as the holder, or one of the holders, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the Shares in respect of which such money is sought to be recovered, and that the amount claimed is not entered as paid in the books of the Company or the Register of Members and that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the member or his representatives sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, not that a quorum of Directors was present at the Board at which such call was made, nor that the meeting at which such call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt, and the same shall be recovered by the Company against the member or his representatives from whom the same is sought to be recovered, unless it shall be proved, on behalf of such member or his representatives, against the Company that the name of such member was improperly inserted in the Register, or that the money sought to be recovered has actually been paid.

Payment of calls in advance

40.(a) The Directors may, if they think fit, receive from any member willing to advance the same, either in money or money's worth the whole or any part of the amount remaining unpaid on the shares held by him beyond the sum actually called up and upon the money so paid or satisfied in advance, or so much thereof, as from time to time and at any time thereafter exceed the amount of the calls then made upon and due in respect of the shares on account of which such advances have been made, the Company may pay or allow interest at such rate as the member paying such advance and the Directors agree upon; provided always that if at any time after the payment of any such money the rate of interest so agreed to be paid to any such member appears to the Directors to be excessive, it shall be lawful for the Directors from time to time to repay to such member so much of such money as shall then exceed the amount of the calls made upon such shares, unless there be an express agreement to the contrary, and after such re-payment such member shall be liable to pay, and such shares shall be charged with the payment of all future calls as if no such advance had been made, provided also that if at any time after the payment of any money so paid in advance, the Company shall go into liquidation, either voluntary or otherwise, before the full amount of the money so advanced shall have become due by the member to the Company for instalments or calls, or in any other manner, the member making such advance shall be entitled (as between himself and the other members) to receive back from the Company in priority to any payment to members on account of capital.

No right to vote

*(b) The Member making such advance payment shall not however, have a right conferred upon him to dividend or participating profits or be entitled to any voting rights in respect of the monies so advanced by him until the same would, but for such payment, be presently payable.

FORFEITURE AND LIEN

41. If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid the Directors may, at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Form of Notice

42. 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 the nonpayment at or before the time and at the place appointed the shares in respect of which the call was made or instalment is payable, be liable to be forfeited.

In default of payment shares to be forfeited

43. If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

Notice of forfeiture to a member

44. When any share shall have been so forfeited, notice of the forfeiture 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 of Members. The provisions of this Article are, however directory only. and no forfeiture shall be in any manner be invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Forfeited shares to be the property of the Company and may be sold, etc.

45. Any share so forfeited, shall be deemed to be the property of the Company and may be sold, reallotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.

Arrears to be paid notwithstanding forfeiture

**46. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, instalments, 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 the forfeiture until payment, at such rate as the Directors may decide and the Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation so to do.

Effect of forfeiture

47. The forfeiture of a share shall involve extinction at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these presents are expressly saved.

Power to annual forfeiture

48. 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 upon such conditions as they think fit.

Certificate of forfeiture
Title of the Purchaser

49. A Certificate in writing, under the signature of a Director, or the Secretary or by any other person who may be authorised for the purpose by the Directors, that the call, amount or instalment in respect of a share was made or was due, or the interest in respect of a call, amount or instalment was or the expenses were payable, as the case may be, that notice thereof as aforesaid was given and default in payment was made, and that the forfeiture of the share was made by a resolution of the Directors to that effect, shall be sufficient evidence of the facts stated therein as against all persons entitled to or interested in such share and such certificate and the receipt of the Company for the price of such share shall constitute a good title to such share in the purchaser of such share who shall, as soon as he has completed his purchase, be entered in the Register of Members as the holder of the share. Any such purchaser shall not (unless by express agreement) be liable to pay any calls, amounts, instalments, interest and expenses owing to the Company prior to such purchase, nor shall he be entitled (unless by express agreement) to any of the dividends, interest or bonus accrued or which might have accrued upon the share before the time of completing his purchase. Such purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity in the proceedings in reference to the forfeiture. of such share or the sale thereof.

Provisions of these Articles as to forfeiture to apply in case of non-payment of any sum

50. The provisions of these Articles as to forfeiture, shall apply in the case of non-payment of any sum which, by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Surrender of shares

51. The Directors may subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering on such terms as they think fit.

Validity of sale of such shares

52. Upon any such sale after forfeiture, the Directors shall cause the purchaser's name to be entered in the Register of Members in respect of the shares sold and shall issue to the purchaser a certificate such as is specified in Article 26 hereof in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any

person, and remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Company's lien on shares

53.(1) The Company shall have a first and paramount lien on every share (not being a fully-paid share) for all moneys (whether presently payable or not) called or payable at a fixed time, in respect of that share; provided that the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(2) The Company's lien if any, on a share shall extend to all dividends payable thereon.

(3) Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien if any, on such shares.

As to enforcing lien by sale

54. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien for the purpose of enforcing the same, provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable, or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

Sale how effected

55.(1) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(2) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(3) The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the shares be effected by any irregularity or invalidity in the proceedings in reference to the sale.

Application of proceeds of sale

56.(1) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(2) The residue, if any, shall be paid to the person entitled to the shares at the date of the sale.

NOMINATION INTER VIVOS

Nomination

56A(1) Every holder of shares in, or debentures of the Company may at any time nominate in the manner prescribed under the Act, a person to whom his shares in, or debentures of, the Company shall vest in the event of, death of such holder.

(2) Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, held by them shall vest in the event of death of all joint holders.

(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, or in these Articles, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the

nominee shall, on the death of the holder, or as the case may be, on the death of the joint holders of shares or debentures become entitled to all the rights of the deceased holder or, as the case may be, of all the deceased joint holders in such shares or debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the provisions of the Act.

(4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to make the nomination to appoint, in the manner prescribed under the provisions of the Act, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.

(5) The provisions of this Article shall apply mutatis mutandis to a depositor of money with the Company as per the provisions of Section 58A of the Act.

Transmission in the name of nominee

56B(1) Any person who becomes a nominee by virtue of the provisions of Article 56A, upon production of such evidence as may be required by the Board and subject as hereinafter provided, shall elect, either —

(i) to be registered himself as holder of the shares or debentures, as the case may be; or
(ii) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debentureholder could have made.

(2) If the nominee elects himself to be registered as holder of the shares or debentures, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied by the certificate of death of the deceased holder and the certificate(s) of shares or debentures as the case may be held by the deceased in the Company.

(3) Subject to the provisions of Section 109B(3) of the Act and these Articles, the Board may register the relevant shares or debentures in the name of the nominee or the transferee as if the death of the registered holder of the shares or debentures had not occurred and the notice or transfer were a transfer signed by, the registered holder.

(4) A nominee on becoming entitled to any shares or debentures by reason of the death of the holder of joint holders shall be entitled to the same dividends and other advantages to which he would have been entitled if he were the registered holder of the shares or debentures, except that he shall not, before being registered as a holder of such shares or debentures, be entitled in respect of them to exercise any right conferred on a member or debehtureholder in relation to meetings of the Company.

(5) The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable or rights accrued or accruing in respect of the relevant shares or debentures, until the requirements of the notice have been complied with.

Form of Transfer

57. The instrument of transfer of any share shall be in the prescribed form and in accordance with the requirements of Section 108 of the Act. Unless otherwise required by any law or by any competent authority (including authorities of any recognized Stock Exchange in India), in case of equity shares and preference shares of the Company separate instruments of transfer for each such class of shares shall be executed and submitted to the Company.

Application for transfer

58.(1) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee.

(2) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

(3) For the purposes of sub-clause (2) above notice to the transferee shall be deemed to have been duly given if it is despatched by pre-paid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

To be executed by transferor and transferee

59. Every such instrument of transfer duly stamped shall be executed by or on behalf of both the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

Transfer to be left at office with certificate and with evidence of title

60. Every instrument of transfer, duly executed in accordance with the provision of these Articles duly stamped, shall be left at the office of the Company for registration, accompanied by the certificate of the shares be transferred, or if no such certificate is in existence, the letter of allotment and also such other evidence as the Directors may require to prove the title of the transferor, or his right to transfer the shares, and generally under and subject to such conditions and regulations as the Directors shall from time to time prescribe. Where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer it is proved to the satisfaction of the Directors that an instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may, if the Directors think fit, register the transfer on such terms as to indemnity as the Directors may think fit,

Transfer to legal representative

61. A transfer of shares in the Company of a deceased member thereof made by his legal representative shall, though the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of instrument of transfer.

62. The Board of Directors shall have power on giving seven days' previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situate to close the Transfer Books, the Register of Members or Register of Debenture Holders for a period not exceeding in the aggregate forty-five days in each year, but not exceeding thirty days at any one time

*Provided that where the transfer books are proposed to be closed, advance notice of at least 21 days or of as many days as Stock Exchanges may from time to time reasonably prescribe or agree to, be given to the Stock Exchanges on which the Company's shares are listed.

Directors may refuse to recognize transfers

63.(a) Subject to the provisions of Section 111 of the Act, or any statutory modification thereof, for the time being in force, the Directors may at their absolute discretion and without assigning any reason, decline to register any transfer of shares and in particular may so decline in any case in which the Company has a lien upon the shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Directors and such refusal shall not be affected the fact that the proposed transferee is already a member. The registration of a transfer shall be conclusive evidence of the approval by the Directors of the transferee

*Provided registration of a transfer shall not be refused on the ground of the transferor either being alone or jointly with another person or persons indebted to the Company on any account whatsoever except a lien on the shares.

As to transfer of shares of insane, infant, deceased or bankrupt members

(b) Any Committee or guardian of a lunatic or infant member or any person becoming entitled to or to transfer shares in consequence of the death or bankruptcy or insolvency of any member, upon producing the share certificate and such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title as the Directors think sufficient, may, with the consent of the Directors (which they shall not be under any obligation to give), registered as a member in respect of such shares may, subject to the regulations as to transfer hereinbefore contained, transfer such shares. The Article is hereinafter referred to as "The Transmission Article".

63A. Without prejudice to the generality of the powers vested in the Directors by Article 63 hereof, the Directors shall be entitled to refuse an application for registration of transfer of less than 50 (Fifty) Equity Shares in the Company provided however this condition shall not apply to—

(i) a transfer of Equity Shares made in pursuance of any statutory provision or order of a competent court of law;

(ii) a single transfer by a shareholder whose entire holding of Equity Shares in the Company does not exceed 50 equity Shares to a single name or joint names;

(iii) a transfer of all the Equity Shares of an existing shareholder holding less than 50 Equity Shares to one or more transferees where the shareholding of the said transferee or transferees as the case may be after such transfer will not be less than 50 Equity Shares;

(iv) a transfer of not less than 50 Equity Shares in the aggregate in favour of the same transferee by one or more transferors through two or more instruments of transfer submitted together by the said transferee where such instruments of transfer in the aggregate relate to not less than 50 Equity Shares; and

(v) subject to clauses (i) to (iv), a transfer of part of the shares held in the Company by one shareholder holding more than 50 Equity Shares in the Company by one or more instruments of transfer provided the balance number of Equity Shares held by such transferor after such transfer will not be less than 50 Equity Shares:

Provided nevertheless that the Board may at its discretion and in exceptional circumstances and for avoiding any hardship and for any other just and sufficient cause (on which the decision of the Board shall be final and conclusive), accept any application for transfer less than 50 Equity Shares.

Notice of refusal to be given to transferor and transferee

64. If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within two months from the date on which the instrument of transfer or intimation of transmission was lodged with the Company send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and thereupon the provisions of Section 1 11 of the Act or any statutory modification thereof for the time being in force shall apply.

Death of one or more joint holder

65. In case of the death of any one or more the persons named in the Register of Members as the holders of any share, the survivor or survivors shall be the only person(s) 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.

Title to shares of deceased members

66. The executors or administrators of a deceased member or the holder of a succession certificate in respect of the shares of a deceased member (not being one of two or more joint holders) shall be the 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 or administrators unless such executors or administrators shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be, from a competent Court in the Union of India. Provided that in any case where the Board in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as to the Directors may proper may seem dispense with production of Probate or Letters of Administration or Succession Certificate and register under Article 63 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.

Registration of persons entitled to shares otherwise than by transfer

67. Subject to the provisions of Article 73, any persons becoming entitled to shares in consequence of the death lunacy, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these Articles may with the consent of the Directors (which it shall not be under any obligation to give), upon such evidence that he sustains the character in respect of which he proposes to act under the Article, or of his title, as the Directors think sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Directors registered as such holder, provided, nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and, until he does so, he shall not be freed from any liability in respect of the shares. This Article is referred to in these Articles as "The Transmission Article".

Refusal to register nominee

68. Subject to the provisions of the Act-and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any share or his nominee as If he were the transferee named in an ordinary transfer presented for registration.

Rights of such person

69. A person entitled to a share by transmission may, until the Directors otherwise determine as provided by Article 180 receive and give discharge for any dividends, bonuses or other money payable in respect of the share, but he shall not be entitled to vote at meetings of the company save as provided in Article 114 to any of the rights and privileges of a member, unless and until he shall have become a member in respect of the shares.

Transfer to be presented with evidence of title

70. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Directors may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Directors shall, from time to time prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Directors. But any instrument of transfer which the directors may decline to register shall on demand be returned to the person depositing the same.

Fee on transfer or transmission

71. The Company may charge such fee for every transfer/transmission of shares of any class or denomination as the Directors may decide from time to time. Unless the Directors so decide, the Company shall not charge any fee for registering a transfer or transmission of shares.

The Company not liable for disregard of a notice prohibiting registration of transfer

72. 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 or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company; but the Company shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Directors shall so think fit.

Provisions of these Articles to apply to transfer by operation of law

73. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law of debentures of the Company.

JOINT HOLDERS

Joint Holders

74. Where two or more persons are registered as the holders of any share they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits or survivorship subject to the following and other provisions contained in these Articles:

No transfer to more than 4 persons

(a) The Company shall be entitled to decline to register more than four persons as the joint holders of any share.

Liabilities of joint holders

(b) The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such shares.

Death of joint holders

(c) On the death of any one or more of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit and 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.

Receipts of one sufficient

(d) Only the person whose name stands first in the Register of Members may give effectual receipts of any dividends or other moneys payable in respect of such share.

Delivery of certificate and giving of notices to first named holder

(e) Only the person whose name stands first in the Register of Members as one of the joint holders of any shares shall be entitled to delivery of the certificate relating to such share or to receive documents (which expression shall be deemed to include all documents as defined in Article 2) from the Company and any document served on or sent to such person shall be deemed as served on all the joint holders.

(f) in respect of the shares or other securities of the Company held in dematerialised form, the provisions relating to joint holders contained in these Articles shall mutatis mutandis apply to the joint beneficial owners.

CONVERSION OF SHARES INTO STOCK

Shares may be converted into stock

75. The Company may, by ordinary resolution,

(a) Convert any paid-up shares into stock, and

(b) reconvert any stock into paid-up share of any denomination.

Transfer of stock

76. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which the shares from which, he stock arose might before the conversion have been transferred, or as near thereto as circumstances admit.

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

77. Such of the Articles of the Company as are applicable to paid up shares shall apply to stock and the words "share" and "shareholders" in these Articles shall include "stock" and "stockholder" respectively.

INCREASE AND REDUCTION OF CAPITAL

Increase of capital by the Company, and how carried into effect

78. The Company in General Meeting may, by ordinary resolution from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into share of such respective amounts as the resolution shall prescribe. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the resolution shall prescribe and in particular such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at General Meeting of the Company in conformity with Sections 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Company shall file with the Registrar, notice of the increase of Capital as required by Section 97 of the Act within thirty days after the passing of the resolution authorising the increase.

New capital same as existing capital

79. Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares, shall be considered as part of the existing capital, and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer, and transmission voting and otherwise.

On what conditions new shares may be issued

80. Subject to any special rights or privileges for the time being attached to any issued shares, the new shares shall be issued subject to the provisions of Section 88 of the Act upon such terms and conditions and with such rights and privileges annexed thereto as the resolution creating the same shall direct, and if no direction be given as the Directors shall determine and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution assets of the Company.

Provisions relating to the issue

81. Before the issue of any new shares, the Company may in General Meeting make provisions as to the allotment and issue of the new shares, and in particular may determine that the same shall be offered in the first instance to all the holders of Equity shares either at par or at a premium or subject to the provisions of Section 79 of the Act, at a discount, in default of any such provision or so far as the same shall not extend, the new shares may be dealt with in accordance with the provisions of Section 81 of the Act.

*Provided that, notwithstanding anything to the contrary contained in these Articles, in the event of exercise of an option in respect of the Debentures issued to or loans raised from the Government or any of the Institutions specified by the Central Government under the provisions of Section 81(3)(b) or other applicable provisions of the Act, it shall be permissible for the Directors to issue and allot or reserve for allotment further Shares including any bonus shares and/or right shares and thereby increase the subscribed capital of the Company, in accordance with the agreed terms with the Government or such Institutions as applicable to the relative loans granted by Debentures issued to them, without requiring any resolution of the Company in General Meeting or without making any offer to the existing shareholders of the Company as required under the provisions of Section 81 of the Act.

Inequality in number of new shares

82. If, owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such new shares, any difficulty arises in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares by the Company in General Meeting, be determined by the Directors.

Reduction of capital etc.

83. The Company may (subject to the provisions of Sections 100 to 104 inclusive, of the Act) from time to time by Special Resolution, reduce (a) Its share capital, (b) any Capital Redemption Reserve Account, or (c) any share premium account in any manner and with and subject to any incident authorised and consent required by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

Surrender of shares

84. Subject to the provisions of Sections 100 to 104 inclusive of the Act, the Directors may accept from any member the surrender, on such terms and conditions shall be, agreed, of all or any of his shares.

VOTES OF MEMBERS

112(1) A Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of shares, debentures or other securities on behalf of beneficial owners and shall not have any voting rights or any other rights in respect of shares, debentures and other securities held by it. The beneficial owner as per the Register of Beneficial Owners maintained by a Depository shall be entitled to all rights including voting rights and benefits in respect of the securities held by him with the Depository.

Votes of members

112(2) Subject to any special rights, privileges or restrictions for the time being attached to any class or classes of shares:

(a) on a show of hands, every member present in person shall have one vote;

*(b) on a poll, the voting rights of every member present in person or by proxy or by attorney shall be in proportion to his share of the paid up capital.

A holder of Preference Shares shall have no right to vote either in person or proxy at any General Meeting by virtue of his holding Preference shares, unless,

(a) any resolution is placed before the Company which directly affects the rights attached to the Preference shares, or

(b) dividend on such Preference shares or any part of such dividend has remained unpaid in respect of the aggregate period of not less than two years preceding the date of commencement of the meeting.

Votes of members holding preference shares

112(3) Where the holder of any preference share has a right to vote on any resolution in accordance with the provisions of this sub-clause, he shall on a show of hands, when present in person have one vote and his voting right on a poll as the holder of such share, when present in person or by agent duly authorised under a Power of Attorney or by proxy or in accordance with Sections 187 and 187A the Act shall, subject to the provisions of Section 89 and Sub-section (2) of Section 92 of the Act, be in the same portion as the capital paid up in respect of the preference share bears to the total paid up equity capital of the Company.

Procedure where body corporate is a member of the Compnay

113. Where a body corporate is a member of the Company, the Board of Directors of such body corporate may by resolution authorise such person as it thinks fit to act as its representative at any meeting of the Company. The person so authorised shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were a member, creditor or holder of debentures of the Company, and the production at the meeting of a copy of such resolution duly certified by a Director/Secretary of such company as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the validity of his appointment.

Votes in respect of shares of deceased, insane or insolvent members

114. Any person entitled under the Transmission Article to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such shares, provided that at least fortyeight hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares or the Directors shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or non-compos-mentis, he may vote whether by a show of hands or at a poll by his committee, curator bonis or other legal curator and such last mentioned persons may give their votes by proxy.

Votes of joint members

115. Where there are joint registered holders of any shares, any one of such persons may vote at any meeting either personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such shares as if he were solely entitled thereto, and, if more than one of such joint holders be present at any meeting either personally or by agent or by proxy, that one of the said persons so present whose name stands first on the Register shall alone be entitled to speak and 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. Provided always that a person present at any meeting personally shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first in the Register in respect of such shares. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint-holders thereof.

Voting in person or by proxy

116. Subject to the provisions of these Articles, votes may be given either personally or by proxy.

Appointment of proxy

117. 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 the hands of its attorney, duly authorised by it, and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings.

Validity of votes given by proxy notwithstanding revocation of authority

1 18A. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any power of attorney or authority 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, insanity, revocation or transfer shall have been received at the office before the commencement of the meeting, or adjourned meeting at which the proxy is used.

Chairman of any meeting to be judge of validity of any vote

118B. The Chairman of any meeting shall be the sole judge 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.

Instrument of proxy to be deposited at the Registered Office

119. No instrument of proxy shall be treated as valid and no person shall be allowed to vote or act as proxy at any meeting under an instrument of proxy, unless such instrument of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall have been deposited at the Registered Office of the Company, at least forty-eight hours before the time appointed for holding the meeting, or adjourned meeting at. which the person named in such instrument proposes to vote. An instrument appointing a proxy or an attorney permanently or for a certain period once registered with the Company need not be again registered before each successive meeting and shall be in force until the same shall be revoked.

Restriction on voting

120. No member shall be entitled to exercise any voting right on any question either personally, or by proxy or upon a 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 or has exercised any right of lien.

121. No member shall be entitled to be present or to vote on any question either personally or by proxy or as proxy for another member at any general meeting or upon a poll or be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member.

Right to use vote differently

122.(a) 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 all his votes or cast in the same way all the votes he uses. A member or his proxy who votes shall be deemed to have used all his votes unless he expressly gives written notice to the contrary at the time he casts any votes.

No voting by proxy on show of hands

(b) No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Section 187 of the Act in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

Form of proxy

123. Every instrument of proxy whether for a specified meeting or otherwise shall be in writing and shall as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.

Inspection of Proxies

124. Every member entitled to vote at a meeting of the Company according to the provisions of these Articles on any resolution to be moved there at shall be entitled during the period beginning twentyfour hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company provided not less than three days' notice in writing of the intention so to inspect is given to the Company.

Time for objections to vote

125. No objection shall be made to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting.

Custody at instrument

126. If any such instrument of appointment be confined to the object of appointing an authority or proxy for voting at meetings of the Company it shall remain permanently or for such time as the Directors may determine, in the custody of the Company; if embracing other objects copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

DIRECTORS

Number of Directors of the Company

127. Unless otherwise determined by the Company in General Meeting and subject to Section 252 of the Act, the number of Directors shall not be less than three nor more than *eighteen.

128. At the date of adoption of these Articles, the following persons are the Directors of the Company

1. Shri Hari Shankar Singhania
2. Shri Shripati Singhania
3. Shri Raghupati Singhania

Additional Directors

129. The Directors shall also have power at any time and from time to time to appoint any person to be a Director as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the conclusion of the next Annual General Meeting but he shall be eligible for re-election at such meeting.

Qualification of Directors

130. A Director need not hold any shares in the capital of the Company to qualify him to act as a Director of the Company.

Directors by nomination

131. The Directors, subject to the provisions of the Act, shall have power to agree to the nomination of any person or persons as Director or Directors by Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit & Investment Corporation of India Limited (ICICI), Life Insurance Corporation of India (LIC),

Unit Trust of India (UTI), General Insurance Corporation of India Limited or any of its subsidiaries (GIC), Rajasthan State Industrial & Mineral Development Corporation (RSIMDC) or any at financial or Banking institution, Government, Central or State, or any government body, collaborator, any firm or person, on the Board of Directors of the Company by virtue of being holders of any shares in or debentures of the Company which shall have been taken up under the terms of any underwriting agreement and/or so long as any money remains owing in relation to any loan advanced to the Company. Director(s) so appointed, shall not be required to hold any qualification shares, if any, nor shall be subject to retirement. Any such appointment or removal shall be in writing and served on the Company.

Remuneration of Directors

**132(a) Each Director shall be entitled to receive out of the funds of the Company by way of remuneration for his services in attending meetings of the Board or any Committee of Directors attended by him such sum as may be determined by the Directors from time to time subject to the provisions of the Act and the Rules made thereunder.

The Directors may also appropriate out of the net profits of the Company during any year a sum not exceeding one per cent of such net profits, if the Company shall have Managing Director, otherwise not exceeding three per cent of such net profits and distribute the sum so appropriated among themselves in such proportion as they may mutually agree upon or equally in the absence of any such agreement. The amount so appropriated shall be deemed to be a part of the working expenses of the Company.

Appointment of Alternate Director

135. The Directors may appoint an Alternate Director to act for a Director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to "the original Director" in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State.

Office of profit

136. Any Director or other person referred to in Section 314 of the Act may be appointed to hold any office or place of profit under the Company or under any subsidiary of the Company in accordance with the provisions of Section 314 of the Act.

Directors may contract with the Company

137. Subject to compliance with the provisions of Sections 297, 299, 300 and 314 of the Act and save as therein provided no Director shall be disqualified by his office from holding any office or place of profit under the Company or under any Company in which this Company shall be a shareholder or otherwise interested, or from contracting with the Company either as vendor, purchaser, agent, broker or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in anywise interested be avoided, nor shall any Director be liable to account to the Company for any profit arising from any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relations thereby established.

Disclosure of Director's interest

138.(1) Every Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed 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 of Directors.

(2)(a) In the case of a proposed contract or arrangement, the disclosure required to be made by a Director under clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not, at the date of that meeting, concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he be so concerned or interested,

(b) In case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.

(3)(a) For the purpose of clauses (1) and (2) a general notice given to the Board by a Director to the effect that he is a Director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made.

(b) Any such general notice shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would otherwise expire.

(c) No such general notice, and no renewal thereof, shall be of effect unless either it is given at a meeting of the Board, 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.

(d) Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any one or two or more of Directors together holds or hold not more than two per cent of the paid up share capital in the other company.

Interested Director not to participate in Board's proceedings

139. No Director of the Company shall as a Director take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by on behalf of the Company, if he is in any way whether directly or indirectly concerned or interested in such contract or arrangement nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote his vote shall be void. Provided that the Board of Directors or any of its number may vote on any contract or indemnity against any loss which it or any one or more of its number may suffer by reason of becoming or being sureties or surety for the Company. Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into with a public company or a private company which is subsidiary of a public company in which the interest of the Directors aforesaid consists solely:

(i) in his being a Director of such company and the holder of not more than shares of such number or value therein as is requisite to qualify him for the appointment as a Director thereof, he having been nominated as such Director by the Company referred to in sub- clause (1) of this Article; or

(ii) in his being a member holding not more than two per cent of its paidup share capital.

Vacation of office of Director

140. The office of a Director shall ipso facto be vacated , if

(a) he (not being an ex-officio Director) fails to obtain within the time specified in sub-section (1) of Section 270 of the Act, or at any time thereafter ceases to hold the share qualification, if any, required of him by the Articles of the Company: or,

(b) he is found to be of unsound mind by a Court of competent jurisdiction: or,

(c) he applies to be adjudicated an insolvent; or,

(d) he is adjudged an insolvent: or,

(e) he is convicted by a Court of any offence and is sentenced in respect thereof for imprisonment for not less than 6 months; or,

(f) he fails to pay calls made on him in respect of shares held by him whether alone or jointly with others within six months from the last date fixed for the payment of the calls: or,

(g) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board of Directors: or,

(h) he or any firm of which he is a partner or any private company of which he is a Director accepts a loan or any guarantee from the Company in contravention of Section 295 of the Act; or,

(1) he acts in contravention of Section 299 of the Act; or,

(j) he becomes disqualified by an order of Court under Section 203 of the Act; or,

(k) he is removed in pursuance of Section 284 of the Act; or,

(1) he acts in contravention of the provisions of Section 314 of the Act; or,

(m) by notice in writing to the Company he resigns his office.

Notwithstanding anything in clauses (d), (e) and (1) hereof, the disqualification referred to in those clauses shall not take effect

(a) for thirty days from the date of the adjudication or sentence;

(b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication sentence or conviction resulting in the sentence, until the expiry of seven days from the date on which such appeal or petition is disposed of; or,

(c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, or conviction and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.

Directors may fill up vacancies

142. The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.

Director not liable to retire by rotation

*142A. Subject to the provisions of Section 255 of the Companies Act 1956 and Article 131, one-third of the total number of Directors of the Company shall be Directors not liable to retire by rotation.

ROTATION OF DIRECTORS

Retirement and rotation of Directors

143. At every Annual General Meeting of the Company, one-third of such of the Directors for the time as are liable to retire by rotation or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office, Provided nevertheless that the Managing Directors or the Director appointed under Article 131 shall not retire by rotation under this Article, nor shall they be included in calculating the total number of Directors of whom one-third shall retire from office under this Article.

Ascertainment of Directors retiring by rotation and filling up of vacancies

144. Subject to Section 284(5) of the Act, the Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire shall, unless they otherwise agree among themselves, be determined by lot.

Eligibility for re-election

145. A retiring Director shall be eligible for re-election,

Company to appoint successors

146. At the Annual General Meeting at which a Director retires in manner aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.

Company may increase or reduce the number of Directors or remove any Director

148. Subject to the provisions of Sections 252, 255 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 qualification 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 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 removed.

Appointment of Directors to be voted on individually

150.(1) At a General Meeting of the Company a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution, unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it.

(2) A resolution moved in contravention of clause (1) shall be void, whether or not objection was taken at the time of its being so moved; provided that where a resolution so moved is passed, no provision for the automatic re-appointment of retiring Directors in default of another appointment shall apply.

(3) For the purpose of this Article a motion for approving a person's appointment or for nominating a person for appointment shall be treated as a motion for his appointment.

PROCEEDINGS OF DIRECTORS

Meeting of Directors

151. A meeting of the Board of Directors shall be held at least once in every three calendar months; and at least four such meetings shall be held in every year, The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings, as they think fit.

Notice of meeting

152. Notice of every meeting of the Board of Directors of the Company shall be given in writing to every Director for the time being in India, and at the usual address in India to every other Director.

Quorum for meetings

153. The quorum for a meeting of the Board of Directors or Committee of Directors 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-third of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested present at the meeting being not less than two shall be the quorum during such time.

The expression "total strength" and "interested Director" shall have the meanings given in Section 287(1) of the Act.

Procedure where meeting adjourned for want of quorum

154.(1) If a meeting of the Board could not be held for want of quorum then the meeting shall automatically 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 5ucceeding day which is not a public holiday at the same time and place.

(2) The provisions of Article 151 shall not be deemed to have been contravened merely by reason of the fact that a meeting of the Board which had been called in compliance with the terms of that Article could not be held for want of a quorum.

Directors may summon meetings

155. A Director may at any time and the Secretary upon the request of a Director shall convene a meeting of the Board of Directors by giving a notice in writing to every Director for the time being in India and at his usual address in India to every other Director.

Power of quorum

156. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Act or the Articles of the Company for the time being vested in or exercisable by the Directors generally.

How questions to be decided

157. Subject to the provisions of the Act, questions arising at any meeting of the Directors shall be decided by a majority of votes, and in case of an equality of votes, the Chairman thereat shall have a second or casting vote.

Chairman of the Board of Directors

158. The Directors may elect from amongst themselves a Chairman and a Vice-Chairman of their meetings and determine the period for which he shall hold office. All meetings of the Directors shall be presided over by the Chairman or the Vice-Chairman if present but if at any meeting of the Directors, the Chairman or the Vice- Chairman be not present within five minutes after the time appointed for holding the same then the Directors present at the meeting shall choose one of their number then present to be the Chairman of the meeting.

Directors may appoint Committees

159. The Directors may subject to provisions of the Act and of these Articles from time to time delegate any of their powers to Committees of the Board consisting of such member or

members of its body as it thinks fit, and 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 so formed shall, in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Directors, All acts done by any such Committee of the Board in conformity with such regulations and in. fulfilment of the purposes of their appointment but not otherwise shall have the like force and effect as if done by the Board.

Proceedings of Committee

160. 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 are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

Remuneration of Members of Committee

161. The Directors may from time to time fix the remuneration to be paid to any member or members of their body constituting a Committee appointed by the Board and may pay the same.

Acts of Board or Committee valid notwithstanding defect in appointment

162. All acts done by any meeting of the Directors or by a Committee of the Directors or by any person acting as a Director shall, notwithstanding that it shall afterward be discovered that there was some defect In the appointment of one or more of such Directors or any person acting as aforesaid, or that they or any of them were disqualified or that the appointment of any of them was deemed to be terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director, 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.

Resolution by Circulation

163.(1) A resolution passed by circulation, without a meeting of the Directors or a Committee of the Directors appointed under Article 159 shall subject to the provision of sub-clause (2) hereof and the Act be as valid and effectual as a resolution duly passed at a meeting of the Directors or of a Committee duly called and held.

(2) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, if the resolution has been circulated in draft together with the necessary papers if any 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 such of the Directors or members of the Committee as are in India or by a majority of such of them as are entitled to vote on the resolution.

POWERS OF DIRECTORS

General powers of Company vested in Directors

167. Subject to the provisions of the Act, the Board of Directors shall be entitled to exercise all such powers, and to do all such acts and things, as the Company is authorised to exercise and do, and are not hereby or by statute law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of any statute law and of these Articles and to any regulations not being inconsistent with these Articles from time to time made by the Company in general meeting, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid, if such regulation had not been made.

Power to delegate

168. Save as provided by the Act or by these Articles and subject to the restrictions imposed by Section 292 of the Act, the Directors may delegate all or any powers by the Act or by the Memorandum of Association or by these Articles reposed in them.

Specific power given to Directors

169. Subject to the provisions of Article 167 but without prejudice to the general powers thereby conferred and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles, it is hereby expressly declared that the Directors shall have the following powers and authorities, that is to say, power and authority

(1) to purchase, take on lease or otherwise acquire in India any land (whether freehold, leasehold or otherwise) and with or without houses, buildings, structures or machinery, (fixed or loose) and any moveable property, rights or privileges from any person including a Director in furtherance of or for carrying out its objects, at or for such price or consideration and generally on such terms and conditions and with such title thereto as they may think fit or may believe or be advised to be reasonably satisfactory;

(2) to purchase in India or elsewhere any machinery, plant, stores, and other articles and things for all or any of the objects or purposes of the Company and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;

(3) to enter into arrangement with foreign companies and other persons for obtaining by grant, licence or on other terms formulate and other rights and benefits and to obtain financial and/or technical collaboration, technical information, know-how and expert advice for the purposes of the business of the Company;

(4) to pay and charge to the Capital Account of the Company any commission or interest lawfully payable there out under the provisions of Sections 76 and 208 of the Act;

(5) to purchase, or otherwise acquire from any person and to resell, exchange, and repurchase any patent for or licence for the use of, any invention and to purchase or otherwise acquire for the Company any other property, formula, concessions, rights and 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;

(6) at their discretion to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partly in cash or in shares, or in both, or in bonds, debentures, mortgages or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities, may be either specifically charged upon all or any part of the property of the Company, and its uncalled capital, or not so charged;

(7) to erect, construct, and build any factories, warehouses, godowns, engine houses, tanks wells, or other constructions, adapted to the objects of the Company as may be considered expedient or desirable for the objects or purposes of the Company or any of them;

(8) from time to time to extend the business and undertaking of the Company by adding to, altering. or enlarging all or any of the buildings, factories, workshops, premises, plant, and machinery, for the time being the property or in the possession of the Company, or by erecting new or additional buildings, and to expend such sums of money for the purpose aforesaid or any of them, as may be thought necessary, or expedient;

(9) to sell for cash or on credit or to contract for the sale and future delivery of or to send for sale in any part of India or elsewhere any products or articles produced, manufactured or prepared by the Company as the Directors may deem advisable:

(10) to remove all or any of the machinery, plant and other moveable property of the Company for the time being in or upon lands, buildings, or premises of the Company to other lands, buildings or premises;

(11) to negotiate for, and subject to the approval of the Company in general meeting, contract for the sale and transfer of all or any part of the property and undertaking of the Company as a going concern, subject or not subject to all or any of the obligations and liabilities of the Company;

(12) to undertake on behalf of the Company the payment of all rents and the performance of all covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company, and to purchase the reversion or reversions and otherwise to acquire the freehold or free simple of all or any of the lands of the Company for the time being held under lease, or for an estate less than a free-hold estate;

(13) to improve, manage, develop, exchange, lease, sell, re-sell and re-purchase, dispose of, deal with or otherwise turn to account any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested;

(14) to secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being, or in such manner as they may think fit;

(15) to accept from any member, on such terms and conditions as shall be agreed upon, and as far as may be permissible by law, a surrender of his shares or any part thereof;

(16) to determine from time to time who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents. and to give the necessary authority for such purposes;

(17) to make advances and loans without any security, or on such security as they may think proper, and to take security for already existing debts, and otherwise to invest and deal with any of the moneys of the Company in Government or Municipal securities, fixed deposits or deposits on call or notice in banks, and in such other manner as they may think fit, and from time to time to vary or realise such investments, and for the purposes aforesaid to authorise the Managing Director, if any within limits to be fixed from time to time by the Directors;

(18) to make and give receipts releases and other discharges for moneys payable to, or for goods or property belonging to the Company, and for the claims and demands of the Company;

(19) subject to the provisions of Sections 292, 293, 293A. 295 and 372A of the Act, to invest and deal with any money of the Company upon such security (not being shares of the 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 investments shall be made and held in the Company's own name.

(20) to give to any person employed by the Company a commission on the profits of any particular business or transaction, or a share in general or particular profits of the Company, and such commission or share of profits shall be treated as part of the working expenses of the

Company, and to pay commissions and make allowances to any person introducing business to the Company or otherwise assisting or promoting its interests;

(21) subject to the provisions of Section. 49 of the Act to appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company and property belonging to the Company, or in which the Company is interested, or for any other purposes and to execute and do all such acts, deeds and things as may be requisite in relation to any trust, and to provide for the remuneration of such trustee or trustees;

(22) to insure and keep insured against loss or damage or fire otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores produce and other movable property of the Company either separately or conjointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender, or discontinue any policies of assurance effected in pursuance of this power;

(23) to attach to any shares to be issued as the consideration or part of the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such condition as to the transfer thereof as they think fit;

(24) 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 for the benefit of the Company, such mortgages of the Company's property (present and future) as they may think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon;

(25) to institute, conduct, defend, compound, abandon or refer to arbitration, any action, suit, appeals, proceedings, for enforcing decrees and orders and other legal proceedings by or against the Company or its employees; or otherwise concerning the affairs of the Company, to compound or compromise 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 the same to arbitration, to observe and perform any awards made thereon; to act on behalf of the Company in all matters relating to bankrupts and insolvents;

(26) the Secretary for the time being or any other person duly authorised by the Directors shall be entitled to make, give, sign, and execute all and every warrant to sue or defend on behalf of the Company, and all and every legal proceedings and compositions or compromise, agreement, and submission to arbitration and agreement to refer to arbitration as may be requisite, and for the purposes aforesaid, the Secretary or such other person may be empowered to use their or his own name on behalf of the Company and they or he shall be saved harmless and indemnified out of the facts and property of the Company, from and against all costs and damages which they or he may incur or be liable to by reason of their or his name so used as aforesaid;

(27) to provide for the welfare of the Directors, ex-Directors, employees or ex-employees of the Company, and the wives, widows and families or the dependents or connection of such persons and to give, award or allow any pension, gratuity, compensation, grants of money, allowances, bonus or other payment to or for the benefit of such persons as may appear to the Directors just and proper, whether they have or have not a legal claim upon the Company, and, before recommending any dividends to set aside portions of the profits of the Company to form a fund to provide for such payments, and in particular to provide for the welfare of such persons, by building or contributing to the building of houses, dwelling or chawls, or by creating and from time to time subscribing or contributing to provident funds, and other associations, institutions, or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance

and other assistance as the Directors shall think fit; and to subscribe or contribute to or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions, parties, objects or funds which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation or of public and general utility. The Directors shall duly comply with Sections 293 and 293A of the Act;

(28) before recommending any dividends to set aside, out of the profits of the Company, such sums for depreciation as provided in Section 205 of the Act and such sums as they think proper for depreciation, or as reserve or as loss to a Depreciation Fund, Reserve Fund or Sinking Fund or any special fund to meet contingencies or to repay debentures or debenture-stock or to pay off preference or other shareholders or for payment of dividends or equalising dividend or for special dividend or bonus or for repairing, improving, extending and maintaining any part of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause) as the Directors may in their absolute discretion think conducive to the interest of the Company and from time to time to carry forward such sums as may be deemed expedient and to invest and deal with the several sums so set aside or any part thereof as provided in clause (17) of this Article as they think fit, and from time to time to deal with and vary such investment and dispose of and apply and expend the same or any part thereof for the benefit of the Company in such manner and for such purpose as the Directors in their absolute discretion think conducive to the interest of the Company notwithstanding that the matter to which the Directors apply or upon which the capital money of the Company might rightly be applied or expended and the Directors may divide the Reserve or any Fund into such special funds and transfer any sum from one fund to another as they may think fit and may employ the assets constituting all or any of the above funds including the Depreciation Fund or any part thereof in the business of the Company or in the purchase of re-payment of debentures or debenture-stock or preference shares or in payment or special dividend or bonus and that without being bound to keep the same separate from the other assets, and without being bound to pay interest for the same with power, however, to the Directors at their discretion to pay or allow to the credit of such funds or any of them interest at such rate as the Directors may think proper not exceeding 9 per cent per annum;

(29) from time to time and at any time to entrust to and confer upon the officers for the time being of the Company, and to authorise or empower them to exercise and perform and by Power-of-Attorney under seal to appoint any persons to be the Attorneys of the Company and invest them with such of their powers, authorities, duties and discretions exercisable by or conferred or Imposed upon the Directors, but not the power to make calls or other powers which by law are expressly stated to be incapable of delegation as the Directors may think fit, and for such time and to be exercised for such objects and purposes and subject to such restrictions and conditions, as the Directors may think proper or expedient, and either collaterally with or to the exclusion of and in substitution for all or any of the powers, authorities, duties and discretions of the Directors in that behalf, with authority to such officers, or attorneys to sub-delegate all or any of the powers, authorities, duties, and discretions for the time being vested in or conferred upon them and from time to time to revoke all such appointments of attorney and withdraw, alter or vary all or any of such powers, authorities, duties, and discretions;

(30) from time to time, to appoint, and at their pleasure to remove, discharge, or suspend and to re-employ or replace, for the management of the. business, a manager (subject to Section 388 of the Act read with Section 269) secretaries, experts, departmental heads, accountants, agents, sub-agents, bankers, brokers, muccadums, solicitors, officers, clerks, servants and other employees for permanent, temporary or special service as the Directors may from time to time think fit, and to determine their powers and duties and to fix their emoluments, salaries, wages, and to require security in such instances and to such amount as they think fit;

(31) at any time and from time to time to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers and authorities (including power to sub-delegate) and for such period and subject to such conditions as the Directors may from time to time think fit;

(32) from time to time to provide for the management and transaction of the affairs of the company in any specified locality in India or outside India, in such manner as they think fit and in particular to appoint any person to be the Attorneys or agents of the Company with such powers, authorities and discretions (including power to sub-delegate) but not exceeding those vested in or exercisable by the Directors, and also not the power to make calls or issue debentures and for such period, and upon such terms. and subject to such conditions as the Directors may think fit, and at any time to remove any person so appointed or withdraw or vary any such powers as may be thought fit, and for that purpose the Company may exercise the powers conferred by Sections 50 and 157 of the Act relating to official seal for use abroad and the keeping in any state or country outside India a foreign Register respectively and such powers shall accordingly be vested in the Directors;

(33) for or in relation to any of the matters aforesaid or otherwise for the purposes and objects of the Company to enter into all such negotiations and contracts, and rescind and vary all such contracts, and execute, perform and do and sanction, and authorise all such acts, deeds, matters and things, in the name and on behalf of the Company as they may consider expedient;

(34) to open accounts with any bank or bankers or with any company, firm or individual for the purpose of the Company's business and to pay money into and draw money from any such account from time to time as the Directors may think fit:

(35) generally subject to the provisions of the Act and these Articles to delegate the powers, authorities and discretions vested in the Directors to any person, firm, company or fluctuating body of persons as aforesaid.

MANAGING OR WHOLETIME DIRECTOR

Appointment of Managing/Whole time Director

170. Subject to the provisions of Sections 197A, 198, 267, 268, 269, 309, 310, 311, 316 and 317 and other applicable provisions of the Act and of these Articles, the Directors may from time to time appoint/re-appoint one or more of their body to be a Managing Director or Managing Directors (in which expression shall be included a Joint or Deputy Managing Director) or a Whole-time Director or Directors of the company for a term not exceeding five years at a time for which he or they is or are to hold such office and may from time to time remove or dismiss him or them from office and appoint another or others in his or their place or places. The Directors may whenever there is more than one Managing Director decide whether the Managing Directors should act jointly or severally and may delegate powers separately to one or more Managing Directors.

Remuneration of Managing/Whole-time Director

171. The remuneration of Managing Director or Whole- time Director shall from time to time be fixed by the Directors subject to the approval of the Company in general meeting and may be by way of fixed salary or at a specified percentage of the net profits of the Company or by any or all of these modes, or in any other mode not expressly prohibited by the Act and shall be subject to the limitation, prescribed in Sections 198 and 309 of the Act.

Powers and duties of Managing or Whole-time Director

172. The Directors may, subject to the provisions of the Act and these Articles, from time to time, entrust to and confer upon a Managing Director/Whole-time Director for the time being such

of the powers exercisable under these Articles by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers either collaterally with or to the exclusion of and in substitution for, all or any of the powers of the Directors in that behalf; and may from time to time revoke, withdraw, alter or very all or any of such powers. Unless otherwise determined, a Managing/Whole-time Director may exercise all the powers exercisable by the Directors, save such powers as by the Act or by these Articles shall be exercisable by the Directors themselves.

What provisions he will be subject to

173. A Managing Director or Whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be taken into account in determining the retirement of Directors or the number of Directors to retire, but subject to the terms 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 if he ceases to hold the office of Director from any cause, he shall ipso facto and immediately cease to be a Managing Director and/or Whole-time Director.

DIVIDENDS AND CAPITALISATION

The Company in General Meeting may declare a dividend.

175. The Company in general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits, and may subject to the provisions of Section 207 of the Act, fix the time for the payment thereof.

Restriction on amount of dividends.

176. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend.

Dividend in proportion to the amount paid up.

177. Unless the Company otherwise resolves, dividends shall be paid in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others. Provided always that any capital paid up on a share during the period in respect of which a dividend is declared shall unless otherwise resolved, only entitle the holder of such share to a proportionate amount of such dividend from the date of payment.

Capital advanced not to earn dividend.

Capital paid up in advance of calls shall not confer a right to dividend or to participate in profits.

Dividends out of profits only, and not to carry interest, what to be deemed profits

178. No dividends shall be declared or paid except out of profits of the Company of the year or any other undistributed profits after providing for depreciation as prescribed by Section 205 of the Act, and no dividend shall carry interest against the Company. The declaration of the Directors at the time of such declaration as to the amount of net profits of the Company shall be conclusive.

No member to receive dividends while indebted to the Company

179. No member shall be entitled to receive payment of any dividend in respect of any share or shares on which the Company has a lien, or whilst any amount due or owing from time to time to the Company, either alone or jointly with any other person or persons, in respect of such share or shares, or any other amount whatsoever, remains unpaid, and the Directors may retain, apply and adjust such dividend in or towards satisfaction of all debts, liabilities, or engagements in respect of which the lien exists, and of all such money due as aforesaid.

Retention of dividends until completion of transfer under the Transmission Article.

180. The Directors may retain the dividends payable upon shares in respect of which any person is under the Transmission Article entitled to become a member, or which any person under the same Article is entitled to transfer, until such person shall become a member in respect thereof or shall duly transfer the same.

Transfer must be registered to pass right to dividend

181.(a) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer by the Company.

(b) No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his bankers and in case a share warrant has been issued in respect of the share to the bearer of the share warrant or to his bankers.

(c) For the purpose of payment of dividend and deductions of income tax there from as required by law, the bearer of a share warrant shall be considered to be a member of the Company.

Dividend when and how to be paid

182. All dividends shall be paid or cheque or warrant in respect thereof shall be posted within forty-two days of the date on which such dividend is declared by the Company. Any dividend payable in cash may be paid by cheque or warrant sent through the post direct to the registered address of the shareholder entitled to the payment of the dividend or in the case of joint shareholders, to the registered address of that one of the joint shareholders which is first named on the Register of Members, or to such person and to such address as the shareholder or the joint shareholders may in writing direct. 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 lost in transmission, or for any dividend lost to the member or person entitled thereto by forged endorsements on any cheque or warrant, or the fraudulent or improper recovery thereof by any other means.

Dividend and Call together.

183. Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend, and the dividend may be set off against the calls.

Interim dividend.

184. The Directors may, from time to time, declare and pay to the members such interim dividend as in their judgment the position of the Company justifies.

Unpaid or Unclaimed Dividend etc.

185 (1) The Company shall comply with the provisions of Sections 205A and 205B read with Section 205C of the Act in respect of any dividend remaining unpaid or unclaimed with the Company.

(2) The Company shall comply with the provisions of Section 205C of the Act in respect of any money remaining unpaid with the Company in the nature of (i) application moneys received by the Company for allotment of any securities and due for refund; (ii) deposits received by the Company and due for repayment; (iii) debentures issued by the Company and matured for redemption; and (iv) the interest if any accrued on the amounts referred at items (i), (ii) and (iii) respectively.

Capitalisation

186.(1) A general meeting may on the recommendation of the Directors, direct capitalization of the whole or any part of the undivided profits for the time being of the Company or the whole or any part of the Reserve Fund or other funds of the Company including the moneys in the

Share Premium Account and the Capital Redemption Reserve Fund or the premiums received on the issue of any shares, debentures or debenture-stock of the Company and that such sum be accordingly set free for the purpose, (1) by the issue and distribution, among the holders of the shares of the Company or any of them, in accordance with their respective rights and interests and in proportion to the amounts paid or credited as paid up thereon, of paid-up shares, debentures, debenture-stock, bonds, or other obligations of the Company, or (2) by crediting any shares of the Company which may have been issued and are not fully paid up, in proportion to the amounts paid or credited as paid up thereon respectively, with the whole or any part of the same. The Directors shall give effect to such resolution and apply such portion of the profits or Reserve Fund or premiums as may be required for the purpose of making payment in full at par for the shares, debentures, debenture-stock, bonds, or other obligations of the Company so distributed, or (as the case may be) for the purpose of paying, in whole or in part the amount remaining unpaid on the Equity shares which may have been issued and are not fully paid up, provided that no such distribution or payment shall be made unless recommended by the Directors. Provided, however that the moneys in the Share Premium Account and the Capital Reserve Fund or the premiums received on the issue of any shares, debentures or debenture-stock of the Company shall only be applied in the paying up of un-issued shares to be issued to members of the Company as fully paid bonus shares. For the purpose aforesaid, the Directors shall make all appropriations and applications of the moneys resolved to be capitalised as aforesaid and allotments and issues of fully paid shares or debentures, if any. Where any difficulty arises in respect of such distribution or payment, the Directors may settle the same as they think expedient, and in particular they may issue fractional certificates and generally may make such arrangements for the acceptance, allotment and sale of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise, as they may think fit, and may make cash payments to any holders of shares on the footing of the value so fixed in order to adjust rights, and may vest any shares, debentures, debenture-stock, bonds, or other obligations in trustees upon such trust for adjusting such rights as may seem expedient to the Directors. In case where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distributions of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon, but so that as between the holders of the fully paid shares, and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied *pro rata* in proportion to the amounts then already paid or credited as paid on the existing fully paid and partly paid shares respectively. When deemed requisite, a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the holders of the shares of the Company which shall have been issued prior to such capitalisation and such appointment shall be effective.

(2) A general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investments 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.

For the purposes above set out the Company may apply the Share Premium Account subject to the provisions of Section 78(2) of the Act, and the Capital Redemption Reserve Fund subject to the provisions of Section 80(5) of the Act.

INDEMNITY TO AND PROTECTION OF DIRECTORS AND OFFICERS

Indemnity

198. Every Director, Managing Director or Officer 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 liability incurred by him as such Director, Managing

Director, Officer or Auditor in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or discharged, or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

Indemnity to Directors and other officers.

199. Subject to the provisions of Section 201 of the Act. every Director, Managing Director, Secretary, Trustee, Auditor and other officer or servant of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors out of the funds of the Company to pay all losses, costs and expenses which any such person, officer, or servant may incur or become liable to by reason of any contract entered into or any act or thing done by him as such officer or servant, or in any way or about the discharge of his duties, including travelling expenses.

Directors and other officers not responsible for act of others,

200. Subject to the provisions of Section 201 of the Act, no Director of the Company, Secretary, Trustee, Auditor and other officer or servant of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or servant, or for joining in any receipts or other act for the sake of conformity merely, or for any loss or expenses happening to Company through the insufficiency or deficiency in point of titles or value of any property acquired by the order of the Directors for or on behalf of the Company, or mortgaged to the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency, or tortuous act of any person, company or corporation to or with whom any moneys, securities, or effects of the Company shall be entrusted or deposited, or for any loss occasioned by an 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 or performance of the duties of his office or in relation thereto, unless the same happen through his own dishonesty.

WINDING-UP

Distribution of assets.

213. If upon the winding-up of the Company, the surplus assets shall be more than sufficient to repay the whole of the paid-up capital, the excess shall be distributed amongst the members in proportion to the capital paid or which ought to have been paid on the shares at the commencement of the winding-up held by them respectively, other than the amounts, paid in advance of calls, If the assets available shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid or which ought to have been paid-up at the commencement of the winding up on the shares held by them respectively, other than the amounts paid by them in advance of calls, But this Articles is without prejudice to the rights of the holders of any shares issued upon special terms and conditions and shall not be construed so as to or be deemed to confer upon them any rights greater than those conferred by the terms and conditions of issue.

Distribution of assets in specie.

214. If the Company shall be wound-up whether voluntarily or otherwise, the liquidator may, with the sanction of a Special Resolution, divide among the contributories in specie or kind any part of the assets of the Company, and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trust for the benefit of the contributories or any of them, as the liquidator with the like sanction shall think fit.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered in to in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered in to by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company and at the office of our Company Secretary situated at Gulab Bhawan (3rd Floor), Rear Block, 6A, Bahadur Shah Zafar Marg, New Delhi 110 002 from 10.00 a.m. to 1.00 p.m., from the date of filing of the Draft Letter of Offer until the date of closure of the Subscription List.

A) Material Contracts

1. Letter of engagement dated December 11, 2007 received from Alankit Assignments Limited offering their services to act as Registrar to the Issue and our Company's acceptance dated December 14, 2007.
2. Memorandum of Understanding dated December 14, 2007 entered into between our Company and the Registrar to the Issue.
3. Memorandum of Understanding dated December 24, 2007 entered into between our Company and the Lead Manager to the Issue.

B) Material Documents

1. Memorandum and Articles of Association of our Company.
2. Certificate of Incorporation of our Company dated February 14, 1951.
3. Fresh Certificate of Incorporation pursuant to the change of name dated April 2, 2007.
4. Consents of the Directors, Company Secretary, Auditors, Legal Counsel to the Issue, IDBI Bank Limited (as appraiser), Lead Manager to the Issue, Bankers to the Issue and Registrar to the Issue, to include their names in this Letter of Offer to act in their respective capacities.
5. Board Resolution dated July 30, 2007 approving this Issue.
6. Letter dated June 23, 2008 from the Auditors of the Company confirming Tax Benefits as mentioned in this Letter of Offer.
7. The Report of the Auditors, M/s Lodha & Co. as set out herein dated June 23, 2008 in relation to the restated financials of the Company for the last five years.
8. Annual Report of the Company as also that of Subsidiaries (wherever applicable) for the last five financial years.
9. Project Appraisal Report prepared by IDBI Bank Limited dated October 27, 2007.
10. Applications dated December 31, 2007 for in-principle listing addressed to all the Stock Exchanges.
11. In-principle listing approval dated January 21, 2008, January 23, 2008 and January 29, 2008 from the BSE, the NSE and the CSE respectively
12. Letter No. CFD/DIL/NB/NB/1249140/2008 dated May 7, 2008 issued by the Securities and Exchange Board of India for the Issue.
13. Due Diligence Certificate dated December 31, 2007 from the Lead Manager.
14. Tripartite Agreement dated September 2, 1999 between our Company, the Registrar and NSDL for offering depository option to the investors.

15. Tripartite Agreement dated March 14, 2000 between our Company, the Registrar and CDSL for offering depository option to the investors.
16. Scheme of Arrangement, 1998-1999 between our Company, JK Drugs & Pharmaceuticals Limited and their respective shareholders.
17. Scheme of Arrangement and Amalgamation, 2002-2003 between our Company and its shareholders, JK Agri and its shareholders, JK Sugar and its shareholders and Vikrant Tyres Limited and its creditors and shareholders.
18. Scheme of Arrangement and Demerger, 2006 between our Company and its shareholders and Netflier Technologies Limited (name since changed to Netflier Finco Limited) and its shareholders.
19. The appointment agreement dated October 23, 2007 between our Company and Dr. Raghupati Singhania.
20. The appointment agreement dated October 23, 2007 between our Company and Mr. Bharat Hari Singhania.
21. The appointment agreement dated June 16, 2008 between our Company and Mr. Vikrampati Singhania.
22. The appointment agreement dated July 9, 2004 between our Company and Mr. S.C. Sethi.
23. Share purchase agreement dated May 29, 2008 between our Company, Tornel family and Tornel.
24. Assignment and Assumption Agreement dated June 4, 2008 among our Company, Sunrise Hold Co. Mexico, S.A.de C.V., Tornel and the Tornel family.
25. Sanction letter dated October 22, 2007 from IDBI Bank Limited for a term loan facility of Rs. 100 crore to our Company.
26. Sanction letter dated August 6, 2007 from Bank of India for an ECB of USD 20,00,00,000 to our Company.

DECLARATION

No statement made in this Letter of Offer contravenes any of the provisions of the Companies Act and the rules made thereunder. All the legal requirements connected with the said Issue as also the guidelines, instructions, etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with. We further certify that all statements in this Letter of Offer are true and correct.

SIGNED BY ALL THE DIRECTORS OF JK TYRE & INDUSTRIES LIMITED

Name of Director	Signature
Mr. Hari Shankar Singhania Place: New Delhi	
Dr. Raghupati Singhania Place: New Delhi	
Mr. Arvind Singh Mewar Place: London	
Mr. Bakul Jain Place: Mumbai	
Mr. Govind Ballabh Pande Place: Bhopal	
Mr. O.P. Khaitan Place: New Delhi	
Mr. V. Madhu Place: Bangalore	
Dr. Vinayshil Gautam Place: New Delhi	
Mr. Bharat Hari Singhania Place: New Delhi	
Mr. Vikrampati Singhania Place: New Delhi	
Mr. S.C. Sethi Place: New Delhi	

Mr. A.K. Bajoria
President
Place: New Delhi

Mr. A.K. Kinra
Finance director
Place: New Delhi

Date: July 18, 2008
Place: New Delhi
Enclosure: Composite Application Form