

FREQUENLY ASKED QUESTIONS (FAQ) & ANSWERS

FAQ 1: Why the Sale of Shares is being held now?

In a matter of International legal standoff between M/s. Glencore Grain Rotterdam B.V. and M/s. Shivnath Rai Harnarain (India) Company and Others (Now Shri Lal Mahal Ltd), the decree in favour of M/s. Glencore is a matter of Execution Petition No. 72 of 2009 in Delhi High Court, the Hon'ble Delhi Court has directed the Sale of Shares held by Judgment Debtor 2 (JD2), Mr. Prem Chand Garg, Managing Director of the Company & Judgment Debtor 3 (JD3), Mrs. Anita Garg, W/o Mr. Prem Garg to be sold towards recovery of dues by order dated 22.02.2011 (Annexure 1) and 28.03.2011 (Annexure 2) & 20.04.2011 (Annexure 3). The Hon'ble Delhi High Court has given strict deadlines for completing the sale process and hence the sale is being held now within the time frame given by High Court.

FAQ 2: What is the Authority & Role of ITCOT?

ITCOT Consultancy and Services Ltd (ITCOT) is a Consulting Company wholly owned by the Banks and Financial Institutions in India and is regularly appointed by Highcourt – Chennai / Mumbai / Delhi and Debt Recovery Tribunals and also by Banks / Financial Institutions for conducting Valuation and Sale of Assets. Even Supreme Court of India has also directly appointed ITCOT for valuation in some matters. Full profile of services of ITCOT can be seen at www.itcot.com. ITCOT has been appointed by Delhi High Court by order dated 22.02.2011 as Court's valuer to conduct valuation of shares held by JD2 & JD3 in JD5 (Shri Lal Mahal Ltd) and conduct / complete the sale process as "Court Authorized Broker" of the Delhi High Court on or before June 28, 2011 and file report, vide order dated 28.03.2011

FAQ 3: Whether copy of the Valuation Report is available for reference?

No, Hon'ble Delhi High Court has not given any directions in this matter and as per the usual court procedure ITCOT after completing the valuation of shares held by JD2 & JD3 has submitted the Valuation Report titled in a sealed cover marked "Confidential" to Delhi High Court, vide copy of the letter attached as Annexure 4.

FAQ 4: What are the methodologies used for Valuation of Shares?

Please refer to the Executive Summary of the Valuation Report in the earlier section.

FAQ 5: Is there is any pre-qualification procedure for the bidders?

The Court has directed sale by Public Sale. Hence there is only single stage bidding. However, the bidder has to declare that he is otherwise eligible to bid, (see **AFFIDAVIT F-3 of Bid Document**) and if the declaration found false at a later date, High Court of Delhi may cancel the sale at a later date, but the amount paid will be forfeited.

FAQ 6: Who will declare the Successful Bidder?

The bidder being otherwise eligible the highest bidder as decided by ITCOT will be declared as the successful bidder by the "Authorized Broker", ITCOT. However, ITCOT reserves the right to reject any offer without mentioning any reasons thereof and reserves the right to report such incidences to Delhi High Court.

FAQ 7: Who will confirm Sale?

ITCOT being the “Authorized Broker” will complete the sale process and declare the “Successful Bidder” as per format in the tender and submit the report to Delhi High Court immediately thereafter seeking sale confirmation. Hon’ble Delhi High Court will take up the matter and confirm the sale and on payment of balance sale consideration , issue directions to the company. Actual transfer of shares will be done by the Company, Sri Lal Mahal Limited (SLML) under the directions of Delhi High Court.

FAQ 8: Is the Company, SLML, a party to the proceedings in EP No. 72 of 2009?

Yes, the company is a party listed as JD5 in this matter and as such order of Delhi High Court is binding as per law.

FAQ 9:

The Shareholder of JD2 & JD3 are also currently “Directors” in the company. Whether the successful bidder who’s sale is confirmed will get two directorship in the company?

ITCOT has been mandated to sell the shares only. However at the time of sale confirmation being taken by the Delhi High Court, it is open to the successful bidder to present the facts and request before the High Court and seek appropriate orders. However, the offer made herein in the bid is unconditional and any conditional offer whatsoever will be summarily rejected.

FAQ 10: Can I withdraw my bid anytime during the sale process?

Invalid and conditional offers will be summarily rejected. In case of valid offers, if withdrawal is sought after submission of EMD, EMD will be forfeited. If withdrawal is sought by successful bidder, all amount deposited - both EMD & subsequent amounts deposited will be forfeited to the recovery account. For full terms of sale, please read the bid document.

FAQ 11: Whether company proposes to list the shares in stock exchange?

Company has not made any such disclosure as yet.

FAQ 12: Whether company proposes to issue dividends to Shareholders?

Company has not declared dividend till March 2010. Any further announcement has to be awaited.

FAQ 13: Can I inspect the documents?

ITCOT will be setting up a “Data Room” wherein all relevant papers (as decided by ITCOT) will be available in a file for the bidders and their authorized representatives will be permitted to inspect. No photocopying is permitted nor any copy will be given to the bidders. However, most of these are public documents such as Court records, company website materials, financial statements and reports available from the website ministry of corporate affairs (MCA21), Rating reports and published sources of similar companies etc. Bidders are free to note down the source of data where available, and then contact such sources directly and obtain the copy, subject to any copyrights and non-disclosure clause associated with such authorities. Please note that ITCOT will not make available any document obtained under non disclosure including that from SLML.

FAQ 14: When will the “Data Room” be open to the bidders?

Data Room will be set up at

ITCOT Consultancy and Services
Limited
407, Akashdeep Building
26-A, Barakhamba Road
Connaught Place
New Delhi – 110 001

ITCOT Consultancy and Services
Limited
50A, Greams Road
& Chennai – 600 006

From May 26 to June 16, 2011 between 11 Hrs to 17 Hrs (excluding Saturdays, Sundays and Public Holidays) or such other time as specified by ITCOT.

Authorized personnel not exceeding THREE of a bidder can make “TWO” visits with each duration of the visit not more than “THREE HOURS” per sitting. Only the bidders, who have purchased the bid document by paying the fees and having letter of authority sent by ITCOT (Ref FORM F-O in the Bid Document) to inspect Data room and Along with an Authorized Letter from the bidder entity will be permitted to inspect the documents in data room.

You are advised to obtain prior appointment with Delhi / Chennai . Only and one set of bidders will be allowed for sitting. Data room is simultaneously open both at Delhi & Chennai. You can seek appointment in either of the location.

FAQ 15: Can ITCOT offer the services of due diligence?

NO, ITCOT, in this case, is acting at the directions of Delhi High Court as Valuer and Authorized Broker for sale. Hence ITCOT cannot and shall not offer any due diligence services. The bidders may engage their own Lawyers, Chartered Accountants, Valuers, Corporate Advisors etc or such other specialists so required and may conduct due diligence at their own cost and risk.

FAQ 16:

Whether the successful bidder has the option of getting the share of JD2 & JD3 in two different entities by having nominees?

The bid terms provide that bidder can bid only for the total holding together held by JD2 and JD3. No bid shall be part for partial lot and no offer shall be made less than the reserve Price of Rs 55.10 Crores and bid not confirming to this will be rejected.. Bid has to be made for the entire lot as ONE LOT only. However, the successful bidder has the option of any one block (JD2 or JD3) of shares to be held in his name and the other to be held in the name of the nominee / joint bidder. It is open for two or more bidder to jointly bid. However, it is NOT permitted that bidder can nominate to both the blocks (JD2 & JD3) of shares, without he holding any one block.

However, nominations, if any shall be notified immediately and in any case at the time of 25%of sale price is paid. Nominee also needs to be an eligible bidder otherwise as per Form F-3 and nominee also needs to give the Affidavit.

FAQ 17: What is the Decree amount due to Glencore?

High Court has directed the entire share holding of JD2 and JD3 in JD5 will be sold . Decree will be decided by the Court separately.

FAQ 18: Are there any previous share transaction carried out by the Company?

YES. The details from MCA website and Court records is given below:

The company allotted **1,00,00,000 (100 lakhs) shares** to three entities in 2009 at **Rs. 10/- per share at par value**. Managing Director of the company Mr. Prem Chand Garg (JD 2) and Mrs. Anita Garg (JD 3) filed an affidavit in the Delhi High Court that the estimated market value of their shares were **Rs. 100/- per share** in 2009. On March 31, 2011, **SLML has allotted additional shares of 9,91,160 to one U.K. entity at Rs. 225/- per share.**

FAQ 19: Why the transaction values show such huge volatility?

Company has not disclosed any specific reason thereof for the variation of over 2000% in values. SLML is a closely held company and shares are not listed / quoted and above transactions are purely between concerned parties.

FAQ 20 :

Can the company change the share holding structure before this sale is concluded ?

The Company has given an undertaking to maintain the share holding structure as on 20.04.2011 and Hon'ble Delhi High Court by its order dated 20.04.2011 (Annexure 3) has ordered that the company can not change the share holding structure without the permission of the Court.

FAQ 21:

Can I get more clarifications?

As ITCOT provides all clarifications in a common platform, we do not intend to provide any further. You are advised to conduct your own due diligence and decide for yourself.
