

**EVERLON SYNTHETICS LIMITED**

Our Company was incorporated as Everlon Synthetics Private Limited under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated July 26, 1989, issued by the Registrar of Companies, Mumbai, Maharashtra. The name of Company was changed to Everlon Synthetics Limited pursuant to special resolution passed in Extra Ordinary General Meeting dated April 27, 1992 and received certificate of change of name dated May 21, 1992. The Corporate Identification Number of Company is L17297MH1989PLC052747. For further details, please see section "History and Other Corporate Matters" on page 51 of this Draft Letter of Offer.

**Registered Office:** 67 Regent Chambers, Nariman Point, Mumbai – 400 021

**Tel:** +91-22-22049233/22042788 **Fax:** +91-22-22870540

**Contact Person:** Mr. Subodh L. More, Company Secretary and Compliance Officer

**E-mail:** rightsissue@everlon.in **Website:** www.everlon.in

**PROMOTER OF OUR COMPANY: MR. JITENDRA K. VAKHARIA****FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY**

**ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH AT A PREMIUM OF ₹ [●] PER EQUITY SHARE ("EQUITY SHARES") FOR AN AMOUNT AGGREGATING UPTO ₹ 350.00 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF EVERLON SYNTHETICS LIMITED ("THE COMPANY" OR THE "ISSUER") IN THE RATIO OF [●] EQUITY SHARE FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD (I.E., [●]) BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●], 2015 (THE "ISSUE").**

**THE ISSUE PRICE IS [●] TIMES THE FACE VALUE.**

**FOR FURTHER DETAILS, PLEASE SEE "TERMS OF THE ISSUE" ON PAGE 122 OF THIS DRAFT LETTER OF OFFER.**

**GENERAL RISK**

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

**COMPANY'S ABSOLUTE RESPONSIBILITY**

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

**LISTING**

The existing equity shares of our Company are listed on BSE Ltd. ("BSE") and Ahmedabad Stock Exchange Limited ("ASE"). We shall apply for in-principle approval for listing of equity shares being issued in terms of this letter of offer from the Stock Exchange where existing equity shares of our company are listed. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
<p><b>KEYNOTE</b>  <b>Keynote Corporate Services Limited</b>  The Ruby, 9<sup>th</sup> Floor,  Senapati Bapat Marg, Dadar (W)  Mumbai – 400028  Tel: +91-22- 30266000-3  Fax: +91-22- 30266088  E-mail: mbd@keynoteindia.net  Website: www.keynoteindia.net  SEBI Registration No.: INM000003606</p>	<p>  <b>Sharex Dynamic (India) Pvt. Ltd</b>  Unit -1, Luthra Industrial Premises, Safed Pool,  Andheri-Kurla Road, Andheri (E),  Mumbai – 400 072  Tel: +91-22-28515606/5644  Fax: +91-22-28512885  E-mail: sharexindia@vsnl.com  Website: www.sharexindia.com  SEBI Registration Number: INR000002102</p>

**ISSUE PROGRAMME**

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

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

#### Definitions

In this Draft Letter of Offer, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this section.

In this Draft Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to “Everlon Synthetics Limited”, “ESL”, the/our “Company”, “we”, “our”, “us” or similar terms are to Everlon Synthetics Limited or, as the context requires, and references to “you” are to the equity shareholders and/ or prospective investors in the Equity Shares.

#### Conventional/ General Terms

Term	Description
Companies Act	Companies Act, 1956, as amended (without reference to the sections thereof that have ceased to have effect upon notification of sections of the Companies Act, 2013) (the “Companies Act, 1956”) read with the applicable provisions of the Companies Act, 2013, to the extent notified and in effect (the “Companies Act, 2013”), and together with the Companies Act, 1956, the “Companies Act”)
Depositories Act	The Depositories Act, 1996 and amendments thereto
EPS	Earnings Per Share
IT Act	The Income Tax Act, 1961 and amendments thereto
Indian GAAP	Generally Accepted Accounting Principles In India
NAV	Net Asset Value per share
PAT	Profit After Tax
RONW	Return on Net Worth
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI Regulations/ SEBI ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereto
Securities Act	United States Securities Act of 1933, as amended
Takeover Code/ Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto
Wealth Tax Act	The Wealth Tax Act, 1957 and amendments thereto.

#### Issue related terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Equity Shareholders as on the Record Date with respect to this Issue in accordance with SEBI Regulations
Allotment	Unless the context requires, the allotment of Equity Shares pursuant to the Issue
Allottees	Persons to whom Equity Shares are issued pursuant to the Issue
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used compulsorily by QIB and those investors who have applied for Equity Shares for a cumulative amount of more than ₹ 2 lacs and optionally by Retail Individual Investors to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate amount in relation to an application by an ASBA Investor
ASBA Investor	An investor (either Equity Shareholder or Renouncee) who is intending to

Term	Description
	subscribe the Equity Shares of our Company under this Issue applying through blocking of funds in a bank account maintained with SCSBs.
	All QIBs and Non-Institutional Investors, complying with the above conditions, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process
ASE/ASEL	Ahmedabad Stock Exchange Limited
Banker to the Company	Janata Sahakari Bank (Pune)
Bankers to the Issue	[●]
Composite Application Form / CAF/ Application Form/ Application	The form used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that our Company would issue for the Equity Shares Allotted to one folio
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.html">http://www.sebi.gov.in/pmd/scsb.html</a>
Designated Stock Exchange	Bombay Stock Exchange Limited or BSE
Draft Letter of Offer/ DLOF	The Draft Letter of Offer dated [●] filed with SEBI for its observations.
NECS	National Electronic Clearing Services
Equity Share(s) or Share(s)	Equity shares of our Company having a face value of ₹ 1 each unless otherwise specified in the context thereof
Equity Shareholder / Shareholder	Means a holder of Equity Shares of our Company
Financial Year/ Fiscal/ Fiscal Year/ FY	Any period of twelve months ended March 31 of that particular year, unless otherwise stated.
Issue/ Rights Issue	Issue of [●] Equity Shares with a face value of ₹ 1 each at a premium of ₹[●] per Equity Share for an amount aggregating upto ₹350.00 lacs on a rights basis to the existing Equity Shareholders in the ratio of [●] Equity Share for every [●] fully paid-up Equity Share(s) held (i.e., [●]) by the existing Equity Shareholders on the Record Date. The issue price is [●] times the face value of the Equity Shares.
Investor(s)	Equity Shareholders as on Record Date and/or Renouncees applying in the Issue.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹ [●] per Equity Share.
Issue Proceeds	The proceeds of the Issue that are available to our Company
Issue Size	The issue of [●] Equity Shares for an amount aggregating to ₹ [●] lacs
Lead Manager/ LM	Keynote Corporate Services Limited
Letter of Offer	The final letter of offer to be filed with the Stock Exchanges after incorporating the observations received from the SEBI on the Draft Letter of Offer
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchanges
MICR	Magnetic Ink Character Recognition.
Non Institutional Investors	All Investors including sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for a cumulative amount more than ₹ 2 lacs

<b>Term</b>	<b>Description</b>
Promoter	The Promoter of our Company, being Mr. Jitendra K. Vakharia
Promoter Group	Unless the context requires otherwise, the entities forming part of the promoter group in accordance with the SEBI Regulations and which are disclosed by our Company to the Stock Exchanges from time to time
Offer Document	Means Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer
QIBs or Qualified Institutional Buyers	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FIIs and subaccount registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹ 2,500 lacs, pension fund with minimum corpus of ₹ 2,500 lacs, National Investment Fund set up by the Government of India and insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India
Record Date	[●]
Refund through electronic transfer of funds	Refunds through NECS, Direct Credit, RTGS, NEFT or ASBA process, as applicable
Registrar of Companies/ RoC	The Registrar of Companies, Mumbai, Maharashtra Address: 100, Everest, Marine Drive, Mumbai – 400 002
Registrar to the Issue	Sharex Dynamic (India) Private Limited
Renouncees	Any persons who have acquired Rights Entitlements from the Equity Shareholders through renunciation
Retail Individual Investors	Individual Investors who have applied for Equity Shares for an amount not more than ₹ 2 lacs (including HUFs applying through their Karta)
Rights Entitlement	The number of Equity Shares that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date
RTGS	Real Time Gross Settlement
SAF(s)	Split Application Form(s)
SCSB(s)	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>

### Company Related and Industry Related Terms

<b>Term</b>	<b>Description</b>
Articles/ Articles of Association/ AoA	The articles of association of our Company, as amended
Air Act	Air (Prevention and Control of Pollution) Act, 1981
Auditor	M/s Poladia & Company, Chartered Accountants, our statutory auditors
Board/ Board of Directors	Board of Directors of our Company including any committees thereof.
BIFR	Board for Industrial and Financial Reconstruction
BMCB	Bombay Mercantile Co-operative Bank Ltd.
CITI	Confederation of Indian Textile Industry
EYAPL	Everest Yarn Agency Private Limited
JSB	Janata Sahakari Bank (Pune)
MMF	Man Made Fibre

<b>Term</b>	<b>Description</b>
Memorandum/Memorandum of Association/ MOA/ MoA	The memorandum of association of our Company, as amended
NOC	No Objection Certificate
POY	Partially Oriented Yarn
PTY	Polyester Texturised Yarn
Registered Office	67 Regent Chambers, Nariman Point, Mumbai – 400 021, Maharashtra, India
VPIL	Vakharia Power Infrastructure Limited
Water Act	Water (Prevention and Control of Pollution) Act, 1974

#### Abbreviations

<b>Term</b>	<b>Description</b>
ADR	American Depository Receipt
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASE	Ahmedabad Stock Exchange
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DIN	Director Identification Number
DP	Depository Participant
DR	Depository Receipts
EGM	Extraordinary General Meeting
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
FIPB	Foreign Investment Promotion Board
GDR	Global Depository Receipt
HUF	Hindu Undivided Family
ICD	Inter Corporate Deposits
ICL	Inter Corporate Loans
ISIN	International Securities Identification Number
IT	Information Technology
JV	Joint Venture
Ltd	Limited
NR	Non Resident
NRI(s)	Non Resident Indian(s)
NSDL	National Securities Depository Limited
NSE	National Stock Exchange Limited
OCB	Overseas Corporate Body
PAN	Permanent Account Number
PBT	Profit Before Tax
PLR	Prime Lending Rate
PVT/ Pvt	Private
RBI	Reserve Bank of India
Regulation S	Regulation S of the Securities Act
Re./₹/Rupees/INR/ ₹	Indian Rupees
SCORES	SEBI Complaints Redress System
SEBI	Securities and Exchange Board of India
Stock Exchanges	BSE and ASE
STT	Securities Transaction Tax
TP Act	The Transfer of Property Act, 1882

## NOTICE TO OVERSEAS SHAREHOLDERS

The rights and the securities of our Company have not been and will not be registered under 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.”), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in the Draft Letter of Offer are being offered in India, but not in the United States. The offering to which the Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Letter of Offer or Abridged 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 our Company will accept subscriptions or renunciation 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 when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. Our Company is making the issue of Equity Shares on a rights basis to Equity Shareholders of our Company on the Record Date and the Letter of Offer and CAF will be dispatched only to Equity Shareholders who have an Indian address. Any person who acquires rights and the Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it does not have a registered address (and is not otherwise located) in the United States, and (iii) it is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations; (ii) appears to our Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that CAF is incomplete or 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.

## **PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA**

In this Draft Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to “Everlon Synthetics Limited”, “ESL”, the/our “Company”, “we”, “our”, “us” or similar terms are to Everlon Synthetics Limited or, as the context requires, and references to “you” are to the prospective investors in the Equity Shares.

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from the audited financial information of our Company which has been prepared in accordance with Indian GAAP and are included in the Draft Letter of Offer. The financial year of our Company commences on April 1 and ends on March 31.

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

All references in the Draft Letter of Offer to “Rupees”, “Rs.”, “₹”, “Indian Rupees” and “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “U.S.\$”, “U.S. Dollar”, “USD” or “\$” are to United States Dollars, the official currency of the United States of America.

### **Please Note:**

One million is equal to 1,000,000/10 lacs;  
One billion is equal to 1,000 million/100 crores;  
One lac is equal to 100 thousand;  
One crore is equal to 10 million/100 lacs

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

Fluctuations in the exchange rate between the Rupee and the U.S. Dollar will affect the U.S. Dollar equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. Dollars of any cash dividends paid in Rupees on the Equity Shares.



## FORWARD LOOKING STATEMENTS

We have included statements in this Draft Letter of Offer which contain words or phrases such as “will”, “may”, “aim”, “is likely to result”, “believe”, “expect”, “continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “pursue” 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 us 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 expectations include, but are not limited to:

- General economic conditions
- Changes in political and social conditions in India
- The outcome of legal or regulatory proceedings that we are or might become involved in
- Contingent liabilities, environmental problems and uninsured losses
- Increasing competition in the industry;
- Developments affecting the Indian economy
- Changes in laws and regulations that apply to the industry
- Uncertainty in global financial markets

For a further discussion of factors that could cause the actual results to differ, see “Risk Factors” on page viii of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI and Stock Exchanges’ requirements, our Company and Lead Manager shall 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. You should carefully consider all of the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. The financial and other implications of material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However there are a few risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. The ordering of the risk factors has been done based on materiality and does not in any manner indicate the importance of one risk factor over the other. To obtain a complete understanding, you should read this section in conjunction with the chapters titled “Business Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the section titled “Financial Information” on page 40,100 and 75 respectively as well as the other financial and statistical information contained in this Draft Letter of Offer.*

*Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Equity Shares have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer.*

*The occurrence of any of the following events could have a material adverse effect on our business, results of operations, financial condition and prospects and cause the market price of the Equity Shares to fall significantly, and you may lose all or part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations. The following factors have been considered for determining the materiality:*

- 1. Some events may not be material individually but may be found material collectively;*
- 2. Some events may have material impact qualitatively instead of quantitatively;*
- 3. Some events may not be material at present but may have material impact in future.*

### **RISKS ASSOCIATED WITH OUR BUSINESS**

- 1. Our Company is currently involved in certain litigations/disputes and any adverse decision in such proceedings may have a material adverse effect on the financial condition.***

Our Company is involved in certain litigations that are civil in nature. There are outstanding litigations against our company that includes central excise cases relating to show cause cum demand notices and a legal notice received from Ahmedabad Stock Exchange Limited (ASE).

Our Company received show cause cum demand notices from Central Excise in 1995 and 2001 for an amount aggregating to ₹445.40 lacs.

Further, our company also has received a legal notice dated September 12, 2014 for an amount of ₹1.58 lacs from ASE towards the non-payment of listing fees. For information relating to ASE listing please refer Risk Factor no.3. These notices have been contested by us. We can give no assurance that these litigations will be decided in favour of our Company. Any adverse outcome in any or all of these proceedings may have a material adverse effect on our business, results of operations and financial condition.

Our Promoters and our group companies are not involved in any legal proceedings.

For further information relating to these proceedings, please see the section titled “Outstanding Litigations and Defaults” on page 107.

**2. Contingent liabilities, not provided for, could adversely affect our financial condition.**

As per the audited accounts for F.Y. ending March 31, 2014, contingent liabilities not provided for is amounting to ₹ 445.40 lacs towards the excise duty claim which if materialises could adversely affect our financial position. For further information on our contingent liabilities, see chapter “Auditor’s Report’ beginning on page 75.

**3. The equity shares of our company have been suspended from trading on Ahmedabad Stock Exchange Ltd. (ASE) w.e.f. 01/06/2014**

Our Company is in receipt of communication dated 01/06/2014 from ASE intimating that the company has been suspended from ASE w.e.f. 01/06/2014. ASE also informed us that they have decided to levy ₹15 lacs as reinstatement fees in addition to pending listing fee. We have vide our letter dated 28/06/2014 replied to the said communication informing them that the company has already complied with Delisting of Securities Regulations by following the procedure mentioned therein. The shareholders of the company had passed a resolution for delisting of equity shares from ASE at the AGM held on 26/09/2003 and have submitted application for delisting in the prescribed form vide our letter dated 18/12/2003. Subsequent to the above communication our company followed with ASE vide various communications requesting ASE to delist equity shares of the company. Company received the communication from ASE in May 2013 in the nature of statutory notice directing the company to pay annual listing fee amounting to ₹1,67,069/-. Our company had replied to the same vide letter dated 21/05/2013 inviting their attention to the earlier pending correspondence in this regard. Subsequently company received a legal notice from one Sonali N. Antani, Advocate, Gujarat High Court dated 12/09/2014 on behalf of ASE requiring the company to comply with conditions of listing agreement and payment of pending listing fees of ₹1,58,034/-. Our company has once again suitably replied vide our letter dated 26/09/2014 narrating the course of events since 2003 confirming that our company is responsible to pay listing fees upto the year 2003 and not up to the year 2014 as demanded by ASE. While replying to the said notice our Company has also mentioned about our communication with ASE as no response from ASE since past several years as regards pending listing fees upto year 2003 and delisting application is received from them.

We hope that our Company receives an appropriate communication from ASE in this regard and equity shares of our company stand delisted from ASE as we are agreeable to pay the fees upto the year of our application for delisting in the year 2003.

**Management Proposal:** Although our scrip has been suspended on ASE, the shareholders of our company have the trading window of recognised stock exchange i.e. BSE Ltd. for buying/selling in equity shares of our Company.

**4. Our Company has experienced negative cash flows.**

Our Company has experienced negative cash flows, the details of which are summarized below:

(₹ in lacs)

Particulars	Half year ended September 2014	For the financial year ended				
		2014	2013	2012	2011	2010
Net cash from operating activities	77.31	67.04	331.37	(424.79)	79.91	(74.14)
Net cash from investing activities	(6.66)	(6.54)	10.30	(30.60)	(178.45)	110.32
Net Cash generated from financing activities	(72.50)	(78.61)	(322.29)	457.09	99.80	(35.10)

Any negative cash flows in future could adversely affect our company's results of operation and financial condition. For further details please see the section titled "Financial Information" and the chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 75 and 100 respectively.

5. ***Our Company implemented a scheme of arrangement under section 391 - 394 and section 101 to 105 of the Companies Act, 1956 pursuant to which the investment business of Everlon Synthetics Limited was demerged into Vakharia Power Infrastructure Limited (VPIL). and subsequently the equity shares of VPIL were to be listed on all the stock exchanges wherein ESL is listed. Though VPIL got itself listed on BSE Ltd, it is yet to comply with listing formalities of Ahmedabad Stock Exchange Limited(ASE).***

Our Company had implemented scheme of arrangement between wherein the investment business of the Company was demerged into VPIL. Pursuant to the approval of scheme in September 14, 2012 by Hon High Court of Bombay, the investment business of our Company was demerged into VPIL and in consideration thereof, the shares of VPIL were allotted to shareholders of our company in the ratio of 1:1. For details of scheme of arrangement please refer chapter 'History and Other Corporate Matters' on page no.51. In terms of the scheme the shares of VPIL were proposed to be listed on all the stock exchanges wherein equity shares of our Company were listed. VPIL complied with the listing requirements of BSE Ltd. and got itself listed on BSE w.e.f October 28, 2013. The listing formalities of Ahmedabad Stock Exchange Limited in respect of VPIL are yet to be complied. Our Company may face relevant action including legal proceedings for non listing of equity shares of VPIL on ASE.

**Management Proposal:** The equity shares of VPIL are listed & are available for trading on BSE & hence shareholders have the window to trade on a exchange with nationwide terminal. As such our application for delisting of equity shares is pending for disposal.

6. ***We have incurred losses in past resulting in full erosion of networth. Consequently, our case was referred to BIFR that got admitted in the year 2004. As on September 30, 2014 our outstanding accumulated loss aggregates to ₹96.12 lacs.***

During the period F.Y.1999 to 2001 our company went through a troubled phase on account of various internal and external factors such as subdued demand for products, inadequate working capital limits lower realization value of products, etc. resulting in losses and erosion of networth. Our Company also defaulted on repayments of banks. The deteriorating financial health of our company led to registration of case with BIFR in the year 2004. Subsequently, during the normal course of business our Company's financial health improved and the Company was in a position to settle the outstanding dues of creditors. On account of positive networth our company ceased to be a sick company in 2007. Thereafter with stability in financial management and operations of Company the performance started improving. Steadily the past losses also wiped out and as on September 30, 2014, our company has accumulated losses only to the extent of ₹96.12 lacs. However, we cannot provide any assurance that Company may continue to make profits in future. There may be various factors which may impact the business operations such as stagnation of demand in textile industry, competition resulting in lower demand of our product, non availability of working capital finance or any such other factors.

7. ***Issue Proceeds would be utilised for repayment of unsecured loan & funding of issue expenses and hence would not result in creation of assets.***

The issue proceeds shall not be utilized for creation of any assets. We intend to use the issue proceeds towards repayment of unsecured loan availed from the promoter group company namely Everest Yarn Agency Private Limited which will lead to improvement in financial ratios and leverage capacity. A part of the issue proceeds shall also be utilized to fund the expenses to be incurred in the issue. For further details on the use of the Issue Proceeds, please see the section "Objects of the Issue" on page 23.

**8. *The unsecured loan availed by our Company from our promoter group company namely Everest Yarn Agency Private Limited maybe recalled at any given point of time.***

Our Company has been availing unsecured loans from our promoter group company namely, Everest Yarn Agency Private Limited (EYAPL) from time to time. The total outstanding payable to EYAPL as on December 31, 2014 amounts to ₹ 311.39 lacs. Although there are no terms and condition prescribed for repayment, this outstanding loan can be recalled at any given point of time during ordinary course of business and thus may affect the business operations and financial performance of our Company.

The objects of the present rights issue is repayment of unsecured loan availed from EYAPL.

**9. *Our business is dependent on our key customers & suppliers and the loss of any significant customer or supplier could adversely affect our financial results.***

Our company does not have any contract with customers and the demand of our product is based on the requirements and orders received from them. For the financial year ended March 31, 2014, our top five customers accounted for 54.42% of our revenue from operations. We cannot assure you that we can maintain the historical levels of business from these customers or that we will be able to replace these customers in case we lose any of them. The loss of a significant customer or customers would have a material adverse effect on our financial results.

Further, during F.Y.2013-14, approx 75% of the value of raw material was procured from Garden Silk Mills Ltd. Though there are other textile players who have depots in the vicinity to supply raw material, the availability of the raw material at acceptable prices may affect production and also have material adverse effect on our financials.

**10. *We may require certain approvals, licenses, registrations and permits for our business and the failure to renew or obtain them in a timely manner may adversely affect our operations.***

Applications for certain statutory approvals and/or license that is required for carrying out operations have been made by our Company and the same is still pending with the issuing authorities. In future our company would require renewal of existing licenses and approvals to continue our business operations and also apply for new licenses and approvals as required under the applicable laws from time to time. While we believe that we shall be able to obtain the required licenses and approvals as and when required, there can be no assurance that the relevant authority shall renew the same on timely basis.

Presently, our Company has made an application for obtaining consent under Water Act and Air Act and the same is pending for approval. Our Company also doesn't comply with fire safety norms as prescribed under the relevant laws. However, our company has been conducting periodic check for fire instruments from independent consultants. In the event there is any fire accident in our Company the insurance companies may deny the claim on account of non compliance of safety norms. Our Company may also be liable for legal action in this regard.

Further, any delay in issuance of approvals or any non issuance of certain approvals could interrupt our operations and may have an adverse material effect on our business and financial position. For details of licenses and approvals please refer chapter on 'Government Approvals' appearing on page 110

**11. *We have in past entered into related party transactions and may continue to do so in future.***

We have, in the course of our business, entered into transactions with related parties including entities forming part of our Promoter Group, group companies and directors. There can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties.

Such related party transactions may give rise to potential conflicts of interest with respect to dealings between us and the related parties. Furthermore, it is likely that we will continue to enter into related

party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

For details of related party transactions entered into by us please see “Auditor’s Report - Related Party Transaction” on page 93 of this Draft Letter of Offer.

**12. *Our promoter and promoter group have promoted ventures that are permitted to carry similar line of business. Any future plans of these companies to enter into the similar line of business may result in conflict of interest.***

Our promoter and promoter group have promoted companies viz, Everest Yarn Agency Private Limited (EAYPL) and Vakharia Synthetics Private Limited (VSPL) that are permitted to carry on the business of dealers and manufactures of polyester yarns. Although these companies derive their income either from dealing of products or from non operational income, we cannot assure you that they may not enter into manufacturing of similar products which may result in direct competition and impact our market share. It may also lead to potential conflict of interest which may favour group companies thus affecting the business operations and financials of our Company.

**13. *Some of our group companies have made losses in last three financial years***

Our Company has seven group companies as on date. Of these seven group companies five group companies have made net losses during last three financial years. The details of Profit/loss making companies are as under:

(₹ in lacs)

Sl. No	Name of Group Company	F.Y.2013-14	F.Y.2012-13	F.Y.2011-12
1	Vakharia Power Infrastructure Limited	(30.30)	1.72	-
2	Everest Yarn Agency Private Limited	3.88	0.83	(10.73)
3	Vakharia Financial Services Limited	(2.77)	(2.47)	(40.33)
4	Everlon Solar Energy Private Limited	(2.38)	(1.48)	(1.98)
5	Everlon Power Limited	(1.62)	(3.61)	(2.79)

For further details about the group company please refer section Promoter & Promoter Group appearing on page 64 of this Draft Letter of Offer

**14. *We are subject to certain restrictive covenants of Janata Sahakari Bank Ltd. in respect of the working capital facilities availed from them.***

Our company has received working capital sanction limit of ₹415.00 lacs from Janata Sahakari Bank Ltd. (JSBL) vide their renewed sanction letter dated October 13, 2014 and interest rate amendment letter dated December 17, 2014. The present rate of interest payable is 13.50%. As on September 30, 2014, our Company has outstanding working capital borrowings of ₹ 407.91 lacs. Our Banker has specified certain conditions in the sanction letter such as the company cannot change constitution of business, submission of compliance certificates, submission of monthly stock/book debts statement, etc. In the event our company does not comply with prescribed conditions, JSBL may take certain action against our company including suspension of working capital limits affecting our operations and financial performance. Further, any increase in interest rates could also affect our cost of borrowings and results of operations and financial condition. This may adversely impact our cash flows. We have received NOC from JSB for the proposed Rights Issue. For further details on the borrowings, please see “Auditor’s Report” on page 75 of this Draft Letter of Offer.

**15. *We are dependent on our management team and the loss of key members may adversely affect our business.***

Our success is substantially dependent on our promoter Mr. Jitendra K. Vakharia who has been managing day to day operations along with other key managerial personnel. We cannot assure you that

we will be able to retain any or all of the key members of our team. The loss of the services of key members of our team could have an adverse effect on operations of our business. Further, any inability to retain the key members may have an adverse effect on our business and results of operations. For further details of key members, please see the section titled “Management” on page 56.

**16. *We do not own the premises at which our registered office is located. In any adverse event, we would be required to identify new location for our registered office.***

Our registered office is located at 67 Regent Chambers, Nariman Point, Mumbai – 400 021 Maharashtra, India. We do not own this premises at which our registered office is located. Our company has entered into letter of arrangement with Teekay International, a partnership firm belonging to promoter group, for a period of 11 months with effect from April 01, 2014 and the monthly compensation payable is ₹ 25,000/-. The total area taken on rent is 500 sq. ft. This arrangement may be renewed subject to mutual consent.

In the event, Teekay International requires us to vacate the premises, we will have to seek a new premises at short notice and for a price that may be much higher than what we are currently paying. This may affect our ability to conduct our business or increase our operating costs.

**17. *Our Promoter and Promoter Group shall continue to exercise significant control over our business which will allow them to determine the outcome of certain matters.***

Our Promoters and Promoter Group holds 60.58% of our equity share capital. As a result, they are able to exercise significant control over the matters requiring shareholder approval, including significant corporate structuring exercises such as mergers or demergers, sale of assets, etc. Further, our promoters may take decision which may be in conflict of interest or detrimental to minority shareholders. Our promoter and promoter group have also undertaken to subscribe the undersubscribed portion of the Issue, subject to obtaining any approvals required under applicable law. Such subscription for Equity Shares over and above their rights entitlement, if allotted, may result in an increase in their percentage shareholding. Thus, our promoters may have larger control over the decision making process and outcome of matters.

**18. *There have been few instances wherein filings as prescribed under the listing agreements with the stock exchanges have been delayed.***

Our Company has been listed since 1994 on BSE Limited and Ahmedabad Stock Exchange Limited. In terms of the listing agreement our company is required to make filings within the prescribed timeframe. Further, any delay in compliance with listing agreement may attract penalty or any other action which may affect the listing status and also liquidity of the scrip. During last five years there have been instances wherein the filings with Stock Exchanges have been delayed. In the calendar year 2014, our Company has paid penal charges amounting to ₹ 5618/- to BSE Limited for one day delay in compliance with clause 41 of the listing agreement. Although, our company’s endeavor is to comply with listing agreement in timely manner, there can be no assurance that there may not be any delay in compliances in future.

**19. *We have not appointed any monitoring agency for the utilization of the Issue Proceeds.***

As per the SEBI ICDR Regulation, appointment of monitoring agency is required only for Issue size above ₹ 50,000 lacs. Hence we have not appointed any monitoring agency and the deployment of Issue Proceeds as stated in the “Objects of the Issue” on page 23 is not subject to monitoring by any independent agency. Our main object of the rights issue is repayment of unsecured loan availed from our promoter group company namely, Everest Yarn Agency Private Limited.

***20. Our insurance coverage may not adequately protect us against certain operating hazards and this may have a material adverse effect on our business.***

Operating and managing a business involves many risks that may adversely affect our Company's operations, and the availability of insurance is therefore important to our operations. Our Company believes that our insurance coverage is generally consistent with industry practice. However, to the extent that any uninsured risks materialize or if it fails to effectively cover it for any risks, we could be exposed to substantial costs and losses that would adversely affect financial condition. In addition, our Company cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims, or that our insurers will not disclaim coverage as to any claims. A successful assertion of one or more large claims against our Company that exceeds our available insurance coverage or that leads to adverse changes in our insurance policies, including premium increases or the imposition of a large deductible or coinsurance requirement, could adversely affect our financial condition and results of operations. Our Company has however, not availed key man insurance policies.

**RISKS ASSOCIATED WITH INDIA AND INVESTMENTS IN INDIAN COMPANIES**

***21. Our business is substantially affected by prevailing economic conditions in India.***

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal Stock Exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its forging industry.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business and financial performance and the price of the Equity Shares.

***22. Any downgrading of India's sovereign debt rating or a decline in India's foreign exchange reserves may adversely affect our ability to raise additional debt financing.***

Any adverse revisions by international rating agencies to the credit ratings of the Indian national government's sovereign domestic and international debt may adversely affect our ability to raise additional financing by resulting in a change in the interest rates and other commercial terms at which we may obtain additional financing. This could have a material adverse effect on our capital expenditure plans, business and financial performance. A downgrading of the Indian national government's debt rating may occur, for example, upon a change of government tax or fiscal policy outside our control.

***23. A significant change in the Government of India's economic liberalization and deregulation policies could disrupt our business and cause the price of the Equity Shares to decline.***



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

## **RISKS ASSOCIATED WITH THE EQUITY SHARES AND THIS ISSUE**

### ***24. Future issues or sales of Equity Shares by our Company may significantly affect the trading price of the Equity Shares.***

The future issue of Equity Shares or the disposal of Equity Shares by any of our major Equity Shareholders or the perception that such issues or sales may occur may significantly affect the trading price of the Equity Shares. There is no restriction on our ability to issue Equity Shares or the relevant Equity Shareholders' ability to dispose of their Equity Shares, and there can be no assurance that we will not issue Equity Shares or that any such Equity Shareholder will not dispose of, encumber, or pledge, its Equity Shares.

### ***23. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect your ability to sell, or the price at which you can sell, Equity Shares at a particular point in time.***

We are subject to a daily "circuit breaker" imposed by all Stock Exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian Stock Exchanges. The percentage limit on our circuit breakers is set by the Stock Exchanges based on the historical volatility in the price and trading volume of our Equity Shares.

The Stock Exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time, and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

## **PROMINENT NOTES**

1. Our Company was incorporated as Everlon Synthetics Private Limited under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated July 26, 1989, issued by the Registrar of Companies, Maharashtra. The name of Company was changed to Everlon Synthetics Limited pursuant to special resolution passed in the extra ordinary general meeting dated 27/04/1992 and received certificate of change of name dated 21/05/1992.
2. This is an Issue of [●] Equity Shares at a premium of ₹ [●] per Equity Share for an amount aggregating upto ₹ 350.00 lacs on a rights basis to the existing Equity Shareholders of our Company in the ratio of [●] Equity Share for every [●] fully paid-up Equity Share(s) held (i.e., [●]) by the existing Equity Shareholders on the Record Date.
3. The net worth of our Company ((Equity Share capital + securities premium + reserves and surplus (excluding revaluation reserve) – miscellaneous expenditure (to the extent not adjusted or written off) – deficit in profit and loss account)) as on March 31, 2014 and for the six months period September 30, 2014 was ₹196.62 lacs and ₹206.80 lacs respectively. The net asset value per share (net worth / number of Equity Shares outstanding) of our Company as on March 31, 2014 and for the six months period September 30, 2014 was ₹ 0.65 and ₹ 0.68 respectively.

4. Our Company, in the course of business has entered into transactions with related parties. The details of related party transactions are as under:

(₹ in lacs)

Particulars	30-Sep-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Director remuneration & sitting fees	2.43	4.82	4.92	3.69	2.46	2.48
Investment in share capital	0.00	0.00	0.00	5.00	5.00	0.00
Unsecured Loan (Everest Yarn Agency Pvt. Ltd)	308.20	330.47	386.39	417.50	254.10	159.80
Premises Rent (Teekay International)	1.50	-	-	-	-	-

5. There has been no financing arrangement whereby the Promoter Group, the Directors of our Company who are our Promoters and our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Letter of Offer with SEBI.
6. All information shall be made available by the Lead Manager and our Company to the public and investors at large and no selective or additional information would be available only to a section of investors in any manner whatsoever.
7. The Lead Manager and our Company shall update this Draft Letter of Offer and keep our shareholders / public informed of any material changes till listing and trading permission in respect of the Equity Shares is received.

Investors may contact the Lead Manager for any complaint, clarifications and information pertaining to the Issue. Any clarification or information relating to this Issue shall be made available by the Lead Manager to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, application number, number of Equity Shares applied for, application amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form has been submitted by the ASBA Investor. For contact details please see “General Information” on page 9.

## SECTION III – INTRODUCTION

### SUMMARY OF INDUSTRY

*The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites and publicly available industry reports. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in this Draft Letter of Offer is reliable, it has not been independently verified.*

*Accordingly, our Company and the Lead Manager do not take any responsibility for the data, projections, forecasts, conclusions or any other information contained in this section. Certain information contained herein pertaining to prior years is presented in the form of estimates as they appear in the respective reports/ source documents. The actual data for those years may vary significantly and materially from the estimates so contained.*

### WORLD SCENARIO

According to the WTO-International Trade statistics Report 2014, World Clothing and Textiles exports for the year 2013 were amounted to around US\$ 460 billion and US\$ 306 billion. World exports of textiles and clothing rose by 8 per cent in 2013—four times higher than the average growth for world exports (2 per cent). The highest growth was seen by India, with 23 per cent, and the lowest was recorded by the Republic of Korea, with 2 per cent. The top ten exporters all recorded positive growth. India's exports of Clothing and Textiles amounted to US\$ 35.7 billion during the said year.

The European Union is the largest importer of clothing, accounting for 38 per cent of world imports in 2013 followed by the United States with 19 per cent of world imports.

*(Source: World Trade Organization International Trade Statistics 2014)*

### OVERVIEW OF THE INDIAN TEXTILE INDUSTRY

The Indian textiles industry is extremely varied, with the hand-spun and handwoven sector at one end of the spectrum, and the capital intensive sophisticated mill sector at the other. The major sub-sectors that comprise the textiles sector include the organized Cotton/Man-Made Fibre Textiles Mill Industry, the Man-Made Fibre/Filament Yarn Industry, the Wool and Woollen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports.

*(Source: Textile Ministry –Annual Report FY- 2013-14)*

Indian Textile Industry has an overwhelming presence in the economic life of the country. India's textiles and clothing industry is one of the mainstays of the national economy. It is also one of the largest contributing sectors of India's exports worldwide. The report of the Working Group constituted by the Planning Commission on boosting India's manufacturing exports during 12<sup>th</sup> Five Year Plan (2012-17), envisages India's exports of Textiles and Clothing at USD 64.41 billion by the end of March, 2017. The textiles industry accounts for 14% of industrial production, which is 4% of GDP; employs 45 million people and accounts for nearly 11% share of the country's total exports basket. Also, this industry is a source of direct employment for over 35 million people, which makes it the second largest provider of employment after agriculture.

*(Source: Ministry of Textiles, Government of India, Annual Report 2012-13)*

The fundamental strength of this industry flows from its strong production base of wide range of fibres / yarns from natural fibres like cotton, jute, silk and wool to synthetic /man-made fibres like polyester, viscose, nylon and acrylic. The multi-fibre strong base can be tracked by highlighting the following important positions reckoned by this industry across the globe:

- Cotton – India is the second largest cotton and cellulosic fibres producing country in the world.
- Silk – India is the second largest producer of silk and contributes about 18% to the total world raw silk production.
- Wool –India has 3<sup>rd</sup> largest sheep population in the world, having 6.15 crores sheep, producing 45 million kg of raw wool, and accounting for 3.1% of total world wool production. India ranks 6<sup>th</sup> amongst clean wool producer countries and 9<sup>th</sup> amongst greasy wool producers.
- Man-Made Fibres- India is the fourth largest in synthetic fibres/yarns globally.
- Jute – India is the largest producer and second largest exporter of the jute goods.

(Source: Confederation of Indian Textile Industry, <http://www.citiindia.com/textile-industry/indian-textiles-overview.html> )

Man Made Fibres and Speciality Fibres domestic demand will rise at growth rate of 8% per annum from 3.9 billion kg in 2015 to 6 billion kg in 2020. Man-made fibres and speciality fibres are showing an increase in production of 8% and total production has reached 1400 million kg.

(Source: Textile Ministry –Annual Report FY- 2013-14)

For further details on the industry in which we operate the business, please see “Industry Overview” on page 35 of this Draft Letter of Offer.

## SUMMARY OF BUSINESS

### Overview

Our Company is engaged in manufacturing of Polyester Texturised Yarn (PTY) since its inception. Our Company has more than two decades of expertise in manufacturing of PTY which is primarily used in the process of weaving of fabrics in apparel based products such as suiting, shirting, dress material, saree, socks, denims etc. PTY is also used to manufacture non apparel based products such as upholstery, curtains, bed linen, carpets, etc. Our product is largely sold to companies having weaving facilities at Bhiwandi, Malegaon and Surat. We also sell our product to other regions of India on demand.

Our Company procures polyester filament yarn (PFY) from the suppliers and processes into 'texturised yarn'. The manufacturing unit of our Company is located in Silvassa, Dadra & Nagar Haveli and we have four draw texturising machine of 312 spindles each having total capacity of 4560 tons per annum.

Our promoter Mr. Jitendra K. Vakharia has been in the textile industry for last three decades. The Vakharia family ventured into dealing of yarns in 1980s through its group company, Everest yarn Agency Private Limited. The experience of dealing in the yarn and the opportunity available in the manufacturing segment conceived the idea of backward integration leading to incorporation of Everlon Synthetics Limited. Our promoter has been managing the operations of our Company for last two decades. His relationship building skills has enabled our company to procure repeat orders from different customers and also expand our customer base in different regions

During F.Y.2013-14 our total income stood at ₹ 5342.42 lacs with profit after tax of ₹ 24.99 lacs.

### Products & its application

Polyester Texturised Yarn is a raw material for manufacturing of variety of fabrics. Polyester being a man made fabric is considered to be a substitute of natural fabric like cotton and has been in demand over the period of years. Our Company manufactures only polyester texturised yarn with various deniers (thickness) depending on the market demand scenario.

### Our Business Strategy

We have presence in texturised yarn industry for more than two decades. Our company has been positioning the product at competitive prices with consistent quality standard enabling us to continue the long term business relationship with our customers. Our proposed rights issue is part of the future strategy to reduce the debt and infuse long term capital in the company which shall enhance leveraging capability of the Company. We also propose to expand our market by tapping new regions and widening our product portfolio in the long term to cater to different needs of the customers.

For complete details of the business chapter, please refer chapter on 'Business Overview' beginning on page 40

**SUMMARY OF FINANCIAL INFORMATION**

The following tables set forth summary financial information derived from our restated audited financial information for and as of the financial year ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 and for the half year ended September 30, 2014. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations and are presented in “Auditor’s Report” beginning on page 75 of this Draft Letter of Offer.

**ANNEXURE I****RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES****(₹ in lacs)**

<b>PARTICULARS</b>	<b>30<sup>th</sup> September 2014</b>	<b>31<sup>st</sup> March 2014</b>	<b>31<sup>st</sup> March 2013</b>	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2011</b>	<b>31<sup>st</sup> March 2010</b>
<b>I. EQUITY AND LIABILITIES</b>						
<b>1. Shareholders Funds</b>						
a) Share Capital	302.92	302.92	302.92	504.87	504.87	504.87
b) Reserves & Surplus	(96.12)	(106.30)	(131.67)	(77.02)	(122.56)	(200.82)
<b>Sub Total 1</b>	<b>206.80</b>	<b>196.62</b>	<b>171.25</b>	<b>427.85</b>	<b>382.31</b>	<b>304.05</b>
<b>2. Non-Current Liabilities</b>						
a) Long-term Borrowings	315.48	336.17	393.93	453.09	254.10	159.80
b) Other Long-term liabilities	0.23	0.77	43.33	-	-	13.00
c) Long-term Provisions	16.60	14.97	29.47	21.50	8.98	5.90
<b>Sub Total 2</b>	<b>332.31</b>	<b>351.91</b>	<b>466.73</b>	<b>474.59</b>	<b>263.08</b>	<b>178.70</b>
<b>3. Current Liabilities</b>						
a) Short-term Borrowings	407.92	398.84	317.44	293.74	144.97	97.46
b) Trade Payables	109.77	97.13	41.69	90.29	216.64	47.69
c) Other Current liabilities	0.68	25.66	34.42	45.52	48.63	2.22
d) Short-term provisions	1.60	6.00	4.50	20.00	18.35	2.40
<b>Sub Total 3</b>	<b>519.97</b>	<b>527.63</b>	<b>398.05</b>	<b>449.55</b>	<b>428.59</b>	<b>149.77</b>
<b>TOTAL (1+2+3)</b>	<b>1059.08</b>	<b>1076.16</b>	<b>1036.03</b>	<b>1351.99</b>	<b>1073.98</b>	<b>632.52</b>
<b>II. ASSETS</b>						
<b>1 Non-Current assets</b>						
a) Fixed Assets	389.10	395.94	418.66	446.62	451.14	289.98
b) Non-Current investments	2.02	2.02	2.19	7.25	6.21	6.87
c) Long-term loans and advances	136.45	68.24	71.29	82.71	35.63	12.82
d) Other non-current assets	36.75	68.26	75.03	31.22	16.55	18.75
<b>Sub Total 1</b>	<b>564.32</b>	<b>534.46</b>	<b>567.17</b>	<b>567.80</b>	<b>509.53</b>	<b>328.42</b>
<b>2. Current Assets</b>						
a) Inventories	173.06	230.76	65.28	488.57	275.58	96.99
b) Trade Receivables	244.75	247.41	307.72	259.47	254.49	173.85
c) Cash and cash equivalents	31.36	33.21	51.32	31.93	30.24	28.97
d) Short-term Loans and Advances	2.77	1.50	4.08	3.76	3.30	3.81
e) Other current assets	42.82	28.82	40.46	0.46	0.84	0.48

PARTICULARS	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
<b>Sub Total 2</b>	<b>494.76</b>	<b>541.70</b>	<b>468.86</b>	<b>784.19</b>	<b>564.45</b>	<b>304.10</b>
<b>TOTAL (1+2)</b>	<b>1059.08</b>	<b>1076.16</b>	<b>1036.03</b>	<b>1351.99</b>	<b>1073.98</b>	<b>632.52</b>

**Note:** Above Statement should be read with the statement of significant Accounting Policies and Notes on Accounts as per Annexure IV(b)

## ANNEXURE II

### PROFIT AND LOSS ACCOUNT STATEMENT - RESTATED

(₹ in lacs)

PARTICULARS	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
<b>I. Revenue</b>						
Revenue from Operations	2390.92	5339.66	4804.84	4260.31	2620.13	799.30
Other Income	1.84	2.76	4.93	7.35	8.60	108.51
<b>Total Revenue</b>	<b>2392.76</b>	<b>5342.42</b>	<b>4809.77</b>	<b>4267.66</b>	<b>2628.73</b>	<b>907.81</b>
<b>II. Expenses</b>						
Cost of Material Consumed	2186.71	4900.02	4279.27	3839.95	2400.29	636.26
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(33.31)	(43.58)	103.66	1.61	(129.09)	20.05
Employee benefits expenses	22.22	46.78	23.21	25.54	19.33	9.59
Finance Costs	39.60	62.29	66.04	58.96	42.01	38.39
Depreciation & amortisation expenses	15.19	30.11	30.42	31.47	28.17	23.87
Other Expenses	150.57	315.79	283.92	275.00	175.86	63.71
<b>Total Expenses</b>	<b>2380.98</b>	<b>5311.42</b>	<b>4786.52</b>	<b>4232.53</b>	<b>2536.57</b>	<b>791.87</b>
<b>III. Profit before exceptional items and tax (I-II)</b>	<b>11.78</b>	<b>30.99</b>	<b>23.25</b>	<b>35.13</b>	<b>92.16</b>	<b>115.94</b>
IV. Exceptional Items (Depreciation Written Back)	0.00	0.00	0.00	25.58	0.00	0.00
<b>V. Profit before extraordinary items and tax (III+IV)</b>	<b>11.78</b>	<b>30.99</b>	<b>23.25</b>	<b>60.71</b>	<b>92.16</b>	<b>115.94</b>
VI. Extraordinary Items	0.00	0.00	(0.07)	0.00	0.00	0.00
<b>VII. Profit before tax (V+VI)</b>	<b>11.78</b>	<b>30.99</b>	<b>23.18</b>	<b>60.71</b>	<b>92.16</b>	<b>115.94</b>
VIII. Tax Expense :						
(1) Current Tax	(1.60)	(6.00)	(4.50)	(14.50)	(18.35)	(2.40)
<b>X. Profit/(Loss) for the period (VII-VIII)</b>	<b>10.18</b>	<b>24.99</b>	<b>18.69</b>	<b>46.21</b>	<b>73.81</b>	<b>113.54</b>
Add: Balance brought forward from Last Year	(106.30)	(131.67)	(265.79)	(311.33)	(389.59)	(503.29)
Add: Adjustment on account of Scheme of Arrangement	-	-	115.52	-	-	-
(Short)/Excess provision for Income Tax for earlier years	0.00	0.38	(0.09)	(0.67)	4.45	0.16

PARTICULARS	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
(provided)/written back						
Profit available for Appropriation	(96.12)	(106.30)	(131.67)	(265.79)	(311.33)	(389.59)

**Note:** Above Statement should be read with the statement of significant Accounting Policies and Notes on Accounts as per Annexure IV(b)

### ANNEXURE III

#### STATEMENT OF CASH FLOW - RESTATED

(₹ in lacs)

PARTICULARS	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>						
Net Profit/(Loss) before Tax and Exceptional /Extraordinary items	11.78	30.99	23.25	35.13	92.16	115.94
Adjustment for :						
Depreciation	15.19	30.11	30.42	31.47	28.17	23.87
(Profit) / Loss on Sale of Assets	0.00	1.62	0.00	0.00	0.75	(99.32)
Assets Written off	0.00	0.00	0.00	(5.83)	0.00	0.00
Dividend Received	(0.20)	(0.23)	(4.47)	(2.77)	(0.49)	(0.27)
Interest Income	(1.49)	0.00	0.00	0.00	0.00	0.00
Interest Paid	39.60	62.30	66.05	58.96	42.01	38.39
Exceptional Income	0.00	0.00	0.00	(25.58)	0.00	0.00
Short provision for tax provided	0.00	(0.38)	0.09	0.67	0.00	0.00
(Profit) / Loss on sale of shares	0.00	0.00	(3.24)	(0.44)	(6.03)	(4.71)
Operating Profit before Working Capital Charges	64.88	124.41	112.10	91.61	156.57	73.90
Adjustment for :						
Trade and other Receivables	(60.92)	84.35	(84.03)	(66.83)	(103.75)	9.14
Inventories	57.70	(165.48)	423.29	(212.98)	(178.58)	(17.00)
Trade Payable	15.65	23.76	(119.99)	(236.59)	205.67	(140.18)
<b>NET CASH FROM OPERATING ACTIVITIES ( A )</b>	<b>77.31</b>	<b>67.04</b>	<b>331.37</b>	<b>(424.79)</b>	<b>79.91</b>	<b>(74.14)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>						
Purchase of Fixed Assets	(8.35)	(11.28)	(2.47)	(1.36)	(193.38)	(7.04)
Sale of Fixed Assets	0.00	3.88	0.00	0.00	4.05	13.06
Assets Written off	0.00	0.00	0.00	(5.83)	0.00	0.00
(Increase) / Decrease in Investments	0.00	0.17	5.07	(1.04)	0.66	(0.16)
Dividend Received	0.20	0.23	4.46	2.77	0.49	0.27
Interest Received	1.49	2.08	0.00	0.00	0.00	0.00
Exceptional Income	0.00	0.00	0.00	(25.58)	4.45	0.16
Profit/ (Loss ) on sale of Assets	0.00	(1.62)	0.00	0.00	(0.75)	99.32
Profit/ (Loss ) on sale of shares	0.00	0.00	3.24	0.44	6.03	4.71
<b>NET CASH FROM INVESTING ACTIVITIES ( B )</b>	<b>(6.66)</b>	<b>(6.54)</b>	<b>10.30</b>	<b>(30.60)</b>	<b>(178.45)</b>	<b>110.32</b>



PARTICULARS	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>						
Proceeds from Secured Loans	(10.64)	(81.39)	0.46	348.15	144.98	0.00
Proceeds from Long Term Loans	(22.26)	57.76	(28.06)	0.00	0.00	0.00
Proceeds from Short Term Loans	0.00	7.32	0.00	167.90	(3.17)	3.29
Increase / (Decrease) in Capital	0.00	0.00	(201.95)	0.00	0.00	0.00
Adjustment on account of Demerger	0.00	0.00	(26.69)	0.00	0.00	0.00
Interest Paid	(39.60)	(62.30)	(66.05)	(58.96)	(42.01)	(38.39)
<b>NET CASH FROM FINANCING ACTIVITIES ( C )</b>	<b>(72.50)</b>	<b>(78.61)</b>	<b>(322.29)</b>	<b>457.09</b>	<b>99.80</b>	<b>(35.10)</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(1.85)</b>	<b>(18.11)</b>	<b>19.38</b>	<b>1.70</b>	<b>1.26</b>	<b>1.08</b>
<b>CASH AND CASH EQUIVALENTS :</b>						
Opening Balance in the beginning of the year	33.21	51.32	31.94	30.24	28.98	27.90
Closing Balance at the end of the year	31.36	33.21	51.32	31.94	30.24	28.98
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(1.85)</b>	<b>(18.11)</b>	<b>19.38</b>	<b>1.70</b>	<b>1.26</b>	<b>1.08</b>

## THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in “Terms of the Issue” on page 122 of this Draft Letter of Offer.

<b>Equity Shares outstanding prior to the Issue</b>	3,02,73,600 Equity Shares
<b>Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)</b>	[●] Equity Shares
<b>Rights Entitlement</b>	[●] Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date i.e., [●]
<b>Record Date</b>	[●]
<b>Face Value per Equity Share</b>	₹ 1 each
<b>Issue Price per Equity Share</b>	₹ [●] each
<b>Terms of the Issue</b>	For more information, please see “Terms of the Issue” on page 122 of this Draft Letter of Offer.
<b>Use of Issue Proceeds</b>	For further information, please see “Objects of the Issue” on page 23 of this Draft Letter of Offer.

### Terms of Payment

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

### Book closure and other details

<b>Book closure</b>	[●]
<b>Purpose</b>	[●]
<b>Ex-Right</b>	[●]

### Issue Schedule

<b>Issue Opening Date:</b>	[●]
<b>Last date for receiving requests for split forms:</b>	[●]
<b>Issue Closing Date:</b>	[●]

## GENERAL INFORMATION

### Registered Office of our Company

67, Regent Chambers,  
Nariman Point, Mumbai – 400 021  
Maharashtra, India  
**Tel:** +91 22049233/2204 2788;  
**Fax:** +91 2287 0540  
**Website:** [www.everlon.in](http://www.everlon.in)

**Corporate Identification No.:** L17297MH1989PLC052747

### Address of the Registrar of Companies

Registrar of Companies, Mumbai  
100, Everest, Marine Drive, Mumbai – 400 002

### Board of Directors

Our Board comprises of four Directors.

Name, Designation and Occupation	Date of Birth	DIN	Address
Mr. Jitendra K. Vakharia <i>Managing Director</i>	10/05/1956	00047777	48, Sagar Darshan, 81/83 Bhulabhai Desai Road, Breach Candy, Mumbai 400036
Business			
Mrs. Varsha J. Vakharia <i>Non – Executive &amp; Non Independent Director</i>	25/08/1958	00052361	48, Sagar Darshan, 81/83 Bhulabhai Desai Road, Breach Candy, Mumbai 400036
Business			
Mr. Kamlesh C. Sanghavi <i>Independent Director</i>	17/12/1959	00644642	204 Yogi Krupa CHS, D/27, Yogi Nagar, Eksar Road, Borivali (West) Mumbai 400092
Professional			
Mr. Dinesh P. Turakhia <i>Independent Director</i>	25/09/1942	00063927	B/503 Ravi Apt. Sevaram Lalvani Marg, Mulund Mumbai – 400080

### Brief Profile of the Board of Directors

Please see “Management” on page 56 of this Draft Letter of Offer.

### Company Secretary & Compliance Officer

Mr. Subodh L. More  
67 Regent Chambers,  
Nariman Point, Mumbai – 400 021  
Maharashtra, India  
**Tel:** +91 22049233/2204 2788;  
**Fax:** +91 2287 0540  
**Website:** [www.everlon.in](http://www.everlon.in)  
**Email:** [rightsissue@everlon.in](mailto:rightsissue@everlon.in)

**Statutory Auditors of our Company**

**Poladia & Co.,**

**Chartered Accountants**

B-10, Acharya Deshbhushan CHS Ltd.

Plot No.15-16, Pestom Sagar, Road No.5,

Opp. CKP Hall, Chembur, Mumbai – 400 089

**Tel:** +91- 22-25255827 / +91-22-25255828

**E-mail:** [ptpoladia@gmail.com](mailto:ptpoladia@gmail.com)

**Contact Person:** Mr. P.T Poladia – Partner

**Firm Registration Number:** 128274W

**Membership No.:** 38757

**Bankers to our Company**

**Janata Sahakari Bank Limited (Pune)**

Vile parle Branch,

Shrikunj Premises Co-op Hsg.Soc.

Hanuman Mandir Road,

Vile Parle (East), Mumbai – 400 057

**Tel:** +91-22 26115577

**Fax:** +91-22 26114293

**Email:** [jsb-vileparle@vsnl.net](mailto:jsb-vileparle@vsnl.net)

**Contact Person:** Mr. Rajiv Barve

**Lead Manager to the Issue**

**Keynote Corporate Services Limited**

The Ruby, 9th Floor,

Senapati Bapat Marg, Dadar (W)

Mumbai 400 028

Maharashtra, India.

**Tel:** +91 22 3026 6000-3

**Fax:** +91 22 30266088

**E-mail :** [mbd@keynoteindia.net](mailto:mbd@keynoteindia.net)

**Website :** [www.keynoteindia.net](http://www.keynoteindia.net)

**Contact Person :** Mr. Girish Sharma

**SEBI Registration Number:** INM 000003606

**Bankers to the Issue**

[●]

**Registrar to the Issue**

**Sharex Dynamic (India) Pvt. Ltd**

Unit -1, Luthra Ind. Premises, Safed Pool,

Andheri-Kurla Road, Andheri (E),

Mumbai – 400 072

**Tel:** +91-22-28515606/5644

**Fax:** +91-22-28512885

**E-mail:** [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com)

**Website:** [www.sharexindia.com](http://www.sharexindia.com)

**Contact Person:** Mr. K.C. Ajitkumar

**SEBI Registration Number:** INR000002102

### Self Certified Syndicate Banks

All QIBs and Non-Institutional Investors must mandatorily and Retail Individual Investors may optionally apply through the ASBA process provided that they hold Equity Shares as on the Record Date in dematerialised form. The ASBA Investors are required to fill the ASBA Form and submit the same to their Self Certified Syndicate Banks (“SCSB”) which in turn will block the amount as per the authority contained in the ASBA Form and undertake other tasks as per the specified procedure. The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided in the SEBI website [www.sebi.gov.in](http://www.sebi.gov.in). Details relating to designated branches of SCSBs collecting the ASBA forms are available at the above mentioned link. On allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Equity Shares allotted.

For further details on the ASBA process, please refer to details given in ASBA form and also see “Terms of the Issue” on page 122 of this Draft Letter of Offer.

**Investors may please contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-issue /post-issue related matter such as non-receipt of Abridged Letter of Offer / CAF / letter of allotment / share certificate(s) / credit of allotted shares in the respective beneficiary account / refund orders etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.**

### Allocation of responsibilities

Keynote Corporate Services Limited is the sole Lead Manager to this issue, however the list of major responsibilities of Keynote Corporate Services Limited inter alia, is as follows:

Sl No.	Activity
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments.
2.	Drafting and design of the offer document and of advertisement / publicity material including newspaper advertisements and brochure / memorandum containing salient features of the offer document. To ensure compliance with the SEBI Regulations and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI.
3.	Marketing of the issue will cover, inter alia, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) bankers to the issue, (iii) collection centres (iv) distribution of publicity and issue material including composite application form and the Abridged Letter of Offer and the Draft Letter Of Offer to the extent applicable.
4.	Selection of various agencies connected with the issue, namely Registrar to the Issue, Bankers to the Issue, printers, and advertisement agencies.
5.	Follow-up with bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.
6.	The post-issue activities will involve essential follow-up steps, which must include finalisation of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as registrars to the issue, bankers to the issue, and bank handling refund business. Even if many of these post-issue activities would be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Issuer.

### Credit rating

As the Issue is a rights issue of equity shares, no credit rating is required.

### **Monitoring Agency**

Since the Issue size does not exceed ₹ 50,000 Lacs, the appointment of a monitoring agency as per Regulation 16 of the SEBI Regulations is not required.

### **Appraisal**

The objects of this Issue have not been appraised by any bank or any other independent financial institution.

### **Principal Terms of Loan and Assets charged as security**

For details of the principal terms of loans and assets charged as security, please see “Financial Indebtedness” on page 106 of this Letter of Offer.

### **Experts**

Except for the reports of the Auditor of our Company on the audited financial information and statement of tax benefits, included in the Draft Letter of Offer, our Company has not obtained any expert opinions.

### **Underwriting**

This Issue of Equity Shares is not being underwritten and/or no standby support is being sought for the said Issue.

**CAPITAL STRUCTURE**

The capital structure of our Company and related information as on date of this Draft Letter of Offer, prior to and after the proposed Issue, is set forth below:

(₹ in lacs except per share data)

Particulars	Aggregate Nominal Value	Aggregate Value at Issue Price
<b>Authorised share capital:</b>		
10,00,00,000 equity shares of ₹1 each	1,000.00	
<b>Issued, subscribed and paid up capital before the Issue</b>		
3,02,73,600 equity shares of ₹1 each	302.74	
<b>Present Issue being offered to the Equity Shareholders through the Letter of Offer</b>		
[●] equity shares of ₹1 each at an Issue Price of [●] per Equity Share (premium of ₹ [●] per Equity Share)	[●]	[●]
<b>Paid up capital after the Issue</b>		
[●] equity shares of ₹1 each	[●]	[●]
<b>Securities premium account</b>		
Before the Issue	Nil	[●]
After the Issue	[●]	[●]

**Details of increase in the Authorized Share Capital since incorporation**

Sl No.	Particulars	Date of the shareholders resolution
1	The authorized share capital of ₹ 5,00,000 comprising of 500 equity shares of ₹1,000 each	Incorporation
2	The authorized share capital of our company of ₹5,00,000 comprising of 500 Equity Shares of ₹1,000 each was further increased to ₹50,00,000 comprising of 5,000 equity shares of ₹1,000 each	May 25, 1990
3	The authorized share capital of ₹50,00,000 comprising of 5,000 equity shares of ₹1,000 each was sub-divided and reclassified to ₹50,00,000 divided into 5,00,000 equity shares of ₹10.00 each The authorized share capital of our company of ₹50,00,000 comprising of 5,00,000 equity shares of ₹10 each was further increased to ₹1,50,00,000 divided into 15,00,000 equity shares of ₹10 each	April 27, 1992
4	The authorized share capital of our company of ₹1,50,00,000 divided into 15,00,000 equity shares of ₹10 each was further increased to ₹6,00,00,000 divided into 60,00,000 equity shares of ₹10 each	November 10, 1993
5	Pursuant to Scheme of Arrangement, the authorized share capital of ₹6,00,00,000 divided into 60,00,000 equity shares of ₹10 each was sub-divided and reclassified to ₹6,00,00,000 divided into 6,00,00,000 equity shares of ₹1.00 each .	June 16, 2012
6	The authorized share capital of our company of ₹6,00,00,000 divided into 6,00,00,000 equity shares of ₹1 each was further increased to ₹10,00,00,000 divided into 10,00,00,000 equity shares of ₹1 each	August 21, 2014

## Notes to the Capital Structure

## 1. Share Capital History

Date of allotment of the Equity Shares	No. of Equity Shares allotted	Face Value (₹)	Issue Price (₹)	Nature of consideration	Nature of Allotment	Issued Equity Capital (₹)	Cumulative number of Equity Shares
Incorporation	2	1000	1000	Cash	Initial Allotment based on subscription to Memorandum of Association	2000	2
February 12, 1990	1	1000	1000	Cash	Further allotment of shares	1000	3
July 27, 1990	1560	1000	1000	Cash	Further allotment of shares	1560000	1563
February 15, 1991	230	1000	1000	Cash	Further allotment of shares	230000	1793
June 25, 1991	850	1000	1000	Cash	Further allotment of shares	850000	2643
August 20, 1991	845	1000	1000	Cash	Further allotment of shares	845000	3488
September 16, 1991	1500	1000	1000	Cash	Further allotment of shares	1500000	4988
Face value of equity share was sub divided from ₹1,000 each to ₹10/- each vide resolution dated April 27, 1992							
October 10, 1992	12,000	10	10	Cash	Further allotment of shares	1,20,000	510800
February 21, 1994	23,90,000	10	10	Cash	Preferential Allotment of Shares	2,39,00,000	29,00,800
April 06, 1994	21,50,000	10	10	Cash	Public Issue of Equity Shares	2,15,00,000	50,50,800
November 29, 1995 <sup>(1)</sup>	(5200)	10	N.A.	N.A.	Forfeiture of Shares	N.A.	50,45,600
October 18, 2012 <sup>(2)</sup>	(20,18,240)	10	N.A.	N.A.	Capital Reduction pursuant to scheme of arrangement & subdivision of face value from ₹10/- to ₹1	N.A.	2,01,82,400
	3,02,73,600	1	N.A.	N.A.		N.A.	3,02,73,600

(1) Forfeiture of equity shares pursuant to board resolution dated November 29, 1995

(2) Capital reduction of ₹4 per share in the paid up value of ₹10/- per share and subsequently sub divided to face value of equity shares to ₹1, pursuant to court approved scheme of arrangement dated September 14, 2012 with effective from October 18, 2012. The details of scheme of arrangement is appearing in Chapter "History and Other Corporate Matters" beginning on page 51



## 2. Share capital build-up for the shareholding of the Promoter(s) in the Company

### (a) Mr. Jitendra K. Vakharia

Date of allotment/transfer	Number of equity shares allotted/acquired/(sold)/(transferred)	Face Value	Acquisition Price/Sale Price	Consideration	Nature of transaction (Cash, Consideration other than cash)	Allotment/Transfer	Pre Issue Capital (%)	Post Issue Capital (%)
July 08, 1991	1	1000	1000	1,000	Cash	Transfer	10.03*	[●]
August 20, 1991	145	1000	1000	1,45,000	Cash	Allotment		
Face value of equity share was sub divided from ₹1,000 each to ₹10/- each vide resolution dated April 27, 1992. The holding of Mr. Jitendra K. Vakharia post split increased from 146 equity shares of ₹ 1000/- each to 14,600 equity shares of ₹10/- each								
September 04, 1993	16,000	10	14.10	2,25,600	Cash	Transfer		
February 21, 1994	10,000	10	10	1,00,000	Cash	Further Allotment		
April 06, 1994	15,500	10	10	1,55,000	Cash	Further Allotment		
February 18, 1997	2,95,800	10	4.23	12,52,500	Cash	Market Purchase		
March 27, 1998	1,53,500	10	10	15,35,000	Cash	Market Purchase		
September 18, 2006^	275	10	5.25	1,443.75	Cash	Market Purchase		
October 18, 2006^	200	10	5.50	1,100	Cash	Market Purchase		
December 28, 2006^	(5,876)	10	5.60	(32,905.60)	Cash	Market Sale		
February 05, 2007^	101	10	6.80	686.80	Cash	Market Purchase		
October 30, 2007^	300	10	9.27^^	2781	Cash	Market Purchase		
April 16, 2008^	5,000	10	8.50	42,500	Cash	Market Purchase		
April 25, 2008^	600	10	9.20	5520	Cash	Market Purchase		
Total	5,06,000							
Subdivision of shares and capital reduction pursuant to court approved scheme of arrangement dated September 14, 2012								
Total*	30,36,000							

<sup>^</sup> Date of trade executed

<sup>^^</sup> Average acquisition rate

\*Post scheme of arrangement. The details of scheme are disclosed under 'History & Other Corporate Matters' appearing on page no.51

**3. The shareholding pattern of our Company as on December 31, 2014:**

<b>Partly paid-up shares</b>	<b>No. of partly paid-up shares</b>	<b>As a % of total no. of partly paid-up shares</b>	<b>As a % of total no. of shares of the company</b>
Held by promoter/promoter group	0	0.00	0.00
held by public	0	0.00	0.00
<b>Total</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Outstanding convertible securities</b>	<b>No. of outstanding securities</b>	<b>As a % of total no. of outstanding convertible securities</b>	<b>As a % of total no. of shares of the company assuming full conversion of the convertible securities</b>
Held by promoter/promoter group	0	0.00	0.00
held by public	0	0.00	0.00
<b>Total</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Warrants</b>	<b>No. of warrant</b>	<b>As a % of total no. of warrants</b>	<b>As a % of total no. of shares of the company assuming full conversion of warrants</b>
Held by promoter/promoter group	0	0.00	0.00
held by public	0	0.00	0.00
<b>Total</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Paid-up capital of the company assuming full conversion of warrants and convertible securities</b>	<b>30273600</b>		

<b>Category Code</b>	<b>Category of Shareholder</b>	<b>Number of Shareholders</b>	<b>Total No. of shares</b>	<b>Number of shares held in dematerialized form</b>	<b>Total shareholding as a percentage of total number of shares</b>		<b>Post Issue</b>	
<b>(I)</b>	<b>(II)</b>	<b>(III)</b>	<b>(IV)</b>	<b>(V)</b>	<b>As a % of (A+B) (VI)</b>	<b>As a % of (A+B+C) (VI)</b>	<b>No. of Shares (VIII)</b>	<b>As a % (IX)</b>
<b>(A)</b>	<b>Promoter and Promoter Group</b>							
<b>(1)</b>	<b>Indian</b>							
(a)	Individuals/HUF	9	14991784	14991784	49.52	49.52		
(b)	Bodies Corporate	5	3350690	3350690	11.07	11.07		
	<b>Sub-Total (A)(1)</b>	<b>14</b>	<b>18342474</b>	<b>18342474</b>	<b>60.59</b>	<b>60.59</b>		
<b>(2)</b>	<b>Foreign</b>							
	<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total holding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>14</b>	<b>18342474</b>	<b>18342474</b>	<b>60.59</b>	<b>60.59</b>		

Category Code	Category of Shareholder	Number of Shareholders	Total No. of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Post Issue	
					As a % of (A+B) (VI)	As a % of (A+B+C) (VI)	No. of Shares (VIII)	As a % (IX)
<b>(B)</b>	<b>Public Shareholding</b>							
<b>(1)</b>	<b>Institutions</b>							
(a)	Financial Institutions/Banks	-	-	-	-	-		
(b)	Insurance Companies	-	-	-	-	-		
©	Foreign Institutional Investors	-	-	-	-	-		
	<b>Sub-Total (B)(1)</b>	-	-	-	-	-		
<b>(2)</b>	<b>Non Institutions</b>							
(a)	Bodies Corporate	44	309335	295535	1.02	1.02		
(b)	Individuals							
	i) Holding nominal share capital upto ` 1 lac	2811	6117374	3097364	20.21	20.21		
	ii) Holding nominal share capital in excess of ` 1 lac.	8	2866947	2866947	9.47	9.47		
(c)	Any Other(specify)	-	-	-	-	-		
	Non Resident Individuals/ Overseas Corporate Bodies	14	2637470	2619470	8.71	8.71		
	<b>Sub-Total (B)(2)</b>	2877	11931126	8879316	39.41	39.41		
	<b>Total Public shareholding (B)=(B)(1)+(B)(2)</b>							
	<b>TOTAL (A)+(B)</b>	<b>2891</b>	<b>30273600</b>	<b>27221790</b>	<b>-</b>	<b>100.00</b>		
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	-	-	-	-	-		
	<b>GRAND TOTAL (A)+(B)+( C)</b>	<b>2891</b>	<b>30273600</b>	<b>27221790</b>	<b>-</b>	<b>100.00</b>		

**Shareholding of securities (including shares, warrants, convertible securities) of persons belonging to the category Promoter and Promoter Group as on December 31, 2014. This table has to be read in connection with the above table.**

Sl. No	Name of the Shareholders	Details of Shares held		Encumbered shares (*)			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held	As a % of grand total (A)+(B)+(C)	No	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
1	Vakharia Financial Services Limited	2,29,698	0.76	0	0.00	0.00	0	0.00	0	0.00	0.76
2	Vakharia Synthetics Private Limited	11,81,912	3.90	0	0.00	0.00	0	0.00	0	0.00	3.90
3	Everest Yan Agency Private Limited	3,00,820	0.99	0	0.00	0.00	0	0.00	0	0.00	0.99
4	Everlon Solar Energy Private Limited	14,88,000	4.92	0	0.00	0.00	0	0.00	0	0.00	4.92
5	Mrudu Kantilal Vakharia	45,600	0.15	0	0.00	0.00	0	0.00	0	0.00	0.15
6	Kantilal V Vakharia	3,24,000	1.07	0	0.00	0.00	0	0.00	0	0.00	1.07

	(Huf)										
7	Jitendra K Vakharia (Huf)	45,13,188	14.91	0	0.00	0.00	0	0.00	0	0.00	14.91
8	Dhiren Uttamchand Dadia	11,89,632	3.93	0	0.00	0.00	0	0.00	0	0.00	3.93
9	Lina Dhiren Dadia	13,73,328	4.54	0	0.00	0.00	0	0.00	0	0.00	4.54
10	Tarun K Vakharia (Huf)	29,740	0.10	0	0.00	0.00	0	0.00	0	0.00	0.10
11	Jitendra Kantilal Vakharia	30,36,000	10.03	0	0.00	0.00	0	0.00	0	0.00	10.03
12	Varsha Jitendra Vakharia	21,28,290	7.03	0	0.00	0.00	0	0.00	0	0.00	7.03
13	Prachi Jitendra Vakharia	23,52,006	7.77	0	0.00	0.00	0	0.00	0	0.00	7.77
14	Omkar Texolene Private Limited	1,50,260	0.50	0	0.00	0.00	0	0.00	0	0.00	0.50
	<b>Total</b>	<b>1,83,42,474</b>	<b>60.59</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>60.59</b>

**Shareholding of securities (including shares, warrants, convertible securities) of persons belonging to the category Public and holding more than 1% of the total number of shares as on December 31, 2014**

Sl. No.	Name of the Shareholder	No. of Shares held	Shares as % of Total No. of Shares	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	Abirami Arunachalam	1200000	3.96	0	0.00	0	0.00	3.96
2	Alpesh M Gandhi	308501	1.02	0	0.00	0	0.00	1.02
3	Ami Dhiren Dadia	800886	2.65	0	0.00	0	0.00	2.65
4	Keyur Mahesh Shah	544482	1.80	0	0.00	0	0.00	1.80
5	Lalit Chandrakant Shah (Huf)	351762	1.16	0	0.00	0	0.00	1.16

6	Mujeebur Rahman Habeed	633754	2.09	0	0.00	0	0.00	2.09
7	Nilesh Dhirajlal Shah	641034	2.12	0	0.00	0	0.00	2.12
8	Sangeetha S	332820	1.10	0	0.00	0	0.00	1.10
	<b>Total</b>	<b>4813239</b>	<b>15.90</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>15.90</b>

The Promoter and Promoter Group have confirmed that they intend to subscribe collectively to the full extent of their Rights Entitlement in the Issue. The Promoter and Promoter Group have provided an undertaking dated January 08, 2015 to our Company to apply for additional Equity Shares, to the extent of the unsubscribed portion of the Issue, if any, from the public shareholders. As a result of this subscription and consequent Allotment, the Promoter and Promoter Group may acquire Equity Shares over and above their Rights Entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the Rights Entitlement. Such subscription and acquisition of additional Equity Shares by the Promoter and the Promoter Group through this Issue, if any, will not result in change of control of the management of our Company. The Promoter and Promoter group shall subscribe to such number of unsubscribed portion that their post Issue shareholding in our Company shall be in compliance with “continuous listing requirements” as per the provisions of Rule 19(A)(1) of SCRR. Further, such acquisition is exempted from the obligation to make an open offer if the conditions prescribed in Regulation 10(4)(b) of the Takeover Code are duly complied with.

#### Details of locked-in, pledged, encumbered shares of the Promoter and Promoter Group

None of the shares held by Promoter and Promoter Group are under lock in or pledged or encumbered.

#### 4. Top Ten Shareholders

The list of the top ten shareholders of our Company and the number of Equity Shares held by them is provided below:

##### a) *The top ten shareholders of our Company and the number of Equity Shares held by them as on the date of filing this Draft Letter of Offer:*

Sl No	Shareholder	Total No. of Equity Shares Held	Pre Issue %
1.	Jitendra K Vakharia (HUF)	45,13,188	14.91
2.	Jitendra K Vakharia	30,36,000	10.03
3.	Prachi Jitendra Vakharia	23,52,006	7.77
4.	Varsha J. Vakharia	21,28,290	7.03
5.	Everlon Solar Energy Private Limited	14,88,000	4.92
6.	Lina Dhiren Dadia	13,73,328	4.54
7.	Abirami Arunachalam	12,00,000	3.96
8.	Dhiren Uttamchand Dadia	11,89,632	3.93
9.	Vakharia Synthetics Private Limited	11,81,912	3.90
10.	Ami Dhiren Dadia	8,00,886	2.65

##### b) *The top ten shareholders of our Company and the number of Equity Shares held by them ten days prior to filing of this Draft Letter of Offer are as follows:*

Sl No	Shareholder	Total No. of Equity Shares Held	Pre Issue %
1.	Jitendra K Vakharia (HUF)	45,13,188	14.91
2.	Jitendra K Vakharia	30,36,000	10.03

Sl No	Shareholder	Total No. of Equity Shares Held	Pre Issue %
3.	Prachi Jitendra Vakharia	23,52,006	7.77
4.	Varsha J. Vakharia	21,28,290	7.03
5.	Everlon Solar Energy Private Limited	14,88,000	4.92
6.	Lina Dhiren Dadia	13,73,328	4.54
7.	Abirami Arunachalam	12,00,000	3.96
8.	Dhiren Uttamchand Dadia	11,89,632	3.93
9.	Vakharia Synthetics Private Limited	11,81,912	3.90
10.	Ami Dhiren Dadia	8,00,886	2.65

c) *Our top ten shareholders and the number of Equity Shares held by them two years prior to filing this Draft Letter of Offer are as follows:*

Sl No	Shareholder	Total No. of Equity Shares Held	Pre Issue %
1	Jitendra K. Vakharia (Huf)	45,13,188	14.91
2	Jitendra K Vakharia	30,36,000	10.03
3	Prachi Jitendra Vakharia	23,52,006	7.77
4	Varsha J. Vakharia	16,39,920	5.42
5	Everlon Solar Energy Private Limited	14,88,000	4.92
6	Lina Dhiren Dadia	13,73,328	4.54
7	Abirami Arunachalam	12,00,000	3.96
8	Dhiren Uttamchand Dadia	11,89,632	3.93
9	Vakharia Synthetics Private Ltd	9,93,600	3.28
10	Ami Dhiren Dadia	8,00,886	2.65

- There are no financing arrangements whereby our Promoter Group, our Group Companies, our Directors and their relatives have financed the purchase by any other person of the Equity Shares of our Company during the period of 6 months immediately preceding the date of filing of the Draft Letter of Offer with SEBI.
- The Issue being a rights issue, as per Regulation 34(c) of the SEBI Regulations, the requirement of promoters' contribution and lock-in are not applicable.
- The aggregate number of specified securities purchased or sold by the promoter group and/or by the directors of our company and their immediate relatives within six months immediately preceding the date of filing draft offer document with the Board are as follows:

Name of Entity	No. of Shares Purchased	No. of Shares Sold	Maximum Purchase Price (₹) & relevant dates	Minimum Purchase Price (₹) & relevant dates	Maximum Sale Price	Minimum Sale Price
Omkar Texolene Private Limited	13,648	Nil	2.00 (July 08, 2014)	1.93 (July 17, 2014)	N.A.	N.A.
Varsha J Vakharia	4,88,370	Nil	2.17 (September 11 & 15, 2014)	1.92 (October 07, 2014)		

8. Our Company has not raised any bridge loans that shall be payable from issue proceeds.
9. Neither our Company, nor the Directors or the Promoters, or the Lead Manager have entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of our Company.
10. There are no outstanding warrants, financial instruments or any rights, which would entitle the Promoters or the shareholders of our Company or any other person any option to acquire any of the Equity Shares.
11. 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 Draft Letter of Offer.
12. 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 to the date on which the Equity Shares issued under the Draft Letter of Offer are listed or application moneys refunded on account of the failure of the Issue.
13. Further, our Company has no intention to alter the equity capital structure by way of split/consolidation of the denomination of the shares, or issue of shares on preferential basis or issue of bonus rights or public issue of shares or any other securities for a period of six months from the date of opening of the Issue.
14. Except as disclosed in the chapter titled “Management” on page 56 of the Draft Letter of Offer, none of our Directors or Key Managerial Personnel holds any Equity Shares.
15. Our company has not issued or allotted any equity shares under the Scheme of Arrangement..
16. Our Company has not revalued its fixed assets since incorporation.
17. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue.
18. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
19. As of December 31, 2014, the total number of holders of Equity Shares is 2891.
20. No Equity Shares have been issued during the preceding one year from the date of filing of this Draft Letter of Offer to the Promoter or the Promoter Group. Further, none of the Equity Shares have been issued to Promoter or member of the Promoter Group or any member of our Company for consideration other than cash.
21. The Issue will remain open for 15 (fifteen) days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days including the Issue Opening Date.
22. As on the date of the Draft Letter of Offer, the lead manager to the Issue does not hold any Equity Shares of our Company.
23. Till date our Company has not introduced any Employees Stock Option Schemes/ Employees Stock Purchase Schemes.



## SECTION IV – PARTICULARS OF THE ISSUE

### OBJECTS OF THE ISSUE

We intend to deploy the issue proceeds towards the following:

1. Repayment of unsecured loans &
2. Meet the issue expenses

The main objects clause set out in our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue. For further details on the main objects clause set out in our Memorandum of Association, please see “History and Other Corporate Matters” on page 51.

We intend to utilise the Issue Proceeds for financing the objects as set forth below:

		(₹ in lacs)
		Amount
Objects		
Repayment of Unsecured Loans		311.39
Issue expenses		[●]
<b>Total</b>		[●]

The entire requirements of the objects detailed above are intended to be funded from the Issue Proceeds. Accordingly, our Company confirms that there is no requirement for it to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

#### 1. Details of the Objects of Issue – Repayment of unsecured loans

Our Company proposes to repay unsecured loan to the extent of ₹311.39 lacs which is outstanding as on 31/12/2014. The said unsecured loan was taken from Everest Yarn Agency Pvt. Ltd. (EYAPL) from time to time for the purposes of our business requirements.

During the period 1999-2001 our company faced turbulent state of affairs on account of various internal & external factors. During this period the demand of the products manufactured by our company was at its lowest ebb. This coupled with increased expenditure and inadequate availability of fund based working capital limits from the Bank led to lower capacity utilization. Further the prevailing adverse economic conditions led to lower realization for our products. All these factors culminated into company making losses which were accumulated over a period of time. In order to support operations the company had availed an unsecured loan from EYAPL, one of the promoter group company, during the financial year 1999.

The above adverse factors resulted in company facing severe crunch of working capital and repayment of bank loans also became difficult. In the process the accumulated losses enhanced resulting in networth of our company being eroded. As the company's financial position was in jeopardy, the Bombay Mercantile Co-op Bank Ltd, (BMCB) the then working capital banker of the company, had in April 2001 recalled the entire outstanding advance as on 31/03/2001 sanctioned as working capital and other bank loan facilities to our company. All these factors affected the operations of the Company and as a result the company defaulted in repayment of bank loans in time.

Consequently an application to the Board for Industrial & Financial Reconstruction (BIFR) was made which was registered in December 2004. The company in order to remain afloat and conduct day to day operations kept on raising unsecured loans from EYAPL from time to time. During the financial year 2006, ultimately our company entered into a one time settlement with BMCB by paying one time settlement amount of ₹140.00 lacs. The said settlement was also possible on account of unsecured loans raised from EYAPL and the Directors.

With the turnaround in economic conditions as far as products of our company were concerned, the company was able to grow the business steadily during the period 2005-2006. With the conscious effort,

the company was able to register good business and ultimately the networth became positive and our company ceased to be a sick company. An order to this effect was received from BIFR in December 2007. With the help of financial support from EYAPL & directors, company was able to maintain its financial position in an appropriate manner. There was a gradual stabilization of the operation of the company. However, the company was required to maintain the cash flow position and hence the unsecured loan from EYAPL could not be repaid in full.

Further during this period of about 4 years the company had no credit limits from the banks and the operations of the company were managed through internal resources and unsecured loans from related parties including EYAPL. Thus the company conducted its business without bank finance till December 2010.

With improved overall conditions, management made all out efforts to grow the business of the company. In December 2010, the loan application of the company to Janata Sahakari Bank Limited, Pune (JSB) was considered and our company was sanctioned cash credit facilities to the extent of ₹150.00 lacs. With the financial assistance from JSB and conscious efforts by the management, company was able to post a reasonably good performance and was able to produce 3904 tons in FY 2012 as against 2649 tons in the FY 2011 resulting in a turnover of ₹42.60 cr as against ₹26.20 cr during the previous year.

With the improved performance the said bank limit was increased from ₹150 lacs to ₹415 lacs. At the same time the accumulated losses brought forward from the earlier years gradually decreased and as on September 30, 2014 the carried forward accumulated losses are only ₹96.12 lacs. During these years company made efforts from time to time to reduce the unsecured loans depending on the cash flow position. However, till date an unsecured loan to the extent of ₹311.39 lacs is outstanding on which the interest payable is at 6% per annum.

The board of directors in their meeting held on October 18, 2014 took a decision to capitalize the company by infusing new equity share capital through the process of Rights Issue. The infusion of long term equity capital would go a long way in capitalizing the company and accordingly unsecured loans mentioned above are proposed to be repaid. The infusion of equity capital would further strengthen the financial position and improve the debt equity ratio and other parameters enabling the company to leverage. The repayment of unsecured loans to the extent of ₹311.39 lacs by infusion of equity share capital through this rights issue would improve the debt equity ratio from the present level of 3.50 times as on September 30, 2014 to less than 1 time.

Hence it is in the interest of the company to infuse long term equity capital and repay the unsecured loans as mentioned above.

## 2. Meet the issue expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

Particulars	Amount (` in lacs)	As percentage of expenses	As percentage total of Issue size
Fees of the Intermediaries	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Printing and stationery expenses	[•]	[•]	[•]
Statutory and other miscellaneous expenses	[•]	[•]	[•]
Total estimated Issue related expenses	[•]	[•]	[•]

## Schedule of Implementation and Deployment of Funds

Our Company proposes to deploy the issue proceeds immediately on completion of the rights issue.

**Funds Deployed**

As per the certificate dated December 23, 2014 issued by M/s Poladia & Company, Chartered Accountants, our company has deployed ₹2.50 lacs till December 22, 2014 towards Issue expenses. The same has been financed from the internal accruals of our Company.

**Interim use of proceeds**

Our company does not propose any interim use of proceeds.

**Appraisal**

The object of issue is repayment of unsecured loan and hence there is no requirement of appraisal.

**Monitoring of Utilisation of Funds**

Since the Issue size does not exceed ₹50,000 Lacs, the appointment of a monitoring agency as per Regulation 16 of the SEBI Regulations is not required. 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 Issue Proceeds. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in the Draft Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that the Issue proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company. Furthermore, in accordance with clause 43A of the Listing Agreement our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

## BASIS OF ISSUE PRICE

*The Issue Price has been determined by our Company, in consultation with the Lead Manager, on the basis of market conditions and on the basis of the following quantitative and qualitative factors. The information presented in this section is for half year ended Fiscal 2015 and Fiscal 2012, 2013 and 2014 is derived from our Company's audited financial information, prepared in accordance with Indian GAAP and the Companies Act and in accordance with the SEBI Regulations. You should read the following summary with the sections titled "Risk Factors", "Business Overview" and "Financial Information" on pages viii, 40 and 75, respectively, of this Draft Letter of Offer, to get a more informed view before making an investment decision. The trading price of the Equity Shares could decline and you may lose all or part of your investments*

### Quantitative Factors

#### 1. Basic and Diluted Earnings per Share (EPS)

Period	Basic and Diluted EPS (₹)	Weight
Fiscal 2012	0.92	1
Fiscal 2013	0.06	2
Fiscal 2014	0.08	3
<b>Weighted Average</b>	<b>0.21</b>	
Six months ended September 30, 2014	0.03	

#### Note:

- i. The figures disclosed above are based on the restated financial information statement as disclosed in this draft letter of offer.
- ii. EPS calculation have been done in accordance with Accounting Standard 20- "Earning per share" issued by the Institute of Chartered Accountants of India
- iii. The above statement should be read with Significant Accounting Policies and the Notes to the audited financial information as appearing in Chapter "Auditor' Report" on page 75 of this Draft Letter of Offer.

#### 2. Price Earnings Ratio (P/E) in relation to the Issue price of ₹ [●] per Equity Share of ₹ 1 each

The P/E ratio based on the basic and diluted EPS for the Fiscal Year 2014 at the Issue Price is [●].

#### Industry P/E

Our Company is into processing of Partially Oriented Yarn into Polyester Texturised Yarn and therefore the 'textiles-processing' industry has been considered for comparison purposes

P/E Ratio	Name of the Company	Face Value of the equity shares (₹)
Highest	Bombay Dyeing	2
Lowest	Welspun Syntex	10
Average	-	-

Source: Capital Market volume XXIX/22 Dec 22, 2014 – Jan 04, 2015; Industry: Textiles - Processing

#### 3. Return on Net Worth (RoNW)

Period	RoNW (%)	Weight
Fiscal 2012	10.80	1
Fiscal 2013	10.91	2
Fiscal 2014	12.71	3
<b>Weighted Average</b>	<b>11.79</b>	
Six months ended September 30, 2014	4.92	

**Minimum Return on increased Net Worth required to maintain Pre-Issue EPS for Fiscal 2014 at the Issue Price on the basic and diluted EPS – [●] %**

**Net Asset Value**

Period	₹
Fiscal 2014	0.65
As on September 30, 2014	0.68

<b>Issue Price</b>	₹[●] per Equity Share
<b>NAV after the Issue</b>	₹[●] per Equity Share

**Comparison of Accounting Ratios with Industry Peers**

Name of the company	Face Value (₹ per share)	EPS (₹)	P/E Ratio <sup>^</sup>	RoNW (%)	Net Asset Value (₹ per share)
Everlon Synthetics Limited*	1	0.08	24.37	12.71	0.65
<b>Peer Group**</b>					
Shekhawati Ploy-Yarn Limited	1	0.32	4.84	9.57	3.34
Fair Deals Filaments Limited	10	2.99	7.79	9.27	32.21

\*Restated Financial information for F.Y.2013-14 as disclosed in the draft letter of offer

\*\*Source: Annual Report for F.Y. 2013-14 available on BSE Website

<sup>^</sup>calculated based on the closing price of December 19, 2014

The issue price of ₹ [●] per share is [●] times the face value of ₹1/- per equity share. The volume weighted average market price of the shares of our Company during a period of sixty trading days ending on the day prior to the date of determination of the rights issue price i.e., [●] (Date of board meeting) works out to ₹ [●] per Equity Share. Further, as on January 09, 2015 the 52 week high & low prices of our Equity Shares on BSE is ₹3.50 & ₹0.90 respectively. Thus, considering the above quantitative factors, the Issue Price is justified.

## STATEMENT OF TAX BENEFITS

### Statement of possible tax benefits available to Everlon Synthetics Limited and its shareholders

The Board of Directors  
Everlon Synthetics Ltd.  
67, Regent Chambers  
Nariman Point,  
Mumbai 400 021

Dear Sirs,

#### **Sub: Proposed Right Issue of Equity Shares (the “Issue”) by Everlon Synthetics Limited (the “Company”)**

We hereby report that the enclosed annexure states the possible tax benefits that may be available to Everlon Synthetics Limited (the “Company”) and to the Shareholders of the Company under the provisions of 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 and their interpretations. Hence, the ability of the Company or its Shareholders to derive 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 nor are they conclusive. This statement is only intended to provide general information and to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

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

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

Our views are based on the existing provisions of law and its interpretations, which are subject to change from time to time. We do not assume responsibility to up-date the views of such changes. The contents of this 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. While all reasonable care has been taken in the preparation of this opinion, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

This report is intended solely for information and for the inclusion in the offer document in connection with the proposed Right Issue Offering of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For M/s Poladia & Co.**  
**Chartered Accountants**  
**(P.T. Poladia)**

Sd/-  
Partner  
Membership No.: 038757  
Place: Mumbai  
Date: 27/11/2014

**Annexure:**

**STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS**

**A. SPECIAL TAX BENEFITS TO EVERLON SYNTHETICS LIMITED**

The Company is exempted from payment of Central Sales tax Levied under Central Sales Tax Act 1956 for the period from 15-02-2009 to 31-12-2017 vide certificate no ACVAT/EXEMPT/CST/2011/2705 Dated 21-10-2011 Issued by Assistant Commissioner (VAT), Dadra & Nagar Haveli Silvassa subject to fulfillment of certain conditions mentioned on said certificate

**B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS OF OUR COMPANY:**

No special tax benefits are available to the Shareholders of the Company.

**C. GENERAL TAX BENEFITS, AVAILABLE TO ALL CATEGORIES OF COMPANIES OR TO THE SHAREHOLDERS OF ANY COMPANY, SUBJECT TO FULFILLING CERTAIN CONDITIONS AS REQUIRED UNDER THE RESPECTIVE ACTS:**

**BENEFITS AVAILABLE TO THE COMPANY UNDER THE INCOME TAX ACT, 1961**

**1. Dividend exempt under Section 10(34)**

Under Section 10(34) to be read with Section 115-O of the Act, dividend income (whether interim or final) in the hands of the company as distributed or paid by any other Company on or after April 1, 2004 are completely exempt from tax in the hands of the Company.

**2. Exemption under Section 10(35)**

Under section 10(35) of the Act, the income received by the Company from distribution made by any mutual fund specified under section 10(23D) of the Act in respect of which tax is paid by such mutual fund under section 115-R of the Act or from the Administrator of the specified undertaking or from the specified companies is exempt from tax.

**3. Exemption of Long Term Capital Gain under section 10(38)**

As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax. However, income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB.

For this purpose, "equity oriented fund" means a fund-

- a) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
- b) which has been set up under a scheme of a Mutual Fund specified under section 10 (23D) of the Act.

**4. Lower Tax Rate under Section 112 on Long Term Capital Gains**

As per the provisions of Section 112 of the Act, long-term capital gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent (plus applicable surcharge and education cess) with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent (plus applicable surcharge and education cess) without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

**5. Lower Tax Rate under Section 111A on Short Term Capital Gains**

As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity

Shares in any company through a recognized stock exchange or from the sale of units of equity oriented mutual fund shall be subject to tax @ 15%(plus applicable surcharge and education cess) provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.

**6. Exemption of Long Term Capital Gain under Section 54EC**

In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the Company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by section 10(36) and section 10(38) if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section. Where the long term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.

**7. Preliminary Expenses under Section 35D**

In accordance with and subject to the provisions of section 35D of the Income tax Act, the company will be entitled to amortize, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.

**8. Depreciation under Section 32/ Business Loss**

In accordance with and subject to the provisions of section 32 of the Income tax Act, the company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Business losses can be carried forward for the eight succeeding assessment years for set off against subsequent business profits.

**9. Minimum Alternate Tax ("MAT") Credit under Section 115 JAA (1A)**

Under Section 115 JAA (1A) of the Act, tax credit shall be allowed of Minimum Alternate Tax ("MAT") paid under Section 115JB of the Act at the rate of eighteen and half percent (as provided by Finance Act, 2011) (plus applicable surcharge and education cess) on the book profit determined. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years succeeding the year in which the MAT becomes allowable.

**BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961**

**1. Dividend Exempt under Section 10(34)**

Under Section 10(34) to be read with Section 115-O of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after 1st April 2004 is completely exempt from tax in the hands of the Shareholders of the company.

**2. Lower Tax Rate under Section 112 on Long Term Capital Gains**

As per the provisions of Section 112 of the Act, long-term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent (plus applicable surcharge and education cess) with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent (plus applicable surcharge and education cess) without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

**3. Lower Tax rate under Section 111A on Short Term Capital Gains**

As per the provisions of section 111A, short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity oriented fund shall be subject to tax 15%(plus applicable surcharge and education cess) provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.



**4. Exemption of Long Term Capital Gain under section 10(38)**

As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1<sup>st</sup> of October 2004 and such sale is subject to Securities Transaction tax.

**5. Exemption of Long Term Capital Gain under Section 54EC**

In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10(36) and 10(38)) arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the specified asset is transferred or converted into money.

**6. Exemption under section 54F**

In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase /construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

**7. Options available under the Act**

Where shares have been subscribed to in convertible foreign exchange Option of taxation under Chapter XII-A of the Act: Non-Resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

- i. According to the provisions of section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.
- ii. According to the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the specified asset or savings certificate in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.
- iii. As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from

investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

- iv. Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- v. As per the provisions of Section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

## **BENEFITS AVAILABLE TO OTHER NON-RESIDENTS**

### **1. Dividend Exempt under Section 10(34)**

Under Section 10(34) to be read with Section 115 O of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after 1<sup>st</sup> April 2004 is completely exempt from tax in the hands of the shareholders of the Company.

### **2. Lower Tax Rate under Section 112 on Long Term Capital Gains**

As per the provisions of Section 112 of the Act, long-term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

### **3. Lower Tax Rate under section 111A on Short Term Capital Gains**

As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity oriented mutual fund shall be subject to tax 15%(plus applicable surcharge and education cess) provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.

### **4. Exemption of Long term Capital Gain under section 10(38)**

As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.

### **5. Exemption of Long Term Capital Gain under Section 54EC**

In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10(36) and 10(38) arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the specified asset is transferred or converted into money.

**6. Exemption under section 54F**

In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase /construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

**7. Tax Treaty Benefits**

As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

**BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FII')**

**1. Dividend Exempt under Section 10(34)**

Under Section 10(34) to be read with Section 115O of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after 1st April 2004 is completely exempt from tax in the hands of the shareholders of the Company.

**2. Benefits on taxability of capital gain**

In case of a shareholder being a Foreign Institutional Investor (FII), in accordance with and subject to the conditions and to the extent specified in Section 115AD of the Act, tax on long term capital gain (not covered by sections 10(36) and 10(38)) will be 10% and on short term capital gain will be 30% as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case. However short term capital gains on sale of Equity Shares of a company through a recognized stock exchange or a unit of an equity oriented mutual fund effected on or after 1st October 2004 and subject to Securities transaction tax shall be taxed 15%(plus applicable surcharge and education cess) as per the provisions of section 111A. It is to be noted that the benefits of Indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to FII.

**3. Exemption of Long term Capital Gain under section 10(38)**

As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.

**4. Exemption under section 54F**

In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase /construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

**5. Tax Treaty Benefits**

As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

### **BENEFITS AVAILABLE TO MUTUAL FUNDS**

In case of a shareholder being a Mutual fund, as per the 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 conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

### **BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES /FUNDS**

In case of a shareholder being a Venture Capital Company / Fund, as per the provisions of Section 10(23FB) of the Act, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, would exempt from Income Tax, subject to the conditions specified.

### **BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957**

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax

### **BENEFITS AVAILABLE UNDER THE GIFT TAX ACT, 1958**

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax. However as per the provisions of section 56(2) (vii) and 56(2) (viia) of the Act, the same will be treated as income in the hands of the donee unless the gift is covered by the situation enumerated in the proviso to respective sections.

### **Notes**

1. All the above benefits are as per the current tax laws as amended by Finance Act, 2014 and will be available only to the sole / first named holder in case the shares are held by joint holders.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
3. 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.
4. A shareholder is advised to consider in his / her / its own case, the tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

**For M/s Poladia & Co.  
Chartered Accountants**

**Sd/-  
(P.T. Poladia)  
Partner  
Membership No.: 038757  
Place: Mumbai  
Date:-27-11-2014**

## SECTION V – ABOUT US

### INDUSTRY OVERVIEW

*The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites and publicly available industry reports. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in this Draft Letter of Offer is reliable, it has not been independently verified. Our Company has sourced industry data from World Trade Organization 53 International Trade Statistics 2014, Ministry of Textiles, Government of India, Annual Report 2012-13 & 2013-14 and Annual Report for F.Y.2013-14 of Confederation of Indian Textile Industry & their websites.*

*Accordingly, our Company and the Lead Manager do not take any responsibility for the data, projections, forecasts, conclusions or any other information contained in this section. Certain information contained herein pertaining to prior years is presented in the form of estimates as they appear in the respective reports/ source documents. The actual data for those years may vary significantly and materially from the estimates so contained.*

The Textile sector comprising cotton, man-made fibres, jute, sericulture & silk, wool, a number of speciality fibres and their products and handlooms and handicrafts, play a key role in the Indian Economy by way of significant contribution to GDP, manufacturing output, employment generation and export earnings.

### WORLD SCENARIO

According to the WTO-International Trade statistics Report 2014, World Clothing and Textiles exports for the year 2013 were amounted to around US\$ 460 billion and US\$ 306 billion. World exports of textiles and clothing rose by 8 per cent in 2013—four times higher than the average growth for world exports (2 per cent). The highest growth was seen by India, with 23 per cent, and the lowest was recorded by the Republic of Korea, with 2 per cent. The top ten exporters all recorded positive growth. India's exports of Clothing and Textiles amounted to US\$ 35.7 billion during the said year.

The European Union is the largest importer of clothing, accounting for 38 per cent of world imports in 2013 followed by the United States with 19 per cent of world imports.

### OVERVIEW OF THE INDIAN TEXTILE INDUSTRY

The Indian textiles industry is extremely varied, with the hand-spun and handwoven sector at one end of the spectrum, and the capital intensive sophisticated mill sector at the other. The major sub-sectors that comprise the textiles sector include the organized Cotton/Man-Made Fibre Textiles Mill Industry, the Man-Made Fibre/Filament Yarn Industry, the Wool and Woollen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports.

Indian Textile Industry has an overwhelming presence in the economic life of the country. India's textiles and clothing industry is one of the mainstays of the national economy. It is also one of the largest contributing sectors of India's exports worldwide. The report of the Working Group constituted by the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17), envisages India's exports of Textiles and Clothing at USD 64.41 billion by the end of March, 2017. The textiles industry accounts for 14% of industrial production, which is 4% of GDP; employs 45 million people and accounts for nearly 11% share of the country's total exports basket. Also, this industry is a source of direct employment for over 35 million people, which makes it the second largest provider of employment after agriculture.

The fundamental strength of this industry flows from its strong production base of wide range of fibres /

yarns from natural fibres like cotton, jute, silk and wool to synthetic /man-made fibres like polyester, viscose, nylon and acrylic. The multi-fibre strong base can be tracked by highlighting the following important positions reckoned by this industry across the globe:

- Cotton – India is the second largest cotton and cellulosic fibres producing country in the world.
- Silk – India is the second largest producer of silk and contributes about 18% to the total world raw silk production.
- Wool –India has 3rd largest sheep population in the world, having 6.15 crores sheep, producing 45 million kg of raw wool, and accounting for 3.1% of total world wool production. India ranks 6th amongst clean wool producer countries and 9th amongst greasy wool producers.
- Man-Made Fibres- India is the fourth largest in synthetic fibres/yarns globally.
- Jute – India is the largest producer and second largest exporter of the jute goods.

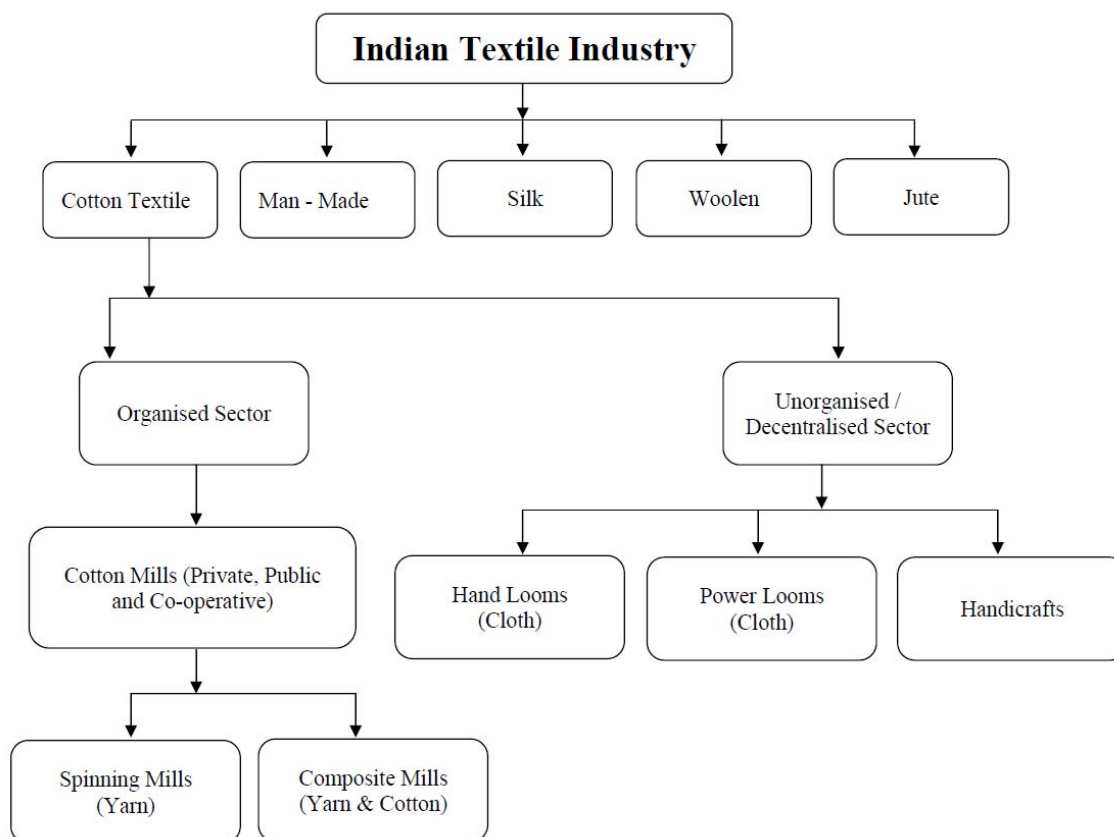
Man Made Fibres and Speciality Fibres domestic demand will rise at growth rate of 8% per annum from 3.9 billion kg in 2015 to 6 billion kg in 2020. Man-made fibres and speciality fibres are showing an increase in production of 8% and total production has reached 1400 million kg.

#### **Milestones over the last decade**

- Exports of textiles and clothing products from India have increased steadily over the last few years, particularly after 2004 when textiles exports quota stood discontinued.
- India's Textiles & Clothing (T&C) exports registered a robust growth of 25% in 2005-06, recording a growth of US\$ 3.5 billion over 2004-05 in value terms thereby reaching a level of US\$ 17.52 billion and the growth continued in 2006-07 with T&C exports of US\$19.15 billion recording an increase of 9.28% over the previous year and reached USD 22.15 billion in 2007-08 denoting an increase of 15.7% but declined by over 5% in 2008-09. Exports of Textiles & Clothing grew from USD 21.22 billion in 2008-09 to USD 22.41 billion in 2009-10 and had touched USD 27.47 billion in 2010-11. In the financial year 2011-12(P), exports of textiles and clothing, has grown by 20.05% over the financial year 2010-11 to touch USD 33.31 billion. Textiles exports in the period 2012-13 are witnessing a (-) 4.82 percent growth in dollar terms although there is 8.10 percent growth in rupee terms
- India's textiles products, including handlooms and handicrafts, are exported to more than a hundred countries. However, the USA and the EU, account for about two-third of India's textiles exports. The other major export destinations are China, U.A.E., Sri Lanka, Saudi Arabia, Republic of Korea, Bangladesh, Turkey, Pakistan, Brazil, Hong-Kong, Canada and Egypt etc

#### **Industry Structure and Size**

The major sub segments of the textile industry are cotton, blended, silk, wool and manmade. The textile industry in India is highly fragmented. It is vertically integrated across the whole value chain and interconnected with various operations. The organised sector consists of spinning mills and composite mills. The unorganised sector consists of handlooms, power looms and handicrafts.



### Man-Made Fibre

Man-made fiber textiles have been redefining fashion trends across the globe. Its vibrancy, durability and opulence lend a uniqueness that's virtually unmatched and unparalleled.

India is one of the few countries that has the complete supply chain, right from diverse fibres to a range of fabrics and made-ups. It is capable of delivering customized packages to customers.

Today, India supplies a wide variety of fibres, yarns in different counts, fabrics in an amazing range of textures and finishes and exquisite made-ups.

(Source: <http://www.synthetictextiles.org/>)

India has the second rank in man-made fibre & filament production globally. It has around 12% share in global production of cellulosic fibres & filaments and 7% in synthetic fibres & filaments.

India's capacities for man-made fibres and filament yarns currently stand around 4.0 billion kg, which is around 7% of global MMF capacities. Total production of manmade fibres & filaments together stood at 2,600 million kg in fiscal year 2013-14 (FY14), of which exports constituted around 32% at 821 million kg and imports are 5.2% of total domestic consumption. Indian manmade fibre & filament industry is largely polyester dominated, which constitutes around 82% of its total production.

### Man-made fibre Productions and Installed capacity by 31st March 2014

*Productions in million kg*

Item	Viscose	Acrylic	Polyester	Polypropylene	Total MM Fibre
2001-02	185.3	94.8	551.4	2.4	834
2002-03	224.6	105.3	582.1	2.5	915
2003-04	221	117	612.6	2.7	953

Item	Viscose	Acrylic	Polyester	Polypropylene	Total MM Fibre
2004-05	248	127.6	644.2	2.9	1,023
2005-06	229	107.8	628.2	3.1	968
2006-07	246.8	97.1	792	3.5	1,140
2007-08	279.9	81.2	879.6	3.4	1,244
2008-09	232.8	79.5	750.1	3.4	1,066
2009-10	302.1	90.5	872.1	3.4	1,268
2010-11	305.1	79.5	896.3	3.7	1,285
2011-12	322.6	77.7	829.7	4.1	1,234
2012-13	337.5	73.6	848.0	4.3	1,263
2013-14	361.0	96.1	845.9	3.7	1,307
Changes in FY 2013-14	7%	31%	0%	-13%	3%
<b>Installed Capacity as on 31st March 2014 in Million Kg</b>					
31/03/2014	418.7	167.0	1,182.7	13.2	1,782

Man-made fibre production was 1,307 million kg during 2013-14, 3.4% higher than 1,263 million kg production in 2012-13. Within man-made fibre category, synthetic fibre namely polyester production dominates with a share of 67%. Amongst the man-made filament yarn production, polyester filament has also the highest share of 93%.

#### Man-made filament yarn Productions and Installed capacity by 31st March 2014

<i>Productions in million kg</i>					
Item	Viscose	Acrylic	Polyester	Polypropylene	Total MM Fibre
2001-02	48.4	27.8	866.2	19.8	962
2002-03	50.8	29.7	995.4	24.4	1,100
2003-04	53.2	31	1,013	20.8	1,118
2004-05	53.6	35.4	1,003.6	16.3	1,109
2005-06	53.1	36.8	1,075.8	13.6	1,179
2006-07	54	34	1,270.9	13.4	1,372
2007-08	51.1	27.6	1,420.1	10.5	1,509
2008-09	42.4	28.1	1,332.1	15.1	1,418
2009-10	42.7	30.3	1,434.9	14.8	1,523
2010-11	40.9	33.5	1,462.3	13.1	1,550
2011-12	42.4	28	1,379.5	13.2	1,463
2012-13	42.63	22.91	1,288.15	17.18	1,371
2013-14	43.99	23.98	1,213.06	12.91	1,294
Changes in FY 2013-14	3%	5%	-6%	-25%	-6%
<b>Installed Capacity as on 31st March 2014 in Million Kg</b>					
31/03/2014	76.2	32.0	2,143.7	17.6	2,270

For Man-made Fibre industry, production and domestic consumptions had marginal increments and hence overall positive business sentiments. But for man-made filaments segment, industry was forced to cut down productions as domestic consumptions went down significantly. Domestic consumption for man-made filaments decreased by 15.5%, from 1,020 million kg in FY13 to 862 million kg in FY14. Production of filaments decreased by 6.2%, from 1,463 million kg in FY12 to 1,372 million kg in FY13. Indian exports of man-made fibres & filaments are substantially higher than its imports. Exports have high surge for both man-made fiber and filaments during FY14.



**Man-made fibre & filament yarn production, consumption, trade, stocks (in million kg) and growth (% , year-on-year)**

Item	Year	Installed Capacity	Opening Stock	Production	Import	Export	Availability	Consumption	Closing Stock
Man made Fibre	2012-13	1,781.6	37.8	1263.4	74.1	278.9	1,096.5	43.3	1,053.2
	2013-14	1781.6	43.3	1306.8	93.6	343.7	1121.3	28.1	1093.3
	Growth	0.0%	14.5%	3.4%	26.2%	23.2%	2.3%	-35.0%	3.8%
Man made Filament yarn	2012-13	2269.6	49.6	1370.9	42.2	403.8	1058.9	38.8	1020.1
	2013-14	2248.0	38.8	1293.9	42.1	477.0	897.8	35.9	861.9
	Growth	-0.9%	-21.9%	-5.6%	-0.3%	18.1%	-15.2%	-7.5%	-15.5%

Installed capacity and production of viscose staple fibre is much higher than domestic consumption. So, there is increasing availability of this fibre for exports. There are domestic consumption of 75% of produce and rest 25% was exported from India. But opposite is the case for viscose filament yarn. India's import of viscose filament yarn is significantly higher than its export. Installed capacity for production of polyester staple fibre is also much higher than domestic consumption. Domestic consumption of polyester fibre was at 691 million kg while production was at 846 million kg during 2013-14. There is around 20% export of current production for this fibre. Similar is the situation for polyester filament production, consumption and export. During 2013-14, out of 1,213 million kg production of polyester filament yarn, 774 million kg was domestic consumption and 467 million kg (38% of production) was for export. Domestic consumption for acrylic staple fibre and nylon filament yarn are higher than domestic production. Though both have exports as well imports, imports are higher than exports. In fact higher import adds to the domestic availability to meet the domestic consumption need. For polypropylene filament yarn, domestic consumption was at 11.5 million kg, while production was 12.9 million kg in FY14.

**Central Budget 2014-15 - Certain Textile Industry Highlights**

- Optional excise duty for all textile products continues.
- Allocation for TUFs for the year announced at ₹2300 crores in the interim budget continues.
- Customs duty of 5% on inputs for spandex yarn has been withdrawn. The duty on spandex yarn continues at 5%.
- Excise duty of 2% without cenvat benefit and 6% with cenvat benefit has been imposed on PSF and PFY manufactured from plastic waste and scrap including PET bottles. These were not subject to excise duty earlier.
- Service tax has been exempted on loading, unloading, storage, warehousing and transportation of cotton, whether ginned or baled.
- Duty free entitlement for import of trimmings, embellishments and other specified items increased from 3% to 5% of the value of exports for readymade garments.
- A sum of ₹500 crore has been provided for developing a Textile mega-cluster at Varanasi and six more at Bareilly, Lucknow, Surat, Kutch, Bhagalpur and Mysore.
- An entrepreneur friendly bankruptcy framework will be developed for SMEs to enable easy exit.
- An Export Promotion Mission will be established to bring all stake-holders under one umbrella.

## **BUSINESS OVERVIEW**

### **Overview**

Our Company is engaged into manufacturing of Polyester Texturised Yarn (PTY) since its inception. Our Company has more than two decades of expertise in manufacturing of PTY which is primarily used in the process of weaving of fabrics in apparel based products such as suiting, shirting, dress material, saree, socks, denims etc. PTY is also used to manufacture non apparel based products such as upholstery, curtains, bed linen, carpets, etc. Our product is largely sold to companies having weaving facilities at Bhiwandi, Malegaon and Surat. We also sell our product to other regions of India on demand.

Our Company procures polyester filament yarn (PFY) from the suppliers and processes into 'texturised yarn'. The manufacturing unit of our Company is located in Silvassa, Dadra & Nagar Haveli and has four draw texturising machine of 312 spindles each having total capacity of 4560 tons per annum.

Our Company is promoted by first generation entrepreneur Mr. Jitendra K. Vakharia and Mr. Kantilal Vakharia. Presently, the complete operations of the Company are managed by Mr. Jitendra K. Vakharia. Our promoter Mr. Jitendra K. Vakharia has been in the textile industry for last three decades. The Vakharia family ventured into dealing of yarns in 1980s through its group company, Everest yarn Agency Private Limited. The experience of dealing in yarn and the opportunity available in the manufacturing segment conceived the idea of backward integration leading to incorporation of Everlon Synthetics Limited.

During F.Y.2013-14 our total income stood at ₹ 5342.42 lacs with profit after tax of ₹ 24.99 lacs.

### **Products & its application**

Polyester Texturised Yarn is a raw material for manufacturing of variety of fabrics. Polyester being a man made fabric is considered to be a substitute of natural fabric like cotton and has been in demand over the period of years. Our Company manufactures only polyester texturised yarn with various deniers (thickness) depending on the market demand scenario.

### **Present Manufacturing Facilities and Plant & Machineries**

Our Company had established its first manufacturing unit at Survey no.775/1/C, Ozar Road Mota Ponda, Dist Valsad, Gujarat in the year 1992 which was subsequently closed in 2001 due to high power tariffs affecting the economic feasibility of operations. Our Company set up new unit at Silvassa, Dadra & Nagar Haveli and the plant and machineries of the earlier manufacturing unit were shifted to new unit.

Presently, our Company has only one manufacturing unit which is located at Plot No.265/7/1, Demini Road, Dadra, Silvassa. We have four draw texturising machines with 312 spindles each. The key equipment suppliers include Borasara Machines (A Div. of Himson Textile Engineering Industries Private Limited) for supply of plant and machinery. The company has periodic maintenance activity scheduled to safeguard its unit and employees. It also has an administrative office, store room, labour shelter, security and other necessary provisions to run the unit. Our Company has production facility in Silvassa, the textile hub of Dadra & Nagar Haveli. The location is around 3 hours drive from Mumbai with advantage in terms of connectivity through road and railways, sourcing of raw material and timely delivery of our products to clients. This location has depots of large players like Garden Silk Mills Ltd, JBF Industries Ltd., Reliance Industries Ltd., Indo Rama Synthetics Ltd., etc. providing quicker access to raw material and enabling us to reduce the turnaround time for manufacturing of our product and delivering it to the customers. Silvassa is also located between Surat and Bhivandi which are the main consuming centres for Polyester Textured yarn

### **Processes**

The man made yarns like polyester nylon are straight draw like structures spun through the spinnerettes. The yarn is generally manufactured in the POY form which is further drawn on draw texturising machines to make DTY or draw and texturised simultaneously on texturising machines. Draw texturising is done as it produces bulky yarn

Draw texturising is a process through which crimp/bulk is imparted to the yarn. The POY is fed through the creel to the input rollers. From these rollers the yarn passes through the heater and cooling zone to the friction spindle and then through the intermediate roller. The POY is drawn and the heat is set in twisted form, cooled and untwisted to impart crimp/bulk to the yarn. All these process are done simultaneously in sequence at a very high speed and great amount of precision and control to get desired bulk. The yarn which comes on the intermediate roller has got high stretch and is called as 'crimped yarn'. The yarn is passed through a secondary heater with a very low tension. This processes reduces the stretch and sets the crimp/bulk on to yarn. The set yarn is called 'texturised yarn'. This yarn is passed over an oil roller to apply anti static electricity in the yarn. The yarn is then wound on to the paper tube. The texturised yarn is finally loaded on the twisting machines to give more tension by giving twist to the yarn which increases the strength of the texturised yarn.

### **Raw Materials**

Our Company requires polyester filament yarn (PFY) to manufacture Polyester texturised yarn which is procured from different suppliers within the proximity of Silvassa. The suppliers have sales depots at Silvassa and hence there is no difficult in sourcing raw materials on a timely manner. Apart from PFY, our company also uses anti static oil to offset the static charges in the yarn that may get created during the process. Our suppliers of PFY include Reliance Industries Limited, JBF Industries Limited, Garden Silk Mills, etc. We have not entered into any definitive agreement with any of the suppliers of raw materials. The ancillary raw materials used are paper tube, packing boxes, etc.

### **Technical and Financial Collaboration**

Our company doesn't has any technical and financial collaboration

### **Intellectual Property Rights**

Our Company doesn't own any intellectual property rights (IPR) and neither is it entitled to any intellectual property rights.

### **Infrastructure Facilities**

#### **Power**

Our power requirements are catered by DNH Power Distribution Corporation Limited, a government undertaking, with contracted demand of 950 KVA under HT tariff category. Our average demand has been around 700 KVA in past few months. We do not have any back up power supply.

#### **Fuel**

Our Company doesn't require any fuel to carry on manufacturing process. Further, we do not have any DG sets hence there is no requirement of fuel.

#### **Water**

Water is basically required for drinking and other domestic purpose. Our unit meets its water requirements from own borewells. The water supply is regular and sufficient to meet our entire requirements

#### **Manpower**

Our Company has adequate manpower to operate our business. As on November 2014, our company has 26 employees comprising of senior management, middle management, administrative staff and workers. We do not envisage any difficulty in hiring personnel for our business operation at existing locations.

### **Effluent Treatment and Disposal**

Our Company doesn't generate any effluent after processing the polyester filament yarn to polyester texturised yarn.

### **Environmental Clearance**

Our Company has approvals from local authorities to operate the business. Our Company has made an application with pollution control authority for renewal of registration under Air Act and Water Act vide application dated December 23, 2014. For details relating to the license and approvals, please refer chapter on Government Approvals appearing on page no. 110

### **Competition**

We are part of textile industry which is considered as a traditional industry and hence we face strong competition from organized and unorganized players operating in the industry. The listed players manufacturing polyester texturised yarn include Shekhawati Poly-Yarn Limited, Fairdeal Filaments Limited, Filatex India Limited, JBF Industries Limited, Indorama Synthetics India Ltd., Alok Industries, etc. The unlisted companies include Patodia Filaments Pvt. Ltd., Jiwaraika Textile Industries Ltd., Perfect Filaments Ltd., Rungta Rayon Tex Pvt. Ltd., Suraj Industries etc.

### **Marketing and Selling Arrangements**

We do not have any special marketing and selling arrangements. We have long term relation with our customers and have been receiving repeat orders from them. We also receive orders from new customers through mouth publicity.

### **Export Obligation**

We do not have any export obligations.

### **Quality Certifications**

We do not have any quality certification. However, our company has prescribed internal standards to manufacture quality yarn.

### **Our Business Strategy**

We have presence in texturised yarn industry for more than two decade. Our company has been positioning the product at competitive prices with consistent quality standard enabling us to continue the long term business relationship with our customers. Our proposed rights issue is part of the future strategy to reduce the debt and infuse long term capital in the company which shall enhance leveraging capability of Company. We also propose to expand our market by tapping new regions and widening our product portfolio in the long term to cater to different needs of the customers.

### **Capacity and Capacity Utilization (In tones)**

Particulars	Actual			Projected*		
	2012	2013	2014	2015	2016	2017
Polyester Texturised Yarn						
Installed Capacity	4140	4140	4560	4560	4560	4560
Utilised	3904	4167	4478	3876	4104	4332
% utilised	94.30	100	98.20	85.00	90.00	95.00

*\*Management Estimate*

**Property**

Our registered office is located at 67 Regent Chambers, Nariman Point, Mumbai – 400 021 Maharashtra, India. Our company has entered into letter of arrangement with Teekay International, a partnership firm belonging to promoter group, for a period of 11 months with effect from April 01, 2014 and the monthly compensation payable is ₹ 25,000/-. The total area taken on rent is 500 sq. ft.

Our manufacturing facility is located at Plot No.265/7/1, Demni Road, Dadra, Silvassa (union territory of Dadra & Nagar Havelli). The total area of plot is 3200 sq m. and it is owned by our Company.

## KEY INDUSTRY REGULATIONS

*The following description is a summary of the relevant regulations and policies as prescribed by the GoI and other regulatory bodies that are applicable to the manufacturing business. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the shareholders and neither designed, nor intended to substitute for professional legal advice. For details of government approvals obtained by us, see the section titled “Government and Other Approvals” on page 110 of this Draft Letter of Offer.*

### ***Approvals from Local Authorities***

Setting up of a factory or manufacturing / housing unit entails the requisite planning approvals to be obtained from the relevant Local Panchayat(s) outside the city limits and appropriate Metropolitan Development Authority within the city limits. Consents are also required from the state pollution control board(s), the relevant state electricity board(s), the state excise authorities, sales tax, among others, are required to be obtained before commencing the building of a factory or the start of manufacturing operations.

### ***Foreign Investment Regulations***

The new industrial policy was formulated in 1991 to implement the Government’s liberalisation programme and consequent industrial policy reforms relaxed the industrial licensing requirements and restrictions on foreign investment.

Foreign investment in India is governed primarily by the provisions of the FEMA and the rules, regulations and notifications thereunder, read with the presently applicable Consolidated FDI Policy (effective from April 1, 2011 to September 30, 2011) as issued by the Department of Industrial Policy and Promotion, (“DIPP”).

The RBI, in exercise of its powers under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended (“**FEMA Regulations**”) to prohibit, restrict, regulate, transfer by, or issue of security, to a person resident outside India.

At present, investments in manufacturing companies fall under the RBI automatic approval route for foreign direct investment up to 100%.

### ***Environmental Laws***

The business of the Company is subject to various environment laws and regulations. The applicability of these laws and regulations varies from operation to operation and is also dependent on the jurisdiction in which the Company operates. Compliance with relevant environmental laws is the responsibility of the occupier or operator of the facilities.

The operations of the Company require various environmental and other permits covering, among other things, water use and discharges, stream diversions, solid waste disposal and air and other emissions. Major environmental laws applicable to the business operations include:

### ***The Environment (Protection) Act, 1986, as amended (the “EPA”)***

The EPA is an umbrella legislation in respect of the various environmental protection laws in India. The EPA vests the GoI with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for, inter alia, laying down the quality of environment, standards for emission of discharge of

environment pollutants from various sources as given under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution. Penalties for violation of the EPA include fines up to ₹ 100,000 or imprisonment of up to five years, or both. The imprisonment can extend up to seven years if the violation of the EPA continues.

There are provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts.

***The Water (Prevention and Control of Pollution) Act, 1974, as amended (the “Water Act”)***

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines or imprisonment or both.

The Central Pollution Control Board has powers, inter alia, to specify and modify standards for streams and wells, while the State Pollution Control Boards have powers, inter alia, to inspect any sewage or trade effluents, and to review plans, specifications or other data relating to plants set up for treatment of water, to evolve efficient methods of disposal of sewage and trade effluents on land, to advise the State Government with respect to the suitability of any premises or location for carrying on any industry likely to pollute a stream or a well, to specify standards for treatment of sewage and trade effluents, to specify effluent standards to be complied with by persons while causing discharge of sewage, to obtain information from any industry and to take emergency measures in case of pollution of any stream or well. A central water laboratory and a state water laboratory have been established under the Water Act.

***The Air (Prevention and Control of Pollution) Act, 1981, as amended (the “Air Act”)***

Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board.

The penalties for the failure to comply with the provisions of the Air Act include imprisonment of up to six years and the payment of a fine as may be deemed appropriate. If an area is declared by the State Government to be an air pollution control area, then, no industrial plant may be operated in that area without the prior consent of the State Pollution Control Board.

***Laws relating to Employment***

As part of business of the Company it is required to comply from time to time with certain laws in relation to the employment of labour. A brief description of certain labour legislations which are applicable to the Company is set forth below:

***Factories Act, 1948, as amended (the “Factories Act”)***

The Factories Act defines a ‘factory’ to be any premises including the precincts thereof, on which on any

day in the previous 12 months, 10 or more workers are or were working and in which a manufacturing process is being carried on or is ordinarily carried on with the aid of power; or where at least 20 workers are or were working on any day in the preceding 12 months and on which a manufacturing process is being carried on or is ordinarily carried on without the aid of power. State governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories.

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

***Employees (Provident Fund and Miscellaneous Provisions) Act, 1952, as amended (the “EPF Act”)***

The EPF Act applies to factories employing over 20 employees and such other establishments and industrial undertakings as notified by the GoI from time to time. It requires all such establishments to be registered with the State provident fund commissioner and requires such employers and their employees to contribute in equal proportion to the employees’ provident fund the prescribed percentage of basic wages and dearness and other allowances payable to employees. The EPF Act also requires the employer to maintain registers and submit a monthly return to the State provident fund commissioner.

***Employees State Insurance Act, 1948, as amended (the “ESIC Act”)***

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

***Payment of Gratuity Act, 1972, as amended (the “Gratuity Act”)***

The Gratuity Act establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more employees are employed or were employed on any day of the preceding twelve months, as notified by the Central Government from time to time. Penalties are prescribed for non-compliance with statutory provisions.

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease.

However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed ₹ 1 million.

***Minimum Wages Act, 1948, as amended (the “MWA”)***

The MWA provides a framework for State governments to stipulate the minimum wage applicable to a particular industry. The minimum wage may consist of a basic rate of wages and a special allowance; or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities; or an all inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any.



Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government. Contravention of the provisions of this legislation may result in imprisonment for a term up to six months or a fine up to ₹ 500 or both.

***Industrial Disputes Act, 1947, as amended (the “ID Act”)***

The ID Act provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labour court, tribunal or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labour courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workmen.

***Payment of Bonus Act, 1965, as amended (the “PoB Act”)***

The PoB Act provides for payment of minimum bonus to factory employees and every other establishment in which 20 or more persons are employed and requires maintenance of certain books and registers and filing of monthly returns showing computation of allocable surplus, set on and set off of allocable surplus and bonus due.

***Contract Labour (Regulation and Abolition) Act, 1970, as amended (the “CLRA Act”)***

In respect of each of its facilities, the Company uses the services of certain licensed contractors who in turn employ contract labour whose number exceeds 20 in respect of each facility. Accordingly, the Company is regulated by the provisions of the CLRA Act which requires the Company to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labour. The CLRA Act requires the principal employer of an establishment to which the CLRA Act applies to make an application to the concerned officer for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment.

Likewise, every contractor to whom the CLRA Act applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. The CLRA Act imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA Act.

***Apprentices Act, 1961, as amended (the “Apprentices Act”)***

The Apprentices Act was enacted in 1961 for imparting training to apprentices i.e. a person who is undergoing apprenticeship training in pursuance of a contract of apprenticeship. Every employer shall make suitable arrangements in his workshop for imparting a course of practical training to every apprentice engaged by him in accordance with the programme approved by the apprenticeship adviser. The central apprenticeship adviser or any other person not below the rank of an assistant apprenticeship adviser shall be given all reasonable facilities for access to each apprentice with a view to test his work and to ensure that the practical training is being imparted in accordance with the approved programme.

***Fiscal Regulations***

***Foreign Trade (Development and Regulation) Act, 1992 (“FTA”)***

FTA seeks to increase foreign trade by regulating the imports and exports to and from India. FTA read with the Indian Foreign Trade Policy provides that no export or import can be made by a person or company without an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

### ***Foreign Trade Policy***

Under the FTA, the Central Government is empowered to periodically formulate the Export Import Policy (“**EXIM Policy**”) and amend it thereafter whenever it deems fit. All exports and imports have to be in compliance with such EXIM Policy. The current EXIM Policy covers the period from 2009-2014.

*The Duty exemption Scheme* enables duty free imports of inputs required for production of export products by obtaining Advance license (AL).

*The Duty Remission Scheme* enables post export replenishment/ remission of duty on inputs used in the export product. This scheme consists of Duty Free Remission Certificate (DFRC) and Duty Entitlement Pass Book (DEPB).

While DFRC enables duty free replenishment of inputs used for manufacturing of export products, under DEPB Scheme, exporters on the basis of notified entitled rates are granted duty credit, which would entitle them to import goods except Capital Goods, without duty. The current DEPB rates for saleable products to be manufactured by us are ranging from 2% to 6%.

The imports of inputs under AL and DFRC for the products exported by the company are subject to Input and Output norms as prescribed in EXIM Policy.

*EPCG Scheme* allows imports of capital goods at 0% duty subject to export obligation which is linked to the amount of duty saved at the time of import of such capital Goods as per the provisions of EXIM Policy.

### ***Excise Regulations***

The Central Excise Act, 1944 seeks to impose an excise duty on excisable goods which are produced or manufactured in India. The rate at which the said duty is sought to be imposed is contained in the Central Excise Tariff Act, 1985. However, the Government has the power to exempt certain specified goods from excise duty, by notification.

### ***Customs Regulations***

All imports in the country are subject to duties under the Customs Act, 1962 at the rates specified under the Customs Tariff Act, 1975. However, the Government has the power to exempt certain specified goods from excise duty, by notification.

### ***Central Sales Tax Act, 1956 (“Central Sales Tax Act”)***

The Central Sales Tax Act formulates principles for determining (a) when a sale or purchase takes place in the course of inter-state trade or commerce; (b) when a sale or purchase takes place outside a State and (c) when a sale or purchase takes place in the course of imports into or export from India. This Act provides for levy, collection and distribution of taxes on sales of goods in the course of inter-state trade or commerce and also declares certain goods to be of special importance in inter-State trade or commerce and specifies the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. Central Sales tax is levied on inter State sale of goods. Sale is considered to be inter-state when (a) sale occasions movement of goods from one State to another or (b) is effected by transfer of documents during their movement from one State to another.

A sale or purchase of goods shall be deemed to take place in the course of inter-state trade or commerce if the sale or purchase is affected by a transfer of documents of title to the goods during their movement from one state to another. When the goods are handed over to the carrier, he hands over a receipt to the seller. The seller sends the receipt to buyer. The buyer gets delivery of goods on submission of the receipt to the carrier at other end. The receipt of carrier is ‘document of title of goods’. Such document is usually called Lorry Receipt (LR) in case of transport by Road or Air Way Bill (AWB) in case of transport by air. Though it is called Central Sales Tax Act, the tax collected under the Act in each State is kept by that State only.

Central Sales Tax is payable in the State from which movement of goods commences (that is, from which goods are sold). The tax collected is retained by the State in which it is collected. The Central Sales Tax Act is administered by sales tax authorities of each State. The liability to pay tax is on the dealer, who may or may not collect it from the buyer.

### ***The Shops and Establishments Legislations***

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. Our Company's offices have to be registered under the shops and establishments laws of the state where they are located.

### ***Competition Act, 2002, as amended (the "Competition Act")***

The Competition Act prohibits anti competitive agreements, abuse of dominant positions by enterprises and regulates "combinations" in India. The Competition Act also established the Competition Commission of India (the "CCI") as the authority mandated to implement the Competition Act. The provisions of the Competition Act relating to combinations were notified on March 4, 2011 and have come into effect on June 1, 2011. Combinations which are likely to cause an appreciable adverse effect on competition in a relevant market in India are void under the Competition Act. A combination is defined under Section 5 of the Competition Act as an acquisition, merger or amalgamation of enterprise(s) that meets certain asset or turnover thresholds. There are also different thresholds for those categorized as 'Individuals' and 'Group'. The CCI may enquire into all combinations, even if taking place outside India, or between parties outside India, if such combination is likely to have an appreciable adverse effect on competition in India. Effective June 1, 2011, all combinations have to be notified to the CCI within 30 days of the execution of any agreement or other document for any acquisition of assets, shares, voting rights or control of an enterprise under Section 5(a) and (b) of the Competition Act (including any binding document conveying an agreement or decision to acquire control, shares, voting rights or assets of an enterprise); or the board of directors of a company (or an equivalent authority in case of other entities) approving a proposal for a merger or amalgamation under Section 5(c) of the Competition Act. The obligation to notify a combination to the CCI falls upon the acquirer in case of an acquisition, and on all parties to the combination jointly in case of a merger or amalgamation.

### ***Property related laws***

The Company is required to comply with central and state laws in respect of property. Central Laws that may be applicable to our Company's operations include the Land Acquisition Act, 1894, the Transfer of Property Act, 1882, Registration Act, 1908, Indian Stamp Act, 1899, and Indian Easements Act, 1882.

In addition, regulations relating to classification of land may be applicable. Usually, land is broadly classified under one or more categories such as residential, commercial or agricultural. Land classified under a specified category is permitted to be used only for such specified purpose. Where the land is originally classified as agricultural land, in order to use the land for any other purpose the classification of the land is required to be converted into commercial or industrial purpose, by making an application to the relevant municipal or town and country planning authorities. In addition, some State Governments have imposed various restrictions, which vary from state to state, on the transfer of property within such states.

Land use planning and its regulation including the formulation of regulations for building construction, form a vital part of the urban planning process. Various enactments, rules and regulations have been made by the Central Government, concerned State Governments and other authorized agencies and bodies such as the Ministry of Urban Development, State land development and/or planning boards, local municipal or village authorities, which deal with the acquisition, ownership, possession, development, zoning, planning of land and real estate.

Each state and city has its own set of laws, which govern planned development and rules for construction (such as floor area ratio or floor space index limits). The various authorities that govern building activities in states are the town and country planning department, municipal corporations and the urban arts commission.

***Other regulations***

In addition to the above, the Company is required to comply with the provisions of the Companies Act, and FEMA and other applicable statutes imposed by the Centre or the State for its day-to-day operations.

## HISTORY AND OTHER CORPORATE MATTERS

### Corporate Profile and Brief History

Our Company was incorporated as Everlon Synthetics Private Limited under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated July 26, 1989, issued by the Registrar of Companies, Maharashtra. The name of Company was changed to Everlon Synthetics Limited pursuant to special resolution passed in extra ordinary general meeting dated 27/04/1992 and received certificate of change of name dated 21/05/1992. The Corporate Identification Number of Company is L17297MH1989PLC052747.

In the year 1994, our Company made an Initial Public Offer and got listed on BSE Ltd. and Ahmedabad Stock Exchange. Presently the Company continues to list on BSE Ltd. and Ahmedabad Stock Exchange.

During the period 1999 to 2001 our company went through a troubled phase wherein the Company made losses resulting into erosion of full networth. Due to inadequate working capital limits our company could not operate the manufacturing unit at optimum levels affecting the production. The financial trouble was compounded with default in repayment of loans availed from Bombay Mercantile Co-operative Bank Ltd. (BMCB). Our company made an application to the Board for Industrial and Finance Reconstruction (BIFR) for its revival which was registered on 30/12/2004 vide case no. 390/2004. In March 2006 our Company entered into one time settlement with BMCB and repaid the dues aggregating to ₹140.00 lacs. The networth of our Company had become positive during this period. Subsequently, the board of BIFR vides its order dated 18/12/2007 discharged our company from the purview of Sick Industrial Companies (Special Provisions) Act, 1985.

In the year 2012, our Company filed a scheme of arrangement wherein the investment business was vested into Vakharia Power Infrastructure Limited (VPIL). The rationale and details of the scheme appear on page 52 of this section.

### Main Objects of our Company

The main objects of our Company are:

1. To carry on business as dealers, manufacturers or processors in Synthetic Yarns and Natural Yarns including Polyesters, Nylon, Viscose, Cotton, Filament, Crimped, Texturised, Twisted, Dyed Yarns, Polyester Fibre, Acrylic Fibre, Polynosac fibre, Viscose fibre and Blended Yarn.
2. To carry on business of manufacturing, processing, importing, exporting and dealing in Synthetic Yarns and Natural Yarns including Polyester, Nylon, Viscose, Cotton, Blended, Filament, Crimped, Texturised, Twisted, Dyed Yarns, Polyester fibre, Acrylic fibre, Polynosic fibre, Viscose fibre and Blended Yarn.
3. To carry on business of manufacturing, processing, importing, exporting and dealing in cotton, yarn, cloth, silk, rayon, wool and other fibres and/or any types of clothes or textile products whether on handlooms or power looms or in textile mills or other factories.

### Amendments to our Memorandum of Association

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

Date of AGM/EGM	Nature of amendment
May 25, 1990	The authorized share capital of our company of ₹5,000,000 comprising of 500 Equity Shares of ₹1,000 each was further increased to ₹50,00,000 comprising of 5,000 equity shares of ₹1,000 each
April 27, 1992	The authorized share capital of ₹50,00,000 comprising of 5,000 equity shares of ₹1,000 each was sub-divided and reclassified to ₹50,00,000 divided into 5,00,000 equity shares of ₹10.00 each

	The authorized share capital of our company of ₹50,00,000 comprising of 5,00,000 equity shares of ₹10 each was further increased to ₹1,50,00,000 divided into 15,00,000 equity shares of ₹10 each
November 10, 1993	The authorized share capital of our company of ₹1,50,00,000 divided into 15,00,000 equity shares of ₹10 each was further increased to ₹6,00,00,000 divided into 60,00,000 equity shares of ₹10 each
June 16, 2012	Pursuant to Scheme of Arrangement, the authorized share capital of ₹6,00,00,000 divided into 60,00,000 equity shares of ₹10 each was sub-divided and reclassified to ₹6,00,00,000 divided into 6,00,00,000 equity shares of ₹1 each .
August 21, 2014	The authorized share capital of our company of ₹6,00,00,000 divided into 6,00,00,000 equity shares of ₹1 each was further increased to ₹10,00,00,000 divided into 10,00,00,000 equity shares of ₹1 each

### Changes in the Registered Office of our Company

Since inception, there has been no change in the registered office address of our Company.

### Major events in the history of our Company

Year	Major Event
1994	Conversion of Company into Public Limited Public Issue of 21,50,000 equity shares at issue price of ₹10/- per equity share aggregating to ₹ 215 lacs for funding of draw texturising machine and twisting machines
1997	Our Company purchased 3200 sq meters of land at Dadra (Silvassa) in Union Territory of Dadra and Nagar Haveli
2000	Construction of new manufacturing unit at Dadra (Silvassa)
2001	Our Company closed down the its manufacturing unit at Mota Pondha in Gujarat due to high power tariff and shifted the plant and machinery to Silvassa
2004	Registered with BIFR vide case no. 390/2004
2006	Our Company entered into one time settlement scheme with Bombay Mercantile Co-operative Bank Ltd. for repayment of outstanding dues
2007	Our Company ceased to be a sick company vide BIFR order dated 18/12/2007 Installed two 'draw texturising machines'
2010	Installed additional two 'draw texturising machines' Received sanction for cash credit limits from Janata Sahakari Bank Ltd., Pune
2012	Scheme of arrangement demerging the investment business into Vakharia Power Infrastructure Limited

### Scheme of Arrangement

#### Brief

Our Company had entered into a scheme of arrangement under Section 391 to 394 and Section 101 to 105 of Companies Act, 1956 for the following purposes;

- demerge the investment business of Everlon Synthetics Limited into Vakharia Power Infrastructure Limited (VPIL), the then wholly owned subsidiary of our company
- reduction and simultaneous reorganisation / consolidation of share capital of Everlon Synthetics Limited.

Pursuant to the approval received from Honorable Bombay High Court vide its order dated September 14, 2012, the paid up value of the equity shares of our Company was reduced by ₹4/- per share and the face value of the Company was reorganized to Re.1 per share resulting in reduction of paid up capital from ₹5,04,56,000/- to ₹3,02,73,600/- The differential amount of ₹2,01,82,400/- arising from reduction of the subscribed and paid up capital alongwith capital reserve amount of ₹1,88,77,449/- aggregating to ₹

3,90,59,849/- was adjusted towards (a) demerger of investment business into VPIL amounting to ₹3,02,73,600/- and (b) debit balance in the Profit & Loss account amounting to ₹87,86,249/-.

Rationale:

The reorganization of businesses as contemplated in the Scheme envisaged following benefits;

- The separation of non core business from core business shall ensure required depth and focus on businesses and adoption of strategies for growth of business
- Greater internal control on business processes and ease in decision making

Salient features of the scheme

1. The “Appointed Date” means the 1<sup>st</sup> day of September, 2011 or such other date as the High court may direct.
2. The “Effective Date” means the date on which certified copies of the High Court’s Orders sanctioning the Composite Scheme of Arrangement are filed with the Registrar of Companies, Maharashtra.
3. “The Transferor Company” or “the Demerged Company” or “ESL” means EVERLON SYNTHETICS LIMITED a Company incorporated under the Companies Act, 1956 having its registered office at 67, Regent Chambers, Nariman Point, Mumbai – 400 021.
4. “The Transferee Company” or “the Resultant Company” or “VPIL” means VAKHARIA POWER INFRASTRUCTURE LIMITED a Company incorporated under the Companies Act, 1956 and having its registered office at 67, Regant Chambers, Nariman Point, Mumbai – 400 021 and is wholly owned subsidiary of Everlon Synthetics Limited (ESL).
5. “Record Date” means the date to be fixed by the Board of Directors of ESL for the purpose of issue and allotment of shares by VPIL to the Shareholders of the ESL in terms of this Scheme.
6. The Investment Business of ESL, shall stand transferred to and vested in or deemed to be transferred to and vested in VPIL, as a going concern, in accordance with Section 2 (19AA) of the Income Tax Act, 1961.
7. With effect from the Appointed Date, the Investment Business of ESL shall, under the provisions of Section 391 to 394 read with section 100 to 105 and all other applicable provisions, if any, of the Act, without any further Act or deed stand transferred to and vested in and/or deemed to be transferred to and vested in VPIL, so as to vest in VPIL all the rights, title and interest pertaining to the Investment business of ESL.
8. Upon or before the Scheme becoming operative, the Authorized Capital of VPIL shall be reorganized to ₹5,00,000 divided into 5,00,000 Equity Shares of ₹1/- each and the paid up capital of VPIL shall be reorganized to ₹5,00,000 divided into 5,00,000 Equity Shares of ₹1/- each fully paid up.
9. Upon coming into effect of the Scheme, and in consideration for the transfer of the News Business Undertaking in VPIL, the members of ESL holding fully paid up equity shares in ESL and whose names appear in the register of members of ESL, on the Record Date would be entitled to equity shares in VPIL as follows:

*“One (1) equity shares of VPIL of face value of ₹1/- for every one (1) equity share held in ESL of face value of ₹1/- “ on record date on demerger and vesting of Power infrastructure division of ESL.*

10. The Authorised Capital of ESL of ₹6,00,00,000 consisting of 60,00,000 equity shares of ₹10/- each shall be re-organized/restructured to ₹6,00,00,000 consisting of 6,00,00,000 equity share of ₹1/- each. The subscribed and paid up capital of ESL of ₹5,04,56,000/- consisting of 50,45,600 equity shares of ₹10/- each fully paid up shall be by effecting a reduction/cancellation of ₹4/- per share in the paid up value of ₹10/- per share and re-organized/restructured to ₹30,273,600/- consisting of 30,273,600 equity shares of ₹1/- each fully Paid up. The differential amount of ₹20,182,400/- arising on the reduction / cancellation of the subscribed and paid up equity shares as stated above shall be used along with the available Capital Reserve amounting to ₹1,88,77,449 all of which put together is aggregating to ₹39,059,849/-, for the purpose of adjusting (a) demerger of

- Investment Business division into Vakharia Power Infrastructure Limited amounting to ₹3,02,73,600/- and (b) the debit balance in the profit & loss account amounting to ₹8,786,249/-
11. Reorganization of share capital of ESL will be effected before the shares of VPIL are issued to the shareholders of the ESL

### **Injunction or Restraining Order**

There are no injunction or restraining order.

### **Our Shareholders**

As on December 31, 2014, the total number of holders of Equity Shares is 2891. For further details of our shareholding pattern, please see “Capital Structure” on page 13 of the Draft Letter of Offer

### **Revaluation of Assets**

Our Company has not revalued its fixed assets since incorporation.

### **Issuance of Equity or Debt**

Other than as information disclosed in “Capital Structure” on page 13 of the Draft Letter of Offer, our Company has not issued any capital in the form of equity or debt. For details on the description of our Company’s activities, the growth of our Company, please see “Business Overview”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” and “Basis of Issue Price” on pages 40, 100 and 26 of the Draft Letter of Offer.

### **Awards, Achievements and Certifications**

Our Company has not received any awards / certifications.

### **Changes in the activities of our Company during the last five years**

Since inception, there has been no change in the activities of our Company.

### **Defaults or Rescheduling of borrowings with financial institutions/ banks**

Our Company had defaulted in the repayment of loan in the financial year 2000-01 availed from Bombay Mercantile Co-operative Bank Ltd. Our Company made a one-time settlement with the bank for an amount aggregating to ₹140.00 lacs in March 2006.

### **Lock-out or strikes**

There have been no lock-outs or strikes in our Company since inception.

### **Business Acquisitions**

As on the date of the Draft Letter of Offer, our Company has not made any business acquisitions.

### **Subsidiaries**

As on the date of the Draft Letter of Offer, our Company does not have any subsidiaries.

### **Shareholders’ Agreement**

As on the date of the Draft Letter of Offer, our Company has not entered into any shareholders’ agreement.

### **Material Agreements**



There are no material agreements, apart from those entered into in the ordinary course of business carried on or intended to be carried on by us.

**Strategic Partners**

As on the date of the Draft Letter of Offer, our Company does not have any strategic partners.

**Financial Partners**

As on the date of the Draft Letter of Offer, apart from the various arrangements with bankers and lenders which our Company undertakes in the ordinary course of business, our Company does not have any other financial partners.

## MANAGEMENT

## Board of Directors

The Articles of Association of our Company provides that our Company shall have not less than three and not more than twelve Directors on our Board. Our Company currently has four Directors on our Board.

The following table sets forth details regarding the Board of Directors as on the date of this Draft Letter of Offer:

Name, Address, Occupation, Date of Appointment, Term and DIN	Nationality	Age (years)	Designation	Other directorships in Companies, partnerships etc
Mr. Jitendra K. Vakharia	Indian	57	Managing Director	<p><b>Companies</b></p> <ol style="list-style-type: none"> <li>1. Everlon Power Limited</li> <li>2. Everest yarn Agency Private Limited</li> <li>3. Vakharia Financial Services Limited</li> <li>4. Everlon Solar Energy Private Limited</li> <li>5. Omkar Texolene Private Limited</li> <li>6. Vakharia Synthetics Private Limited</li> <li>7. Vakharia Power Infrastructure Limited</li> </ol> <p><b>Partnership/HUF</b></p> <ol style="list-style-type: none"> <li>1. Teekay International (Partnership)</li> <li>2. Jitendra Vakharia (HUF)</li> </ol>
<p><b>Address:</b> 48 Sagar Darshan, 81/83 Bhulabhai Desai Road, Mumbai 400036</p> <p><b>Occupation:</b> Business</p> <p><b>Term:</b> Appointed as Managing Director for a term of five years w.e.f October 01, 2011</p> <p>DIN: 00047777</p>	Indian	55	Director	<p><b>Companies</b></p> <ol style="list-style-type: none"> <li>1. Everlon Power Limited</li> <li>2. Everest yarn Agency Private Limited</li> <li>3. Vakharia Financial Services Limited</li> <li>4. Everlon Solar Energy Private Limited</li> <li>5. Omkar Texolene Private Limited</li> <li>6. Vakharia Synthetics Private Limited</li> <li>7. Vakharia Power Infrastructure Limited</li> </ol> <p><b>Partnership/HUF</b></p> <ol style="list-style-type: none"> <li>1. Teekay International (Partnership)</li> <li>2. Jitendra Vakharia (HUF)</li> </ol>

Name, Address, Occupation, Date of Appointment, Term and DIN	Nationality	Age (years)	Designation	Other directorships in Companies, partnerships etc
Mr. Kamlesh C. Sanghavi  <b>Address:</b> D/27,204 Yogi Krupa, Yogi Nagar, Eksar Road, Borivali (West) Mumbai 400092  <b>Occupation:</b> Professional  <b>Term:</b> 5 years w.e.f April 01, 2014  <b>DIN:</b> 00644642	Indian	55	Independent Director	1. Vakharia Power Infrastructure Limited 2. KANS Trading Private Limited 3. K C Sanghavi & Company (prop.) 4. Agrawal Sanghavi & Associates (Partner)
Mr. Dinesh P. Turakhia  <b>Address:</b> B/503 Ravi Apt. Sevaram Lalvani Marg, Mulund Mumbai - 400080  <b>Term:</b> 5 years w.e.f April 01, 2014  <b>DIN:</b> 00063927	Indian	72	Independent Director	1. Vakharia Power Infrastructure Limited

### Confirmations

None of the Directors is or was a director of any listed company during the last five years preceding the date of filing of the Draft Letter of Offer, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

None of the Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

### Relationship between Directors

Name of the Directors	Relationship between Directors
Mr. Jitendra K. Vakharia	Husband of Mrs. Varsha J. Vakharia
Mrs. Varsha J. Vakharia	Wife of Mr. Jitendra K. Vakharia

Except as stated above, none of the other Directors are related to each other.

### Brief Profile

**Mr. Jitendra K. Vakharia**, aged 57 years, is the promoter and Managing Director of our Company. He has studied till Inter Science prior to venturing into the business of textiles. He has total experience of 30 years in the textile business and he is presently responsible for marketing and overall operations of our Company.

**Mrs. Varsha J. Vakharia**, aged 55 years, is the non executive and non independent director of our Company. She holds Masters Degree in Arts and has experience of over 10 years in supporting the administrative function of our Company.

**Mr. Kamlesh C. Sanghavi**, aged 55 years, is non executive and independent director of our Company. He is a practicing Chartered Accountant with professional experience of more than 20 years. He has been

advising on matters related to income tax and audit. He is the sole proprietor of K C Sanghavi & Co and partner in Agrawal Sanghavi & Associates.

**Mr. Dinesh P. Turakhia**, aged 72 years, is non executive and independent director of our Company. He holds Diploma in Electrical Engineering from Kolhapur University and was working with Power Cables Limited upto 1980. Subsequently, he has been involved in the business of yarns for almost a decade.

### **Borrowing Powers of the Board**

Pursuant to resolution passed by our shareholders on August 21, 2014 and in accordance with the provisions of the Companies Act, our Board has been authorised to borrow money for the purposes of our Company upon such terms and conditions with/without security as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business) shall not exceed, at any time, a sum of ₹5000.00 lacs.

### **Details of Service Contracts for providing benefits upon termination**

Our Company has not entered into any service contracts with the present Board of Directors for providing benefits upon termination.

### **Compensation to Managing Director**

Pursuant to board resolution dated May 30, 2011, following are the terms and conditions of remuneration payable to the Managing Director, Mr. Jitendra Vakharia, of our Company

- Monthly Salary of ₹ 40,000/- with yearly increments upto 10% to be decided by the board
- Company shall pay utility bills and provide medical reimbursement
- Leave Travel Concession
- Personal Accident Insurance
- Provision for car
- Provident Fund, Superannuation and gratuity
- Reimbursement of all expenses incurred for the business of Company

### **Non-Executive Directors**

The Non-Executive Directors were not paid any remuneration except sitting fees for attending the meetings of the Board of Directors and / or committees thereof. The details of the sitting fees paid to the Non-Executive Directors in F.Y.2013-14 is as under:

<b>Name of the Director</b>	<b>Sitting fees (₹ in lacs)</b>
Mrs. Varsha J. Vakharia	0.02
Mr. Kamlesh C. Sanghvi	0.02
Mr. Dinesh P. Turakhia	0.02

### **ESOP**

Our Company has not implemented any ESOP scheme.

### Shareholding of Directors in our Company

Except mentioned below, none of our directors hold Equity Shares of our Company:

Name of the Director	No. of shares	Shares as a percentage of total number of Equity Shares
Mr. Jitendra K. Vakharia	30,36,000	10.03
Mrs. Varsha J. Vakharia	21,24,365	7.02
Mr. Dinesh P. Turakhia	3,000	Negligible

### Payment or benefit to Directors of our Company

Except as disclosed in the “Related Party Transactions in Auditor’s Report” on page 93 of the Draft Letter of Offer, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration or sitting fees for services rendered as Directors, officers or employees.

### Interest of the 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 of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company. Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loan or advances provided to any body corporate including companies and firms and trusts, in which they are interested as directors, members, partners or trustees.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by and allotted to the companies, firms, and trusts, if any, in which they are interested as directors, members, promoters, and /or trustees pursuant to this Issue.

Certain of our Directors also hold directorships in the Promoter and Promoter Group. None of our Directors have been appointed on our Board pursuant to any arrangement with our major shareholders, customers, suppliers or others.

Except as stated in this section “Management” or the chapter titled “Related Party Transactions in Financial Information” on page 56 and 93 of the Draft Letter of Offer and described herein to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

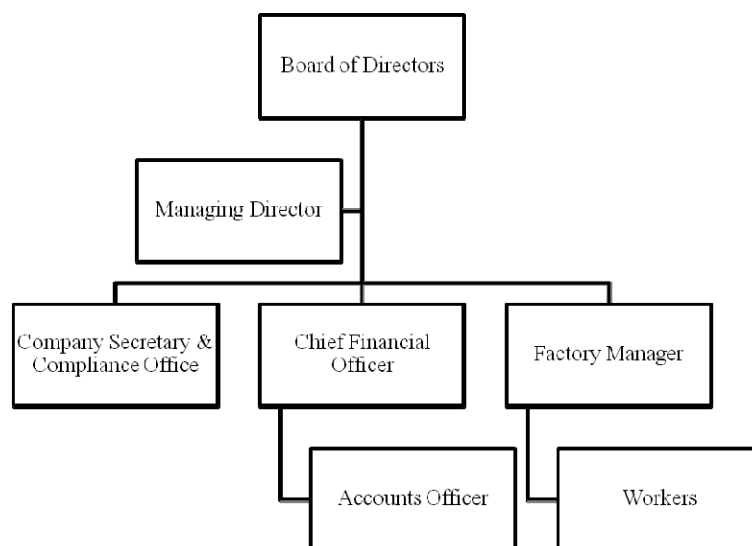
Our Company has not acquired any property within two years of the date of the Draft Letter of Offer.

Our Directors are not interested in the appointment of or acting as Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

### Changes in the Board in the last three years

There have been no changes in the Board of Directors during last three years

## Management Organisation Structure



## Corporate Governance

Our Company is in compliance with corporate governance code in accordance with Clause 49 to the extent possible. Currently, the Board has four directors of which two are independent directors and two are non-independent directors. This is in compliance with the requirements of Clause 49 of the Listing Agreement

In terms of the Clause 49 of the Listing Agreement and applicable provisions of Companies Act, 2013, our Company is in compliances with the following.

### Audit Committee

The Audit Committee was constituted at the Board meeting held on 30<sup>th</sup> July 2001. The audit committee was reconstituted on 31<sup>st</sup> July 2006 and comprises of three directors viz. Mr. Dinesh P.Turakhia, the Chairman of the committee and Mr. Jitendra K. Vakharia & Mr. Kamlesh C Sanghavi as members of the audit Committee

The role of the Committee has been defined to include the following activities:

- (a) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- (e) Reviewing, with the management, the quarterly financial statements before submission to the board for

approval;

- (f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (h) Approval or any subsequent modification of transactions of the company with related parties;
- (i) Scrutiny of inter-corporate loans and investments;
- (j) Valuation of undertakings or assets of the company, wherever it is necessary;
- (k) Evaluation of internal financial controls and risk management systems;
- (l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (m) 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;
- (n) Discussion with internal auditors of any significant findings and follow up there on;
- (o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (r) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (s) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall mandatory review the following information:

- 1. Management discussion and analysis of financial condition and results of operations;
- 2. Statement of significant related party transactions (as defined by the audit committee), submitted by our management;
- 3. Management letters / letters of internal control weaknesses issued by our statutory Auditors;
- 4. Internal audit reports relating to internal control weaknesses; and
- 5. The appointment, removal and terms of remuneration of our chief internal Auditor.

The Audit Committee last met on 27<sup>th</sup> November 2014.

### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was constituted at the Board meeting held on 28<sup>th</sup> April 2007. And it comprises of 3 Directors in which Mr. Dinesh P. Turakhia who is a Chairman of the Committee and Mrs. Varsha J. Vakharia and Mr. Kamlesh C. Sanghavi are the members of the Committee

The terms of reference of the Nomination and Remuneration Committee are as follows:

- (a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (b) Formulation of criteria for evaluation of Independent Directors and the Board;

- (c) Devising a policy on Board diversity;
- (d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

### **Stakeholders' Relationship Committee**

The Stakeholder's Relationship Committee was constituted at the Board meeting held on 31<sup>st</sup> January 2003. It comprises of three directors in which Mr. Dinesh P.Turakhia is a chairman of the committee and Mrs Varsha J.Vakharia and Mr. Jitendra k Vakharia are the members of the committee

#### **Functions of the Stakeholders' Relationship Committee:**

1. To approve and register transfer and/ or transmission of all classes of shares;
2. Redressal of shareholders and investor complaints or grievances
3. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
4. To sub-divide, consolidate and issue duplicate share certificates on behalf of our Company; and
5. To do all such acts, things, or deeds as may be necessary or incidental to the exercise of the above powers.

The Company also undertakes to comply with the other requirements of clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

There are 2913 shareholders in the company as on 19<sup>th</sup> December 2014. The company has not received any complaint from any shareholder/investor as on 19<sup>th</sup> December 2014 and hence there has not been any meeting of the Shareholders'/Investors Grievance' committee during the current financial year.

### **Key Managerial Personnel**

#### **Mr. Pradeep Kumar Pareek – Chief Financial Officer**

Mr. Pradeep Kumar Pareek, aged 48, is a Commerce Graduate & Chief Financial Officer of our company. He is responsible for finance function of our Company. He has been with our Company since 1992 and has total experience of 22 years. His annual cost to the Company is ₹2.20 lacs.

#### **Mr. Subodh L. More – Company Secretary & Compliance Officer**

Mr. Subodh L. More, aged 33, is a qualified Company Secretary and has been appointed as Company Secretary and Compliance Officer of our company on 27/11/2014. Prior to joining our Company he was with Future Retail Limited. He is responsible for secretarial and compliance function of our Company. He has total experience of 10 years. His annual cost to the Company is ₹2.00 lacs.

#### **Mr. Shekhar Ghosh – Factory Manager**

Mr. Shekhar Ghosh, aged 62, is a Science Graduate and has been appointed as Factory Manager in our company on 01/01/2012. Prior to joining our Company he was with Super Synthetics Limited. He is responsible for managing production and overall factory operations. He has total experience of 27 years. His annual cost to the Company is ₹3.65 lacs

All the Key Managerial Personnel mentioned in the above table are permanent employees of our Company.

#### **Nature of any family relationship between the Key Managerial Personnel**

None of the Key Managerial Personnel are in any way related to each other.



### Shareholding of Key Managerial Personnel

None of the Key Managerial Personnel hold Equity Shares of our Company as on date except Mr. Pradeep Kumar Pareek who is holding 24,330 equity shares as on December 31, 2014.

### Changes in Key Managerial Personnel

The following are the changes in Key Managerial Personnel during the last three years:

Sl No.	Name of employee	Designation	Date of change	Reason
1.	Mr Pradeep Kumar Pareek*	Chief Financial Officer	27/11/2014	Appointment
2.	Mr. Subodh L.More	Company Secretary	27/11/2014	Appointment

\* Mr.Pradeep Kumar Pareek has been working with our company since 1992. Presently, he is managing finance and accounts function.

### Bonus or profit sharing plan for Directors and Key Managerial Personnel

Our Company does not have a performance linked bonus or a profit sharing plan for the present Directors and Key Managerial Personnel.

### 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.

### Arrangements and Understanding with Major Shareholders

None of our key management personnel have been selected pursuant to any arrangement or understanding with any major shareholders, customers or suppliers of our Company, or others.

### Payment of Benefits to Officers of our Company

Except as disclosed in the Draft Letter of Offer, other than statutory payments and remuneration, in the last two years our Company has not paid or has intended to pay any non-salary amount or benefit to any of its officers.

### Loans taken by Directors / Key Managerial Personnel

None of the Directors / Key Managerial Personnel has taken loan from our Company.

## PROMOTER AND PROMOTER GROUP

The promoter of our Company is Mr. Jitendra K. Vakharia. As on the date of the Draft Letter of Offer, he holds 30,36,000 Equity Shares, equivalent to 10.03% of the pre-Issue paid-up Equity Share Capital of our Company. His details are as under:



**Mr. Jitendra K. Vakharia** is the Managing Director of our Company. His Driving License Number is MHO1 19750534665 and Passport Number is Z2337564.

**Mr. Jitendra K. Vakharia** is a Inter Science by education and has three decades of experience in textile industry. He is instrumental in taking major policy decision of the Company. He plays vital role in formulating business strategies and implementation of the same.

For further details, see “Management” on page 56 of this Letter of Offer.

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### Declaration

Our Company hereby confirms that the personal details of our Promoter viz., Permanent Account Numbers, Passport Numbers, and Bank Account Number have been submitted to BSE.

### Other Confirmations

Our Promoter has confirmed that he has not been declared as wilful defaulter by RBI or any other government authority and there are no violations of securities laws committed by our Promoter in the past nor any such proceedings are pending against our Promoter. Our Promoter has further confirmed that he has not been prohibited or debarred from accessing or operating in the capital markets for any reasons, or restrained from buying, selling or dealing in securities, under any order or directions made by SEBI or any other authorities and that no action has been taken against them or any entity promoted or controlled by them by any regulatory authorities.

### Common Pursuits of our Promoter

Our Promoter does not has any common pursuits except to the extent of their shareholding in our Group Companies with which our Company transacts business as stated in the sections titled “Financial Information – Related Party Disclosures” and “History and Corporate Structure” on pages 93 and 51, respectively.

### Interest of Promoter in the Promotion of our Company

Our Company is incorporated to carry on its present business. Our Promoter is interested in our Company as mentioned above under “Promoter and Promoter Group – Common Pursuits of our Promoter” and to the extent of their shareholding and directorship in our Company and the dividend declared, if any, by our Company.

### Interest of Promoter in the Property of our Company

Our Promoter has confirmed that he does not have any interest in any property acquired by our Company within two years preceding the date of this Draft Letter of Offer or proposed to be acquired by our Company as on the date of filing of the Draft Letter of Offer. Further, other than as mentioned in the sections titled “Business Overview”, our Promoter does not have any interest in any transactions in the acquisition of land, construction of any building or supply of any machinery.

### Payment of Amounts or Benefits to our Promoter or Promoter Group during the Last Two Years

Except as stated in “Financial Information – Related Party Transactions”, no amount or benefit has been

paid by our Company to our Promoter or the members of our Promoter Group in the last two years preceding the date of this Draft Letter of Offer. Further, as on the date of the Letter of Offer, there is no bonus or profit sharing plan for our Promoter.

#### **Interest of Promoter in our Company Other than as Promoter**

Except as mentioned in this section and the sections titled “Business Overview”, “History and Corporate Matters”, “Financial Indebtedness” and “Financial Information – Related Party Transactions” on pages 40,51,106 and 93, respectively, our Promoter does not have any interest in our Company other than as Promoter.

#### **Related Party Transactions**

Except as stated in the section titled “Auditor’s Report – Related Party Transactions” on page 93, our Company has not entered into related party transactions with our Promoter or our Group Companies.

#### **Shareholding of the Promoter Group in our Company**

Except as disclosed in “Capital Structure” beginning on page 13, none of the members of our Promoter Group hold any Equity Shares as on the date of filing of this Letter of Offer.

#### **Litigations**

For information on details relating to the litigation in relation to our Promoter and Group Companies, see the section titled “Outstanding Litigations and Defaults” page 107.

#### **Other confirmations**

Our Company has neither made any payments in cash or otherwise to the Promoter or to firms or companies in which our Promoter is interested as member, director or Promoter nor have our Promoter has been offered any inducements to become director or otherwise to become interested in any firm or company, in connection with the promotion or formation of our Company.

## Group Companies

*Details of our group companies are as under:*

### 1. Vakharia Power Infrastructure Limited (VPIL)

VPIL was incorporated on September 09, 2011 vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Mumbai and received certificate of commencement of business on October 24, 2011. The CIN of VPIL is U40102MH2011PLC221715.

The Company is formed with the object to provide infrastructure services. Presently, there is no operational activity in the Company. VPIL is promoted by Mr. Jitendra K. Vakharia.

The present Board of Directors of VPIL are as under:

- Mr. Jitendra K. Vakharia
- Ms. Varsha J. Vakharia
- Mr. Kamlesh C. Sanghavi
- Mr. Dinesh P. Turakhia

### Shareholding pattern of VPIL as on September 2014

Particulars	No. of shares (F.V. of ₹1/-)	% of total shares
Promoter and Promoter Group	1,79,67,533	59.35
Public	1,23,06,067	40.65
<b>Total</b>	<b>3,02,73,600</b>	<b>100.00</b>

### Financial Information as per Audited Accounts

Particulars	₹ in lacs		
	FY 2013-14	FY 2012-13	FY 2011-12
Equity Capital (Re.1/-)	302.74*	302.74*	5.00
Reserves (excluding Revaluation Reserves)	(26.55)	3.76	-
Preliminary expenses	-	-	(0.45)
Networth	276.19	306.49	4.55
Income from Operations	-	-	-
Other Income	11.39	10.07	-
Total Income	11.39	10.07	-
Profit After Tax	(30.30)	1.72	-
Earning Per Share (Rs)	(0.10)	0.006	-
Net Asset Value per share (Rs)	0.91	1.01	9.10

\*Note: Pursuant to the Scheme of Arrangement between Everlon Synthetics Limited (ESL) and VPIL which was duly sanctioned vide order of Hon Bombay High Court dated September 14, 2012, the face value of equity shares of VPIL was subdivided from ₹10/- to ₹1/- each and the shares of VPIL were allotted as considerations to shareholders of ESL in the ratio of 1:1. The post scheme of arrangement equity capital of VPIL is 3,02,73,600 equity shares of Re.1/- each.

The Equity Shares of VPIL are listed on Bombay Stock Exchange Ltd. (BSE) w.e.f October 28, 2013.

For details with respect to litigation pending against VPIL, please refer section 'Outstanding Litigations,' appearing on page no. 107 of this LOF.

### Stock Market Data:

The details of the highest and lowest price on the BSE during the preceding six months upto December

2014 are as follows:

Month	High (₹)	Low (₹)
July 2014	3.80	2.69
August 2014	3.23	2.62
September 2014	3.42	2.57
October 2014	3.41	2.64
November 2014	2.41	2.13
December 2014	2.25	1.76

The current market price of VPIL is ₹1.89

VPIL is not a sick company and not under the process of winding up

## 2. Everest Yarn Agency Private Limited (EYAPL)

EYAPL was incorporated on October 14, 1982 vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Mumbai. The CIN of EYAPL is U17297MH1982PTC028479. The Company is engaged as dealers in yarn products. The present promoters of Company are Mr. Jitendra K. Vakharia and Mrs. Varsha J. Vakharia.

The present Board of Directors of EYAPL are as under:

- Mr. Jitendra K. Vakharia
- Mrs Varsha J. Vakharia

*The present Shareholding pattern of EYAPL is as under:*

Name of Shareholders	No. of shares (F.V. of ₹1000)	% of total shares
Varsha J Vakharia	634	48.25
Jitendra K. Vakharia	430	32.72
Everlon Solar Energy Private Limited	250	19.03
<b>Total</b>	<b>1,314</b>	<b>100</b>

## Financial Information as per Audited Accounts

Particulars	₹ in lacs		
	FY 2013-14	FY 2012-13	FY 2011-12
Equity Capital (F.V. 1,000/- each)	13.14	13.14	13.14
Reserves (excluding Revaluation Reserves)	40.00	36.12	35.29
Networth	43.14	49.26	48.43
Income from Operations	23.13	17.58	6.30
Other Income	33.85	26.21	22.40
Total Income	56.98	43.79	28.70
Profit After Tax	3.88	0.83	(10.73)
Earning Per Share (Rs)	295.39	63.29	N.A.
Net Asset Value per share (Rs)	4044.46	3749.07	3685.78

The Equity Shares of EYAPL are not listed on any stock exchanges.

EYAPL is not a sick company and not under the process of winding up

### 3. *Vakharia Financial Services Limited (VFSL)*

VFSL was incorporated on February 17, 1995 vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Mumbai and received certificate of commencement of business on April 04, 1995. The CIN of VFSL is U65910MH1995PLC085686. The Company is engaged in providing financial services. The Company was formed with an object to carry on the business of leasing and hire purchase financing. Presently there is no operational activity in the company. The present promoters of Company are Mr. Kantilal Vakharia and Mr. Jitendra K. Vakharia.

The present Board of Directors of VFSL are as under:

- Mr. Kantilal Vakharia
- Mr. Jitendra K. Vakharia
- Mrs. Varsha J. Vakharia

*The present Shareholding pattern of VFSL is as under:*

Name of Shareholders	No. of shares (F.V. of ₹10)	% of total shares
Kantilal V. Vakharia	80,100	79.54
Vasant S. Vakharia	10,000	10.03
Mrudu K. Vakharia	10,100	9.93
Jitendra K. Vakharia	200	0.20
Varsha J. Vakharia	200	0.20
Lina D. Dadia	100	0.10
<b>Total</b>	<b>1,00,700</b>	<b>100</b>

### *Financial Information as per Audited Accounts*

Particulars	₹ in lacs		
	FY 2013-14	FY 2012-13	FY 2011-12
Equity Capital (F.V. 10/- each)	10.07	10.07	10.07
Reserves (excluding Revaluation Reserves)	(41.50)	(38.73)	(36.26)
Networth	(31.43)	(28.66)	(26.19)
Income from Operations	-	-	361.01
Other Income	17.75	14.52	19.02
Total Income	17.75	14.52	380.03
Profit After Tax	(2.77)	(2.47)	(40.33)
Earning Per Share (Rs)	N.A.	N.A.	N.A.
Net Asset Value per share (Rs)	-	-	-

The Equity Shares of VFSL are not listed on any stock exchanges.

VFSL is not a sick company and not under the process of winding up.

### 4. *Everlon Solar Energy Private Limited (ESEPL)*

The company was originally incorporated in the name of “Lasha Investments and Trading Company Pvt. Ltd.” on August 12, 1983 vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Mumbai. The name of the company was subsequently changed to “Everlon Solar Energy Pvt. Ltd.” and the fresh certificate of incorporation was issued by the Registrar of Companies, Maharashtra at Mumbai on July 07, 2011. The CIN of ESEPL is U40300MH1983PTC030617. There has been no operational activity in the company. The present promoters of Company are Mr. Jitendra K. Vakharia and Mrs. Varsha J. Vakharia.

The present Board of Directors of ESEPL are as under:

- Mr. Jitendra K. Vakharia
- Mrs. Varsha J. Vakharia

*The present Shareholding pattern of ESEPL is as under:*

Name of Shareholders	No. of shares (F.V. of ₹10/-)	% of total shares
Varsha J. Vakharia	48,000	53.92
Jitendra K. Vakharia	41,020	46.08
<b>Total</b>	<b>89,020</b>	<b>100</b>

*Financial Information as per Audited Accounts*

Particulars	₹ in lacs		
	FY 2013-14	FY 2012- 13	FY 2011-12
Equity Capital (F.V. ₹10/- each)	8.90	8.90	8.90
Reserves (excluding Revaluation Reserves)	21.40	23.78	25.26
Networth	30.30	32.68	34.16
Income from Operations	-	-	-
Other Income	0.03	0.09	0.08
Total Income	0.03	0.09	0.08
Profit After Tax	(2.38)	(1.48)	1.98
Earning Per Share (₹)	N.A.	N.A.	2.23
Net Asset Value per share (₹)	34.04	36.71	38.38

The Equity Shares of ESEPL are not listed on any stock exchanges.

ESEPL is not a sick company and not under the process of winding up

## 5. Everlon Power Limited (EPL)

EPL was incorporated on December 31, 2010 vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Mumbai and received certificate of commencement of business on February 01, 2011. The CIN of EPL is U40101MH2010PLC211687. The Company was formed with an object to engage in business of generation of power. There has been no business activity in the company. The present promoters are Mr. Jitendra K. Vakharia and Mrs. Varsha J. Vakharia,

The present Board of Directors of EPL are as under:

- Mr. Jitendra K. Vakharia
- Ms. Varsha J. Vakharia
- Mr Annamalai Senthilkumar Annamalai

*The present Shareholding pattern of EPL is as under:*

Name of Shareholders	No. of shares (F.V. of ₹10/-)	% of total shares
Varsha J. Vakharia	40001	80.00
Jitendra K. Vakharia	9994	19.99
Others	5	0.01
<b>Total</b>	<b>89,020</b>	<b>100</b>

*Financial Information as per Audited Accounts*

Particulars	₹ in lacs		
	FY 2013-14	FY 2012- 13	FY 2011-12
Equity Capital (F.V. ₹10/- each)	5.00	5.00	5.00

Particulars	FY 2013-14	FY 2012- 13	FY 2011-12
Reserves (excluding Revaluation Reserves)	(8.02)	(6.40)	(2.79)
Networth	(3.02)	(1.40)	2.21
Income from Operations	-	-	-
Other Income	-	-	-
Total Income	-	-	-
Profit After Tax	(1.62)	(3.61)	(2.79)
Earning Per Share (Rs)	N.A.	N.A.	N.A.
Net Asset Value per share (Rs)	-	-	4.42

The Equity Shares of EPL are not listed on any stock exchanges.

EPL is not a sick company and not under the process of winding up.

#### 6. *Vakharia Synthetics Private Limited (VSPL)*

VSPL was incorporated on April 23, 1990 vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Mumbai. The CIN of VSPL is U17111MH1990PTC056283. The Company was formed with an object to carry on the business as dealers and manufacturers of synthetics and natural yarns. There has been no operational activity in the company. The present promoters are Mr. Jitendra K. Vakharia and Mrs. Varsha J. Vakharia.

The present Board of Directors of VSPL are as under:

- Mr. Jitendra K. Vakharia
- Ms. Varsha J. Vakharia

*The present Shareholding pattern of VSPL is as under:*

Name of Shareholders	No. of shares (F.V. of ₹10)	% of total shares
Varsha J. Vakharia	98,000	48.98
Jitendra K. Vakharia	96,100	48.03
Everlon Solar Energy Private Limited	6,000	3.00
<b>Total</b>	<b>89,020</b>	<b>100</b>

#### *Financial Information as per Audited Accounts*

Particulars	FY 2013-14	FY 2012- 13	FY 2011-12
Equity Capital (F.V. ₹10/- each)	20.01	20.01	20.01
Reserves (excluding Revaluation Reserves)	9.98	9.62	9.51
Networth	29.99	29.63	29.52
Income from Operations	-	-	-
Other Income	0.66	0.83	1.05
Total Income	0.66	0.83	1.05
Profit After Tax	0.35	0.11	0.52
Earning Per Share (Rs)	0.17	0.05	0.26
Net Asset Value per share (Rs)	14.99	14.81	14.75

The Equity Shares of VSPL are not listed on any stock exchanges.

VSPL is not a sick company and not under the process of winding up.



## 7. Omkar Texolene Private Limited (OTPL)

OTPL was incorporated on February 18, 1986 vide Certificate of Incorporation issued by the Registrar of Companies, Gujarat. The CIN of OTPL is U51909GJ1986PTC008478. The Company was formed with an object to carry on the business of traders, exporters, dealers etc. for different products. Presently, there has been no operational activity in the company. The present promoters are Mr. Jitendra K. Vakharia and Mrs. Varsha J. Vakharia.

The present Board of Directors of OTPL are as under:

- Mr. Jitendra K. Vakharia
- Mrs. Varsha J. Vakharia

*The present Shareholding pattern of OTPL is as under:*

Name of Shareholders	No. of shares (F.V. of ₹10/-)	% of total shares
Jitendra K. Vakharia	1,48,900	99.93
Varsha J. Vakharia	100	0.07
<b>Total</b>	<b>1,49,000</b>	<b>100</b>

### Financial Information

Particulars	₹ in lacs		
	FY 2013-14	FY 2012-13	FY 2011-12
Equity Capital (F.V. 10/- each)	14.90	14.90	14.90
Reserves (excluding Revaluation Reserves)	17.17	16.37	14.94
Networth	32.07	31.27	29.84
Income from Operations	-	-	0.30
Other Income	1.68	1.62	1.56
Total Income	1.68	1.62	1.86
Profit After Tax	0.80	1.49	1.27
Earning Per Share (Rs)	0.56	1.00	0.85
Net Asset Value per share (Rs)	21.52	20.98	20.03

The Equity Shares of OTPL are not listed on any stock exchanges.

OTPL is not a sick company and not under the process of winding up.

### Hindu Undivided Family (HUF):

The details of HUF forming part of promoter and promoter group are given as under:

#### 1. Jitendra K. Vakharia (HUF):

Mr. Jitendra K. Vakharia is the Karta of Jitendra K. Vakharia (HUF). The family members of HUF are Varsha J. Vakharia, Maitri Y. Doshi, Prachi J. Vakharia. The PAN of the HUF is AAAHJ0441C.

### Partnership Firm:

#### 1. Teekay International

#### Corporate Information

Teekay International was formed pursuant to a partnership deed entered into on October 12, 1973 which lastly amended on November 05, 2013.

#### Business

Teekay International is in the business of financing and allied activities.

***Interest of our promoters***

Our Promoter, Mr. Jitendra K. Vakharia is having 25% share in Teekay International.

**Nature and Extent of Interest of Group Companies**

***a. In the promotion of our Company***

None of the Group Companies have any interest in the promotion of our Company except to the extent of equity shares held in our Company. Everest Yarn Agency Private Limited, Promoter Group Company has been providing unsecured loan from time to time. The outstanding loan payable to EYAPL as on December 31, 2014 is ₹311.39 lacs

***b. In the properties acquired by our Company before filing this Draft Letter of Offer with SEBI***

Neither our Promoter nor any of the Group Companies is interested in the properties acquired by our Company before filing of this Draft Letter of Offer.

***c. In transactions for acquisition of land, construction of building and supply of machinery***

Neither our Promoter nor any of the Group Companies is interested in any transactions for the acquisition of land, construction of building or supply of any machinery.

**Disassociation of the Promoter from other companies/ firms in the last three years**

Our Promoter has not disassociated himself from any of the other companies or firms in the last three years from the date of this Draft Letter of Offer.

**Common Pursuits amongst the Group Companies and Associate Companies with our Company**

The present objects of our group company Everest Yarn Agency Limited and Vakharia Synthetics Private Limited (VSPL) is to carry out business in yarn. Though EYAPL is into dealing of yarn, VSPL has not commenced any activity. Other than mentioned there are no common pursuits amongst any of the Group Companies and our Company.

**Related Business Transactions with the Group Companies and Significance on the Financial Performance of our Company**

Except as disclosed in the “Auditor’s Report – Related Party Transactions” on page 93, our Company has not entered in to any business transaction with our Group Companies.

**Sale/Purchase between Group Companies and Associate Companies**

There is no transaction of sales/ purchase between the Group Companies and associate companies, where such sales/ purchase exceeds 10% of total sales/ purchase of our Company as of date of this Draft Letter of Offer.

**Business Interest of Group Companies and Associate Companies in our Company**

Everest Yarn Agency Private Limited has interest in our company to the extent of outstanding unsecured loans payable by us. The same is proposed to be repaid through rights issue proceeds. Teekay International, a partnership firm of our Promoter has rented out the registered office premises for a monthly amount of ₹25,000/-

Other than above, none other group companies and associate companies has any business interest in our Company.

**Defunct Group Companies**

None of the Group Companies remain defunct and no application has been made to the registrar of companies for striking off the name of any of the Group Companies, during the five years preceding the date of filing this Draft Letter of Offer with SEBI.

## **DIVIDEND POLICY**

Under the Companies Act, an Indian company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders, who have the right to decrease but not to increase the amount of dividend recommended by the board of directors. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous Fiscal Years or out of both.

Our Company does not have a formal dividend policy. Any dividends declared are recommended by the Board of Directors depending upon the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of our Company at the time a dividend is considered, and other relevant factors and approved by the Equity Shareholders at their discretion.

Our Company has not paid any dividend in the previous five Financial Years.

Dividends are payable within 30 days of approval by the Equity Shareholders at its annual general meeting. When dividends are declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the “record date” are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by our Company.

## SECTION VI – FINANCIAL INFORMATION

### AUDITOR'S REPORT

To,

The Board of Directors  
Everlon Synthetics Limited  
67, Regent Chambers,  
Nariman Point, Mumbai – 400 021

Dear Sirs,

1. We have examined the attached Restated financial information ('Financial Information') of Everlon Synthetics Limited ('ESL' or 'the Company') as approved by the Board of Directors of the Company, prepared in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended to date ('SEBI Regulations'), the Guidance note on "Reports in Company's Prospectus" (Revised) issued by the Institute of Chartered Accountants of India ('ICAI'), to the extent applicable ('Guidance Note') and in terms of our engagement letter dated 10/11/2014 in connection with the proposed Rights Issue of equity shares of the Company.
2. This Financial Information has been extracted by the Management from the Audited financial statements of the Company for the half year ended September 30, 2014 and for the years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010.
3. In accordance with the Accounting Standards notified under the Act, (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) the SEBI Regulations, Guidance Note and terms of our engagement agreed with you, we further report that:
  - i. The Restated Summary of Statement of assets and liabilities, as at half year ended September 30, 2014 and for the years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 examined by us, as set out in Annexure I to this report, and the Restated Summary of Statement of profit and loss, and the Restated Summary Statement of cash flows, for the half year ended September 30, 2014 and for the years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 examined by us, as set out in Annexure II and III respectively to this report, read with the Notes to restated financial statement and Statement of significant accounting policies and note forming part of accounts in Annexure IV (a) and Annexure IV(b) respectively.
4. The Company has not declared any dividend during the half year ended September 30, 2014 and for the financial years ended March 31, 2014, 2013, 2012, 2011 and 2010 due to accumulated losses.
5. We have also examined the following other financial information set out in the Annexures prepared by the Management and approved by the Board of Directors relating to the Company for the September 30, 2014 and for the financial years ended March 31, 2014, 2013, 2012, 2011 and 2010:
  - i. Statement of Accounting Ratios, enclosed as Annexure V
  - ii. Statement of Capitalisation, as appearing in Annexure VI
  - iii. Statement of Tax Shelter, enclosed as Annexure VII
6. The accounts as given in the enclosed statements for Financial Year 2009-10 and 2010-11 have been restated, since there have been adjustments for the changes in accounting policies retrospectively in respective financial years and statement for Half year ended 30<sup>th</sup> September, 2014 and for year ended

31<sup>st</sup> March, 2014, 31<sup>st</sup> March, 2013, 31<sup>st</sup> March, 2012 do not require any restatement, since there have been no adjustments for the material amounts in the respective financial years to which they relate.

7. In our opinion the financial information contained in Annexure V to VII of this report read along with the Significant accounting policies and Notes on Accounts (refer Annexure IV(b) has been prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with “ the Act” and the SEBI Regulations.
8. **There is qualification in the auditor’s report for Financial Year ended on 31<sup>st</sup> March, 2012 on account of change in the method of depreciation, the effect of which has been given in restated accounts (Kindly refer to Note No.11 of Annexure IV (b).)**
9. The 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.
10. **We have no responsibility to update our report for events and circumstances occurring after the date of the report.**
11. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed rights issue of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

**For POLADIA & CO**  
**Chartered Accountants**  
**Firm Registration No. 128274W**

Sd/-

**P.T.POLADIA**  
**(Partner)**  
**Membership No: 387757**

Place: Mumbai  
Date: 27/11/2014

## ANNEXURE I

## RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(₹ in lacs)

PARTICULARS	Note	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
<b>I. EQUITY AND LIABILITIES</b>							
<b>1. Shareholders Funds</b>							
a) Share Capital	1	302.92	302.92	302.92	504.87	504.87	504.87
b) Reserves & Surplus	2	(96.12)	(106.30)	(131.67)	(77.02)	(122.56)	(200.82)
<b>Sub Total 1</b>		<b>206.80</b>	<b>196.62</b>	<b>171.25</b>	<b>427.85</b>	<b>382.31</b>	<b>304.05</b>
<b>2. Non-Current Liabilities</b>							
a) Long-term Borrowings	3	315.48	336.17	393.93	453.09	254.10	159.80
b) Other Long-term liabilities	4	0.23	0.77	43.33	-	-	13.00
c) Long-term Provisions	5	16.60	14.97	29.47	21.50	8.98	5.90
<b>Sub Total 2</b>		<b>332.31</b>	<b>351.91</b>	<b>466.73</b>	<b>474.59</b>	<b>263.08</b>	<b>178.70</b>
<b>3. Current Liabilities</b>							
a) Short-term Borrowings	6	407.92	398.84	317.44	293.74	144.97	97.46
b) Trade Payables	7	109.77	97.13	41.69	90.29	216.64	47.69
c) Other Current liabilities	8	0.68	25.66	34.42	45.52	48.63	2.22
d) Short-term provisions	9	1.60	6.00	4.50	20.00	18.35	2.40
<b>Sub Total 3</b>		<b>519.97</b>	<b>527.63</b>	<b>398.05</b>	<b>449.55</b>	<b>428.59</b>	<b>149.77</b>
<b>TOTAL (1+2+3)</b>		<b>1059.08</b>	<b>1076.16</b>	<b>1036.03</b>	<b>1351.99</b>	<b>1073.98</b>	<b>632.52</b>
<b>II. ASSETS</b>							
<b>1 Non-Current assets</b>							
a) Fixed Assets	10	389.10	395.94	418.66	446.62	451.14	289.98
b) Non-Current investments	11	2.02	2.02	2.19	7.25	6.21	6.87
c) Long-term loans and advances	12	136.45	68.24	71.29	82.71	35.63	12.82
d) Other non-current assets	13	36.75	68.26	75.03	31.22	16.55	18.75
<b>Sub Total 1</b>		<b>564.32</b>	<b>534.46</b>	<b>567.17</b>	<b>567.80</b>	<b>509.53</b>	<b>328.42</b>
<b>2. Current Assets</b>							
a) Inventories	14	173.06	230.76	65.28	488.57	275.58	96.99
b) Trade Receivables	15	244.75	247.41	307.72	259.47	254.49	173.85
c) Cash and cash equivalents	16	31.36	33.21	51.32	31.93	30.24	28.97
d) Short-term Loans and Advances	17	2.77	1.50	4.08	3.76	3.30	3.81
e) Other current assets	18	42.82	28.82	40.46	0.46	0.84	0.48
<b>Sub Total 2</b>		<b>494.76</b>	<b>541.70</b>	<b>468.86</b>	<b>784.19</b>	<b>564.45</b>	<b>304.10</b>
<b>TOTAL (1+2)</b>		<b>1059.08</b>	<b>1076.16</b>	<b>1036.03</b>	<b>1351.99</b>	<b>1073.98</b>	<b>632.52</b>

**Note:** Above Statement should be read with the statement of significant Accounting Policies and Notes on Accounts as per Annexure IV(b)

## ANNEXURE II

## PROFIT AND LOSS ACCOUNT STATEMENT - RESTATED

(₹ in lacs)

PARTICULARS	Note	30 <sup>th</sup> Septemb er 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
<b>I. Revenue</b>							
Revenue from Operations	19	2390.92	5339.66	4804.84	4260.31	2620.13	799.30
Other Income	20	1.84	2.76	4.93	7.35	8.60	108.51
<b>Total Revenue</b>		<b>2392.76</b>	<b>5342.42</b>	<b>4809.77</b>	<b>4267.66</b>	<b>2628.73</b>	<b>907.81</b>
<b>II. Expenses</b>							
Cost of Material Consumed	21	2186.71	4900.02	4279.27	3839.95	2400.29	636.26
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(33.31)	(43.58)	103.66	1.61	(129.09)	20.05
Employee benefits expenses	23	22.22	46.78	23.21	25.54	19.33	9.59
Finance Costs	24	39.60	62.29	66.04	58.96	42.01	38.39
Depreciation & amortisation expenses		15.19	30.11	30.42	31.47	28.17	23.87
Other Expenses	25	150.57	315.79	283.92	275.00	175.86	63.71
<b>Total Expenses</b>		<b>2380.98</b>	<b>5311.42</b>	<b>4786.52</b>	<b>4232.53</b>	<b>2536.57</b>	<b>791.87</b>
<b>III. Profit before exceptional items and tax (I-II)</b>		<b>11.78</b>	<b>30.99</b>	<b>23.25</b>	<b>35.13</b>	<b>92.16</b>	<b>115.94</b>
IV. Exceptional Items (Depreciation Written Back)		0.00	0.00	0.00	25.58	0.00	0.00
V. Profit before extraordinary items and tax (III+IV)		11.78	30.99	23.25	60.71	92.16	115.94
VI. Extraordinary Items		0.00	0.00	(0.07)	0.00	0.00	0.00
VII. Profit before tax (V+VI)		<b>11.78</b>	<b>30.99</b>	<b>23.18</b>	<b>60.71</b>	<b>92.16</b>	<b>115.94</b>
VIII. Tax Expense :							
(1) Current Tax		(1.60)	(6.00)	(4.50)	(14.50)	(18.35)	(2.40)
X. Profit/(Loss) for the period (VII-VIII)		10.18	24.99	18.69	46.21	73.81	113.54
Add: Balance brought forward from Last Year		(106.30)	(131.67)	(265.79)	(311.33)	(389.59)	(503.29)
Add: Adjustment on account of Scheme of Arrangement		-	-	115.52	-	-	-
(Short)/Excess provision for Income Tax for earlier years (provided)/written back		0.00	0.38	(0.09)	(0.67)	4.45	0.16
Profit available for Appropriation		<b>(96.12)</b>	<b>(106.30)</b>	<b>(131.67)</b>	<b>(265.79)</b>	<b>(311.33)</b>	<b>(389.59)</b>

**Note:** Above Statement should be read with the statement of significant Accounting Policies and Notes on Accounts as per Annexure IV(b)



## ANNEXURE III

## STATEMENT OF CASH FLOW - RESTATED

(₹ in lacs)

PARTICULARS	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>						
Net Profit/(Loss) before Tax and Exceptional /Extraordinary items	11.78	30.99	23.25	35.13	92.16	115.94
Adjustment for :						
Depreciation	15.19	30.11	30.42	31.47	28.17	23.87
(Profit) / Loss on Sale of Assets	0.00	1.62	0.00	0.00	0.75	(99.32)
Assets Written off	0.00	0.00	0.00	(5.83)	0.00	0.00
Dividend Received	(0.20)	(0.23)	(4.47)	(2.77)	(0.49)	(0.27)
Interest Income	(1.49)	0.00	0.00	0.00	0.00	0.00
Interest Paid	39.60	62.30	66.05	58.96	42.01	38.39
Exceptional Income	0.00	0.00	0.00	(25.58)	0.00	0.00
Short provision for tax provided	0.00	(0.38)	0.09	0.67	0.00	0.00
(Profit) / Loss on sale of shares	0.00	0.00	(3.24)	(0.44)	(6.03)	(4.71)
Operating Profit before Working Capital Charges	64.88	124.41	112.10	91.61	156.57	73.90
Adjustment for :						
Trade and other Receivables	(60.92)	84.35	(84.03)	(66.83)	(103.75)	9.14
Inventories	57.70	(165.48)	423.29	(212.98)	(178.58)	(17.00)
Trade Payable	15.65	23.76	(119.99)	(236.59)	205.67	(140.18)
<b>NET CASH FROM OPERATING ACTIVITIES ( A )</b>	<b>77.31</b>	<b>67.04</b>	<b>331.37</b>	<b>(424.79)</b>	<b>79.91</b>	<b>(74.14)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>						
Purchase of Fixed Assets	(8.35)	(11.28)	(2.47)	(1.36)	(193.38)	(7.04)
Sale of Fixed Assets	0.00	3.88	0.00	0.00	4.05	13.06
Assets Written off	0.00	0.00	0.00	(5.83)	0.00	0.00
(Increase) / Decrease in Investments	0.00	0.17	5.07	(1.04)	0.66	(0.16)
Dividend Received	0.20	0.23	4.46	2.77	0.49	0.27
Interest Received	1.49	2.08	0.00	0.00	0.00	0.00
Exceptional Income	0.00	0.00	0.00	(25.58)	4.45	0.16
Profit/ (Loss ) on sale of Assets	0.00	(1.62)	0.00	0.00	(0.75)	99.32
Profit/ (Loss ) on sale of shares	0.00	0.00	3.24	0.44	6.03	4.71
<b>NET CASH FROM INVESTING ACTIVITIES ( B )</b>	<b>(6.66)</b>	<b>(6.54)</b>	<b>10.30</b>	<b>(30.60)</b>	<b>(178.45)</b>	<b>110.32</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>						
Proceeds from Secured Loans	(10.64)	(81.39)	0.46	348.15	144.98	0.00
Proceeds from Long Term Loans	(22.26)	57.76	(28.06)	0.00	0.00	0.00
Proceeds from Short Term Loans	0.00	7.32	0.00	167.90	(3.17)	3.29
Increase / (Decrease) in Capital	0.00	0.00	(201.95)	0.00	0.00	0.00
Adjustment on account of Demerger	0.00	0.00	(26.69)	0.00	0.00	0.00
Interest Paid	(39.60)	(62.30)	(66.05)	(58.96)	(42.01)	(38.39)
<b>NET CASH FROM FINANCING</b>	<b>(72.50)</b>	<b>(78.61)</b>	<b>(322.29)</b>	<b>457.09</b>	<b>99.80</b>	<b>(35.10)</b>

PARTICULARS	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
<b>ACTIVITIES ( C )</b>						
<b>Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(1.85)</b>	<b>(18.11)</b>	<b>19.38</b>	<b>1.70</b>	<b>1.26</b>	<b>1.08</b>
<b>CASH AND CASH EQUIVALENTS :</b>						
Opening Balance in the beginning of the year	33.21	51.32	31.94	30.24	28.98	27.90
Closing Balance at the end of the year	31.36	33.21	51.32	31.94	30.24	28.98
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(1.85)</b>	<b>(18.11)</b>	<b>19.38</b>	<b>1.70</b>	<b>1.26</b>	<b>1.08</b>

**Annexure IV (a) – Notes to Restated Financial Statements****NOTE - 1 SHARE CAPITAL**

(₹ in Lacs)

PARTICULARS	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
<b>Authorised</b>						
10,00,00,000 Equity Shares of ₹.1/- each	1000.00	600.00	600.00	600.00	600.00	600.00
	<b>1000.00</b>	<b>600.00</b>	<b>600.00</b>	<b>600.00</b>	<b>600.00</b>	<b>600.00</b>
<b>ISSUED</b>						
3,03,04,800 Equity Shares of ₹.1/- each (Prior to F.Y.12-13, there were 5050800 Equity Share of ₹10/-each)	303.05	303.05	303.05	505.08	505.08	505.08
	<b>303.05</b>	<b>303.05</b>	<b>303.05</b>	<b>505.08</b>	<b>505.08</b>	<b>505.08</b>
<b>SUBSCRIBED AND PAID UP</b>						
<b>Paid up value per share (₹)</b>	1.00	1.00	1.00	10.00	10.00	10.00
Equity Shares fully paid up	302.74	302.74	302.74	504.56	504.56	504.56
Add: Paid up value of Shares Forfeited Equity Shares of ₹.1/-each	0.19	0.19	0.19	0.31	0.31	0.31
<b>TOTAL</b>	<b>302.92</b>	<b>302.92</b>	<b>302.92</b>	<b>504.87</b>	<b>504.87</b>	<b>504.87</b>

**Note:** The equity shares were of face value ₹.10/-each for the financial year ending as at 31st March, 2012. Pursuant to the scheme of arrangement, the face value of equity shares were sub divided from ₹.10/- to ₹.1/-each during F.Y.2012-13. Further, the authorised capital was increased from ₹.600 lacs to ₹.1000 lacs vide shareholder approval dated 21/08/2014.

## a) Rights and Restrictions of the Equity Shares holders

Following are the rights attached to equity shares;

( I ) Rights to receive dividend as may be approved by the Board/Annual General Meeting

(II) Rights to attend the Annual General Meeting of the Company and right to vote

Apart from the above, the Equity shares rank pari passu and are subject to the rights, preference and restrictions under the Companies Act.

b) There are Nil number of shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or subsidiary or associates of the holding company or the ultimate holding company in aggregate.

c) Shares in the company held by each shareholders holding more than 5% shares

Name of the Shareholder	30 <sup>th</sup> September 2014		31 <sup>st</sup> March 2014		31 <sup>st</sup> March 2013		31 <sup>st</sup> March 2012		31 <sup>st</sup> March 2011		31 <sup>st</sup> March 2010	
	No of Shares held	(%)	No of Shares held	(%)	No of Shares held	(%)	No of Shares held	(%)	No of Shares held	(%)	No of Shares held	(%)
Jitendra K.Vakharia - HUF	4513188	14.91	4513188	14.91	4513188	14.91	752198	14.91	-	-	-	-
Jitendra K.Vakharia	3036000	10.03	3036000	10.03	3036000	10.03	506000	10.03	506000	10.03	506000	10.03
Prachi J.Vakharia	2352006	7.77	2352006	7.77	2352006	7.77	391801	7.77	295355	5.85	-	-
Varsha J.Vakharia	2124365	7.02	1639920	5.42	1639920	5.42	273320	5.42	273320	5.42	273320	5.42
Everest Yarn Agency P.Ltd	-	-	-	-	-	-	-	-	292000	5.78	292000	5.78
Omkar Texolene P.Ltd	-	-	-	-	-	-	-	-	256073	5.08	256073	5.08
Vakharia Synthetics P.Ltd	-	-	-	-	-	-	-	-	-	-	248000	5.91

d) There are Nil number of shares reserved for issue under option and contracts/commitment for the sale of shares/ disinvestment including the terms and amounts.

e) For the period of five years immediately preceding the date as at which the balance sheet is prepared.

Particulars	No of Shares
Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash	Nil
Aggregate number and class of shares allotted as fully paid up by way of bonus shares	Nil
Aggregate number and class of shares brought back.	Nil

f) There are no securities convertible into Equity/Preferential Shares.

g) There are no calls unpaid including calls unpaid by Directors and Officers as on balance sheet date.

h) There is no change in number of shares outstanding at the beginning and at the end of financial year.

**NOTE 2 - Reserve & Surplus**

(₹ in Lacs)							
Sr No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Capital Reserve						
	As per Last Balance Sheet	0	0	188.77	188.77	188.77	188.77
	Less: Adjustment on account of Scheme of Arrangement	0	0	188.77	0	0	0
		0	0	0	188.77	188.77	188.77
b)	Surplus						
	As per Last Balance Sheet	(106.30)	(131.67)	(265.79)	(311.33)	(389.59)	(503.29)
	Add: Adjustment on account of Scheme of Arrangement	0.00	0.00	115.52	0.00	0.00	0.00
	Add:- Surplus for the current year	10.18	24.99	18.69	46.21	73.81	113.54
	Add/Less:-Short Provision / Excess provision Written back / off	0.00	0.38	(0.09)	(0.67)	4.45	0.16
		(96.12)	(106.30)	(131.67)	(265.79)	(311.33)	(389.59)
	Less: Transferred to General Reserve						
	Proposed Dividend	-	-	-	-	-	-
	Tax on Dividend	-	-	-	-	-	-
	<b>Balance</b>	<b>(96.12)</b>	<b>(106.30)</b>	<b>(131.67)</b>	<b>(265.79)</b>	<b>(311.33)</b>	<b>(389.59)</b>
	<b>Gross Total (a+b)</b>	<b>(96.12)</b>	<b>(106.30)</b>	<b>(131.67)</b>	<b>(77.02)</b>	<b>(122.56)</b>	<b>(200.82)</b>

There is no reserve specifically represented by earmarked investments which can be termed as fund.

**NOTE 3 - Long Term Borrowings**

(₹ in Lacs)							
Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Term loan from Bank ( Secured) Secured by hypothecation of Motor Car	7.27	5.70	6.00	31.09	-	-
b)	Loans and Advances from related parties (Unsecured)						
	i) Everest Yarn Agency Pvt. Ltd	308.21	330.47	387.93	422.00	254.10	159.80
	<b>TOTAL</b>	<b>315.48</b>	<b>336.17</b>	<b>393.93</b>	<b>453.09</b>	<b>254.10</b>	<b>159.80</b>

**NOTE 4 - Other Long-Term Liabilities**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Trade payables	0.23	0.77	43.33	-	-	13.00
	<b>TOTAL</b>	<b>0.23</b>	<b>0.77</b>	<b>43.33</b>	<b>-</b>	<b>-</b>	<b>13.00</b>

**NOTE 5 - Long-Term Provisions**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Provisions for employees benefits ( Gratuity )	16.60	14.97	9.47	8.50	5.68	5.90
b)	Others (Provision for Taxation)	-	-	20.00	13.00	3.30	-
	<b>TOTAL</b>	<b>16.60</b>	<b>14.97</b>	<b>29.47</b>	<b>21.50</b>	<b>8.98</b>	<b>5.90</b>

**NOTE 6 - Short Term Borrowings**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Secured Repayable on demand from Banks (Secured by way of hypothecation of Stock, Book Debts & further secured by mortgage of factory land & bldg situated at Survey No.265/7/1 of Village Dadra in the Union Territory of Dadra,Nagar & Haveli )	407.92	398.84	317.44	293.73	144.97	97.46
	<b>TOTAL</b>	<b>407.92</b>	<b>398.84</b>	<b>317.44</b>	<b>293.73</b>	<b>144.97</b>	<b>97.46</b>

**NOTE 7 - Trade Payables**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Due to Micro, Small & Medium Enterprises	-	-	-	-	-	-
b)	Others	109.77	97.13	41.69	90.29	216.64	47.69
	<b>TOTAL</b>	<b>109.77</b>	<b>97.13</b>	<b>41.69</b>	<b>90.29</b>	<b>216.64</b>	<b>47.69</b>

**NOTE 8 - Other Current Liabilities**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Current Maturities of long-term debts (Term Loan)	-	10.82	25.16	23.32	-	-
b)	Interest accrued but not due on borrowings	-	-	0.95	13.65	-	-
c)	Other payables						
	Other Liabilities	-	7.32	-	-	0.17	1.94
	Statutory Liability	0.68	0.52	0.31	0.55	0.46	0.28
	Advance received from Customers & others	-	7.00	8.00	8.00	48.00	-
	<b>TOTAL</b>	<b>0.68</b>	<b>25.66</b>	<b>34.42</b>	<b>45.52</b>	<b>48.63</b>	<b>2.22</b>

**NOTE 9- Short-term Provisions**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Provision for Tax	1.60	6.00	4.50	20.00	18.35	2.40
	<b>Total</b>	<b>1.60</b>	<b>6.00</b>	<b>4.50</b>	<b>20.00</b>	<b>18.35</b>	<b>2.40</b>

**NOTE 10 -- FIXED ASSETS**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
	<b>Tangible Assets</b>						
1	<b>Land</b>						
	Gross Block	20.79	20.79	20.79	20.79	20.79	20.79
	Depreciation	0	0	0	0	0	0
	Net Block	<b>20.79</b>	<b>20.79</b>	<b>20.79</b>	<b>20.79</b>	<b>20.79</b>	<b>20.79</b>
2	<b>Buildings</b>						
	Gross Block	152.72	152.72	152.72	151.67	151.39	140.15
	Depreciation	107.08	104.68	99.34	93.44	86.97	80.01
	Net Block	<b>45.64</b>	<b>48.04</b>	<b>53.38</b>	<b>58.23</b>	<b>64.42</b>	<b>60.14</b>
3	<b>Plant &amp; Machinery</b>						
	Gross Block	423.07	415.23	415.22	413.82	478.86	350.30
	Depreciation	124.04	112.87	90.94	69.06	138.97	167.44
	Net Block	<b>299.03</b>	<b>302.36</b>	<b>324.28</b>	<b>344.76</b>	<b>339.89</b>	<b>182.86</b>

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
4	<b>Electrical Installation</b>						
	Gross Block	42.26	42.26	42.26	42.26	42.26	40.51
	Depreciation	30.24	29.61	28.21	26.65	24.91	23.05
	Net Block	<b>12.02</b>	<b>12.65</b>	<b>14.05</b>	<b>15.61</b>	<b>17.35</b>	<b>17.46</b>
5	<b>Testing Equipments</b>						
	Gross Block	1.71	1.71	1.71	1.71	1.71	1.71
	Depreciation	1.69	1.69	1.68	1.68	1.68	1.67
	Net Block	<b>0.02</b>	<b>0.02</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.04</b>
6	<b>Vehicles</b>						
	Gross Block	13.83	13.83	6.97	6.97	6.97	6.48
	Depreciation	4.67	3.94	3.09	2.40	1.59	0.69
	Net Block	<b>9.16</b>	<b>9.89</b>	<b>3.88</b>	<b>4.57</b>	<b>5.38</b>	<b>5.79</b>
7	<b>Furniture &amp; Fixtures</b>						
	Gross Block	4.76	4.45	4.45	4.45	4.49	3.99
	Depreciation	2.76	2.65	2.45	2.23	1.98	1.71
	Net Block	<b>2.00</b>	<b>1.80</b>	<b>2.00</b>	<b>2.22</b>	<b>2.51</b>	<b>2.28</b>
8	<b>Computer</b>						
	Gross Block	6.31	6.10	5.57	5.57	5.57	4.86
	Depreciation	6.00	5.86	5.49	5.36	5.04	4.52
	Net Block	<b>0.31</b>	<b>0.24</b>	<b>0.08</b>	<b>0.21</b>	<b>0.53</b>	<b>0.34</b>
9	<b>Office Equipment</b>						
	Gross Block	0.62	0.62	0.62	0.62	0.62	0.62
	Depreciation	0.49	0.47	0.45	0.42	0.38	0.34
	Net Block	<b>0.13</b>	<b>0.15</b>	<b>0.17</b>	<b>0.20</b>	<b>0.24</b>	<b>0.28</b>
	<b>Total Net Block</b>	<b>389.10</b>	<b>395.94</b>	<b>418.66</b>	<b>446.62</b>	<b>451.14</b>	<b>289.98</b>

**Note:** The Company is not having any Intangible Assets, hence same is not reported in above statement.

#### NOTE 11: Non Current Investments

(₹ in Lacs)							
Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
1)	a) Trade Investments (Unquoted)						
	Omsai Exports Pvt. Ltd	-	-	-	-	-	6.50
	Janata Sahakari Bank Ltd. Pune	2.02	2.02	2.02	2.02	0.98	-
	b) Investment in Equity Instruments (Unquoted)						
	Everlon Power Ltd	-	-	-	-	5.00	-
	Vakharia Power	-	-	-	5.00	-	-

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
	Infrastructure Ltd						
	<b>TOTAL (1)</b>	<b>2.02</b>	<b>2.02</b>	<b>2.02</b>	<b>7.02</b>	<b>5.98</b>	<b>6.50</b>
	2 ) Other Investments						
	a) Investment in Equity Instruments (Quoted)						
	3900 Bubna Major Biotech Ltd	-	-	0.39	0.39	0.39	0.39
	4000 Mideast Int.Steels Ltd	-	-	0.80	0.80	0.80	0.80
	13200 Sanghi Polyester Ltd	-	-	11.15	11.15	11.15	11.15
	2700 Yule Finance & Leasing Ltd	-	-	0.27	0.27	0.27	0.27
	3400 Beta Naphthol Ltd	-	-	-	-	-	-
	3300 Jain Spinners Ltd	-	-	-	-	-	0.52
	3600 Maxwoth Country Ltd	-	-	-	-	-	0.36
	200 Midpoint Software System Ltd	-	-	-	-	-	0.02
	100 Mukerian Papers Ltd	-	-	-	-	-	0.02
	754 NEPC Textiles Ltd	-	-	-	-	-	0.14
	10000 Parasrampurua Synthetics Ltd	-	-	-	-	-	0.50
	20 Shree Synthetics Ltd	-	-	-	-	-	0.05
	4400 Swiss Jersey Ltd	-	-	-	-	-	0.44
	1300 Unimode Overseas Ltd	-	-	-	-	-	0.13
	15200 Ventron Polymers Ltd	-	-	-	-	-	1.52
	1500 Western India Ltd	-	-	-	-	-	0.90
	Sub Total	-	-	12.61	12.61	12.61	17.21
	Provision for diminution in value of shares	-	-	(12.44)	(12.38)	(12.38)	(16.84)
	<b>TOTAL (2)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.17</b>	<b>0.23</b>	<b>0.23</b>	<b>0.37</b>
	<b>GRAND TOTAL (1+2)</b>	<b>2.02</b>	<b>2.02</b>	<b>2.19</b>	<b>7.25</b>	<b>6.21</b>	<b>6.87</b>
	Total Cost of Quoted Investment	-	-	12.61	12.61	12.61	17.21
	Total Cost of Unquoted Investment	2.02	2.02	2.02	7.02	5.98	6.50
	Market Value of Quoted Investment	-	-	0.17	0.23	0.23	0.37



**NOTE 12 - Long Term Loans and Advances**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Security Deposits	1.95	1.95	1.95	1.95	1.95	1.95
c)	Other Loans & Advances	134.50	66.29	69.34	80.76	33.68	10.87
	<b>TOTAL</b>	<b>136.45</b>	<b>68.24</b>	<b>71.29</b>	<b>82.71</b>	<b>35.63</b>	<b>12.82</b>

**Note:** None of the loans and advances has been made to the directors/promoters in any way.

**NOTE 13 - Other non-current assets**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Long term Trade receivables (Including trade receivables on deferred credit terms)	32.95	68.26	31.88	31.22	16.55	18.75
b)	Others	3.80	-	43.15	-	-	-
	<b>TOTAL</b>	<b>36.75</b>	<b>68.26</b>	<b>75.03</b>	<b>31.22</b>	<b>16.55</b>	<b>18.75</b>

**Note:** None of the trade receivables are related to the directors/promoters in any way.

**NOTE 14 – Inventories**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Raw Material	30.63	129.64	9.28	50.32	62.48	22.67
b)	Stock in Process (Work in Progress)	24.02	37.11	38.30	24.41	41.10	13.92
c)	Stock of Finished Goods	98.98	52.59	7.81	125.37	110.28	8.36
d)	Stock in Trade (Shares)	-	-	-	278.93	53.01	44.04
e)	Stock of Stores & Spares	19.43	11.42	9.89	9.54	8.71	8.00
	<b>TOTAL</b>	<b>173.06</b>	<b>230.76</b>	<b>65.28</b>	<b>488.57</b>	<b>275.58</b>	<b>96.99</b>

(Stock-in-trade as per Inventories taken Valued & Certified by the Management)

**NOTE 15 - Trade Receivables**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	(Unsecured, considered good) Trade Receivable below 1 year	244.75	247.41	307.72	259.47	254.49	173.85
	<b>TOTAL</b>	<b>244.75</b>	<b>247.41</b>	<b>307.72</b>	<b>259.47</b>	<b>254.49</b>	<b>173.85</b>

**Note:** None of the trade receivables are related to the directors/promoters in any way.**NOTE 16 - Cash & Cash Equivalents**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Balances with Banks						
	i) In Current Accounts	1.22	1.42	12.21	1.50	2.01	1.23
	ii) In Fixed Deposits	27.60	27.60	27.60	27.78	27.09	27.09
b)	Cash-on-hand	2.54	4.19	11.51	2.65	1.14	0.65
	<b>TOTAL</b>	<b>31.36</b>	<b>33.21</b>	<b>51.32</b>	<b>31.93</b>	<b>30.24</b>	<b>28.97</b>

**NOTE 17 - Short term Loan & Advances**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Prepaid Expenses	-	-	0.55	0.29	0.77	1.58
b)	Staff Advance	2.77	1.50	3.53	3.47	2.53	2.23
	<b>TOTAL</b>	<b>2.77</b>	<b>1.50</b>	<b>4.08</b>	<b>3.76</b>	<b>3.30</b>	<b>3.81</b>

**Note:** None of the loans and advance are related to the directors/promoters in any way.**NOTE 18 - Other current assets**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Interest Accrued on FDR	1.66	1.01	0.42	0.46	0.84	0.48
b)	Trade Payable (Debit Balance)	41.16	27.81	40.04	-	-	-
	<b>TOTAL</b>	<b>42.82</b>	<b>28.82</b>	<b>40.46</b>	<b>0.46</b>	<b>0.84</b>	<b>0.48</b>

**NOTE 19 – Revenue from Operations**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Sale of Products	2390.92	5339.66	4804.84	4260.31	2620.13	799.30
	<b>TOTAL</b>	<b>2390.92</b>	<b>5339.66</b>	<b>4804.84</b>	<b>4260.31</b>	<b>2620.13</b>	<b>799.30</b>

**NOTE 20 – Other Income**

(₹ in Lacs)

Sr No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Interest Income	1.49	2.08	2.37	2.15	1.95	2.32
b)	Dividend Income	0.20	0.23	-	2.76	0.49	0.27
c)	Net gain on sale of Investment	-	-	-	0.44	6.04	-
d)	Other non Operating Income	0.15	0.45	2.56	2.00	0.12	105.92
	<b>TOTAL</b>	<b>1.84</b>	<b>2.76</b>	<b>4.93</b>	<b>7.35</b>	<b>8.60</b>	<b>108.51</b>

**NOTE 21 – Cost of Materials Consumed**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
	Raw Materials Consumed						
	Opening Stock	129.64	9.27	50.32	62.47	22.67	19.38
	Add : Purchases	1956.10	4758.65	3988.13	3572.42	2282.23	598.01
		2085.74	4767.92	4038.45	3634.89	2304.90	617.39
	Less: Closing Stock	30.62	129.64	9.27	50.32	62.47	22.67
	<b>Total I</b>	<b>2055.12</b>	<b>4638.28</b>	<b>4029.18</b>	<b>3584.57</b>	<b>2242.43</b>	<b>594.72</b>
	Packing and Other Materials Consumed						
	Opening Stock	8.59	6.96	6.75	6.88	5.22	2.92
	Add: Purchases	139.66	263.37	250.30	255.25	159.52	43.84
		148.25	270.33	257.05	262.13	164.74	46.76
	Less: Closing Stock	16.66	8.59	6.96	6.75	6.88	5.22
	<b>Total II</b>	<b>131.59</b>	<b>261.74</b>	<b>250.09</b>	<b>255.38</b>	<b>157.86</b>	<b>41.54</b>
	<b>TOTAL (I+ II)</b>	<b>2186.71</b>	<b>4900.02</b>	<b>4279.27</b>	<b>3839.95</b>	<b>2400.29</b>	<b>636.26</b>

**NOTE 22 – Changes in inventories of finished goods, Work-In-Progress & Stock in Trade**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
	<i>Opening Stock</i>						
	Finished Goods	52.59	7.81	125.37	110.28	13.93	9.38
	Work-in-process	37.10	38.30	24.40	41.10	8.36	32.96
	<b>Sub Total</b>	<b>89.69</b>	<b>46.11</b>	<b>149.77</b>	<b>151.38</b>	<b>22.29</b>	<b>42.34</b>
	<i>Less: Closing Stock</i>						
	Finished Goods	24.02	52.59	7.81	125.37	110.28	13.93
	Work-in-process	98.98	37.10	38.30	24.40	41.10	8.36
	<b>Sub Total</b>	<b>123.00</b>	<b>89.69</b>	<b>46.11</b>	<b>149.77</b>	<b>151.38</b>	<b>22.29</b>
	<b>Total</b>	<b>(33.31)</b>	<b>(43.58)</b>	<b>103.66</b>	<b>1.61</b>	<b>(129.09)</b>	<b>20.05</b>

**NOTE 23 – Employee Benefit Expenses**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Salaries & Wages (including Bonus)	19.47	39.36	21.30	21.61	17.56	7.28
b)	Contribution to Provident Fund & Other Funds	2.75	7.42	1.91	3.93	1.77	1.74
c)	Employees Welfare	-	-	-	-	-	0.57
	<b>Total</b>	<b>22.22</b>	<b>46.78</b>	<b>23.21</b>	<b>25.54</b>	<b>19.33</b>	<b>9.59</b>

**NOTE 24 – Finance Costs**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Interest on Term Loan	0.16	2.57	5.61	5.27	1.63	-
b)	Bank Interest on Overdraft from Bank	28.88	37.32	35.47	29.54	10.44	11.97
c)	Other Interest and Financial Charges	10.56	22.40	24.96	24.15	29.94	26.42
	<b>Total</b>	<b>39.60</b>	<b>62.29</b>	<b>66.04</b>	<b>58.96</b>	<b>42.01</b>	<b>38.39</b>

**NOTE 25 – Other Expenses**

(₹ in Lacs)							
Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a)	Repairs & Maintenance						
	- Plant & Machinery	6.29	16.79	22.25	22.69	12.77	4.38
	- Others	3.15	6.50	-	-	-	-
b)	Manufacturing Expenses	17.76	35.76	28.85	27.32	18.78	8.78
c)	Bank charges & commission	0.28	1.42	0.95	2.64	2.61	0.76
d)	Power & Fuel	106.91	220.36	196.77	193.08	105.06	39.36
e)	Share Investment w/off	-	-	-	-	11.08	-
f)	Legal and Professional Charges	1.73	5.66	12.04	7.24	4.54	0.67
g)	Loss on Sale of Assets	-	1.62	-	-	0.75	-
h)	Loss on Sale of Shares	-	-	-	-	-	1.49
i)	Postage, Telephone and Telegram Expenses	1.11	1.94	3.02	2.25	2.13	0.76
j)	Printing & Stationery	0.61	0.80	1.11	0.69	0.66	0.21
k)	Insurance	0.01	1.86	0.36	1.21	1.02	0.63
l)	Commission paid on Sale	1.61	5.67	3.32	3.55	3.61	1.29
m)	Directors Remuneration	2.40	4.80	4.80	3.60	2.40	2.40
n)	Director Sitting Fees	0.03	0.06	0.13	0.09	0.06	0.08
o)	Travelling & Conveyance	1.36	0.83	0.65	0.65	1.56	0.09
p)	Vehicle Expenses	0.86	2.47	1.65	2.34	1.96	0.53
q)	Auditor Remuneration	0.70	1.40	1.30	1.15	0.95	0.50
r)	Miscellaneous Expenses	5.76	7.85	6.72	6.50	5.92	1.78
	<b>Total</b>	<b>150.57</b>	<b>315.79</b>	<b>283.92</b>	<b>275.00</b>	<b>175.86</b>	<b>63.71</b>

**ANNEXURE IV (b)**

**ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS**

**1. ACCOUNTING POLICIES:**

- a) Recognition of Income and Expenditure: The Accounts are prepared on accrual basis.
- b) Fixed Assets and Depreciation:
  - I) Fixed Assets includes all expenditure of Capital nature and are stated at cost of Acquisition, Installation and commissioning less depreciation. Fixed Assets are stated at historical cost.
  - II) Depreciation on Fixed Assets other than Land & Plant and Machinery is provided as per

written down value method of Income Tax Act, 1961, which is not lower than minimum rates prescribed under schedule XIV of Companies Act in case of following Assets:-

1. Computer - 60%

and in case of following assets, depreciation rates are lower than minimum prescribed rates:-

2	Furniture & Fixtures	10%
3	Vehicles	15%
4	Electrical Installation	10%
5	Air Conditioning	15%
6	Testing Equipment	15%
7	Office Equipment	15%

III) In case of Plant and Machinery, Company has provided Depreciation on Straight Line method as per schedule XIV of Companies Act, 1956.

IV) No Depreciation has been provided on assets sold/discarded during the year

- c) Investments: Investments are valued at cost inclusive of expenses incidental to their acquisition. Investments meant for long term are carried at cost and any diminution in value of permanent nature are provided for in accounts.

d) Valuation of Inventories:

1	Raw Materials, Consumable,	At Cost and other expenditure incurred inclusive of excise duty to bring the inventories to its present location and conditions. Cost is determined on FIFO basis.
2	Work-in-progress	At Cost of material and labour together with relevant factory overheads
3	Finished Goods	At Cost of material and labour together with relevant factory overheads (inclusive of excise duty) or net realisable value whichever is lower

- e) Impairment of Assets: If internal /external indications suggest that an asset of the company may be impaired, the recoverable amount of asset/ cash generating unit is determined on the Balance Sheet date and if it is less than its carrying amount, the carrying amount of the asset / cash generating unit is reduced to the said recoverable amount. The recoverable amount is measured as the higher of net selling price and value in use of such assets / cash generating unit, which is determined by the present value of the estimated future Cash Flows.
- f) Provision for Retirement Benefits: Provision for gratuity is made in accounts assuming that all the employee retire at the end of the Half year..
- g) Contingent Liabilities: Contingent liabilities are not provided for in the accounts and are disclosed separately in Notes on Accounts

**02. Segment Results:** During the year Company has only one reportable segment, i.e. manufacturing of Polyester Texturised & Twisted yarn. Hence separate segment report as required under accounting standard 17 is not presented.

**03. Related Party Disclosures (As identified by the Management)****i) Related Party Relationships**

	Particulars	30.09.14	2013-14	2012-13	2011-12	2010-11	2009-10
a )	Where control exists	1) Everest Yarn Agency Pvt. Ltd	1) Everest Yarn Agency Pvt. Ltd	1) Everest Yarn Agency Pvt. Ltd	1) Everest Yarn Agency Pvt. Ltd	1) Everest Yarn Agency Pvt. Ltd	1) Everest Yarn Agency Pvt. Ltd
		2) Vakharia Power Infrastructure Ltd	2) Vakharia Power Infrastructure Ltd	2) Vakharia Power Infrastructure Ltd	2) Everlon Power Ltd.		
		3) Teekay International					
b )	100% Subsidiary	Nil	Nil	Nil	Vakharia Power Infrastructure Ltd	Everlon Power Ltd	Nil
c )	Key Management Personnel	Mr.Jitendra K.Vakharia	Mr.Jitendra K.Vakharia	Mr.Jitendra K.Vakharia	Mr.Jitendra K.Vakharia	Mr.Jitendra K.Vakharia	Mr.Jitendra K.Vakharia
		Mrs.Varsha J.Vakharia	Mrs.Varsha J.Vakharia	Mrs.Varsha J.Vakharia	Mrs.Varsha J.Vakharia	Mrs.Varsha J.Vakharia	Mrs.Varsha J.Vakharia
d )	Relative of Key Management Personnel	Nil	Nil	Nil	Nil	Nil	Nil
e )	Other related Parties	Nil	Nil	Nil	Nil	Nil	Nil

**(ii) Statement of Significant Related Party Transactions As per AS 18.****(₹ in Lacs)**

Particulars	Description of the nature of the transaction	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
		Outstanding	Outstanding	Outstanding	Outstanding	Outstanding	Outstanding
		Payable	Payable	Payable	Payable	Payable	Payable
Where Control Exists	<b>Unsecured Loans (Everest Yarn Agency Pvt. Ltd)</b>	308.20	330.47	386.39	417.50	254.10	159.80
		Receivable	Receivable	Receivable	Receivable	Receivable	Receivable
100% Subsidiary	<b>Investment in Share Capital</b>						
	Everlon Power Limited	-----	-----	-----	-----	5.00	-----
	Vakharia Power Infrastructure Ltd	-----	-----	-----	5.00	-----	-----

Particulars	Description of the nature of the transaction	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
		Amt. Paid	Amt. Paid	Amt. Paid	Amt. Paid	Amt. Paid	Amt. Paid
	<b>Director Remuneration and Sitting Fees</b>	2.43	4.82	4.92	3.69	2.46	2.48
Where control exists	Premises Rent Teekay International	1.50	-----	-----	-----	-----	-----

**04. Earnings per share**

Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
Restated Profit/(Loss) attributable to the equity shareholders (₹.in Lacs)	10.18	24.99	18.69	46.21	73.81	113.54
Number of Equity Shares Outstanding during the year	30273600	30273600	30273600	5045600	5045600	5045600
Nominal value of Equity Shares (₹)	1	1	1	10	10	10
Basic/diluted earnings per share (Face Value ₹ 1) (with exceptional Income)	0.03	0.08	0.06	0.92	1.46	2.25
Basic/diluted earnings per share (Face Value ₹ 1) (without exceptional Income)	0.03	0.08	0.06	0.41	1.46	2.25

**05.** The Company has not recognised "Deferred Tax Assets" as required by Accounting Standard 22. Accounting for "Taxes on Income" issued by Institute of Chartered Accounts of India as Company is not certain that sufficient taxable income will be available against which such "Deferred Tax Assets" can be realized.

**06. a)** The amount shown in Trade Payable, and Discount Receivables from Sundry Creditors under various heads are subject to confirmation.

b) The amount shown under Trade Receivable under various heads are subject to confirmation.

**07.** In the opinion of the Board, Current Assets, Loans and Advances are approximately of the same value as stated in the Balance Sheet if realised in the ordinary course of business.

**08. Contingent Liabilities:-**

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
i)	Disputed Tax Liability (Excise Duty)	445.40	445.40	445.40	445.40	445.40	445.40



09. There are no Micro, Small and Medium Enterprises, as defined in Micro, Small, Medium Enterprises Development Act, 2006 to whom the Company owes on account of principal amount together with interest and accordingly no additional disclosures have been made.

10. The information required under Clause viii of part II of Schedule III of Company's Act, 2013. (As certified by the Management) to the extent applicable are as under.

(₹ in Lacs)

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
i)	Value of Import on CIF Basis	NIL	NIL	NIL	NIL	NIL	NIL
ii)	F.O.B. Value of Exports	NIL	NIL	NIL	NIL	NIL	NIL
iii)	Expenditure, Earning and remittance in foreign Currency	NIL	NIL	NIL	NIL	NIL	NIL
iv)	Estimated amount of contracts remains to be executed on capital account and not provided for	NIL	NIL	NIL	NIL	NIL	NIL
v)	Value of Raw Materials consumed						
	a) Indigenous (₹ in Lacs)	2055.11	4638.28	4029.17	3584.57	2242.42	594.72
	b) Imported	NIL	NIL	NIL	NIL	NIL	NIL
vi)	<b>Break up of Repairs and Maintenance</b>	<b>30<sup>th</sup> September 2014</b>	<b>31<sup>st</sup> March 2014</b>	<b>31<sup>st</sup> March 2013</b>	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2011</b>	<b>31<sup>st</sup> March 2010</b>
	For Plant and Machineries	6.28	16.78	16.34	10.99	8.24	3.08
	For Others	3.14	6.50	5.91	11.69	4.53	1.30
		<b>9.42</b>	<b>23.28</b>	<b>22.25</b>	<b>22.68</b>	<b>12.77</b>	<b>4.38</b>
vii)	<b>Auditors Remuneration</b>	<b>30<sup>th</sup> September 2014</b>	<b>31<sup>st</sup> March 2014</b>	<b>31<sup>st</sup> March 2013</b>	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2011</b>	<b>31<sup>st</sup> March 2010</b>
	Included in Profit and Loss Account is made up of :						
	Audit fees	0.38	0.75	0.65	0.65	0.65	0.40
	Tax Audit Fees	0.07	0.15	0.15	0.15	0.10	0.10
	VAT Audit Fees	0.05	0.10	0.07	0.07	0.00	0.00
	Taxation Matters	0.07	0.15	0.20	0.03	0.10	0.10
	Certification Work	0.13	0.25	0.23	0.30	0.10	0.10
		<b>0.70</b>	<b>1.40</b>	<b>1.30</b>	<b>1.20</b>	<b>0.95</b>	<b>0.70</b>

## 11. The Scheme of Arrangement

The Scheme of Arrangement between Everlon Synthetics Limited (ESL) and Vakharia Power Infrastructure Limited (VPIL) the then subsidiary of the company for transferring investment business of the company into VPIL was approved by Hon'ble High Court of Bombay vide its order dated 14/09/2012.

Pursuant to the approval of Scheme of Arrangement

- a) The members of ESL were issued one equity shares of ₹.1 /- each of VPIL for every one equity shares of ₹.1 /- each as considerations towards transfer of investment business. Consequently 30273600 shares of VPIL have been allotted to the members of ESL.
- b) All the assets of investment business were transferred to VPIL and difference between equity allotted and Assets transferred were debited to capital reserve and the balance was transferred to Goodwill as per Scheme of Arrangement.

## 12. Table Highlighting Material Adjustment

The summary of result of material restatement made in Audited Financial Statement of the company for respective year and their impact on profit of the year is as under.

Sr. No	Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
1)	Profit after Tax as per Audited Financial Statements	10.18	24.99	18.69	82.46	52.70	98.40
2)	Add / Less: Change in rate of Depreciation in case of Plant & Machinery	----	----	----	(41.75)	26.46	15.29
	( Refer Note: 12 (i) as under )						
3)	Add / Less : Change in Current Tax	----	----	----	5.50	(5.35)	(0.15)
	( Refer Note: 12 (ii) as under )						
	<b>Total Restated Profit after Tax</b>	<b>10.18</b>	<b>24.99</b>	<b>18.69</b>	<b>46.21</b>	<b>73.81</b>	<b>113.54</b>

12. (i) (The Company was following written down value method as per Income Tax Act, 1961 in respect of plant & Machinery. During the year 2011-12, it changed method of depreciation to Straight Line Method as per Schedule XIV of Companies Act, 1956. The Above change resulted in Depreciation written back amounting to ₹.67.33 Lacs during the year 2011-12 and was stated in Exceptional items in Profit and Loss statement. To make comparable financial statement, Depreciation was restated in financial year 2009-10 and 2010-11. This resulted lower written back in the year 2011-12 in exceptional items.

12 (ii) The Current Tax are calculated based on Net Profit due to restatement of depreciation as stated above, the current tax were restated in profit & loss statement during financial year 2009-10, 2010-11 and 2011-12.

13. Previous year's figures have been regrouped, rearranged or recast wherever considered necessary, so as to make them comparable with current figures.

## Annexure V - Summary of Accounting Ratios

(₹. in Lacs)

Particulars	30 <sup>th</sup> September 2014	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
<b>1. Net Profit Attributable to Equity Shareholders</b>	10.18	24.99	18.69	46.21	73.81	113.54
Earnings Per Share (EPS) (₹) [a/b]	0.03	0.08	0.06	0.92	1.46	2.25
Return on Net Worth (%) [a/g %]	4.92%	12.71%	10.91%	10.80%	19.31%	37.34%
Weighted Average No. of Equity Shares	30273600	30273600	30273600	5045600	5045600	5045600
No. of Equity Shares outstanding	30273600	30273600	30273600	5045600	5045600	5045600
Paid up value of share	1	1	1	10	10	10
<b>Note :</b>						
Net Profit after tax adjustments [a]	10.18	24.99	18.69	46.21	73.81	113.54
Weighted Average No. of Equity Shares [b]	30273600	30273600	30273600	5045600	5045600	5045600
Total No. of Equity Shares for calculating Diluted EPS [d]	30273600	30273600	30273600	5045600	5045600	5045600
No. of Equity Shares at the end of the year/period [e]	30273600	30273600	30273600	5045600	5045600	5045600
Net Worth [g]	206.80	196.62	171.25	427.85	382.31	304.05
Net Asset Value per share [g/b]	0.68	0.65	0.57	8.48	7.58	6.03

2. Formula :

Earnings per Share (₹)	$\frac{\text{Net Profit attributable to equity shareholders}}{\text{Weighted Average number of equity shares outstanding during the period}}$
Net Asset Value Per Share (₹)	$\frac{\text{Net Worth excluding revaluation reserve at the end of the period}}{\text{Total Number of equity shares outstanding at the end of the year/period}}$
Return on Net Worth (%)	$\frac{\text{Net Profit after tax adjustments}}{\text{Net worth at the end of the year/period}}$
Net Asset Value	$\frac{\text{Equity Share Capital plus Reserves \& Surplus less Miscellaneous Expenditure to the extent not written off / total no. of equity shares outstanding at end of each year/period}}{\text{Total Number of equity shares outstanding at the end of the year/period}}$

3. Earnings per share (EPS) calculation is in accordance with the notified Accounting Standard 20 'Earnings per share' prescribed by the Companies (Accounting Standards) Rules, 2006.

**Annexure VI – Statement of Capitalisation\***

(₹ in Lacs)

Particulars	Pre-Issue as at 30-Sept-14	As adjusted for Issue*
<b>Debts</b>		
Long Term Debt	315.48	-
Short Term Debt	407.92	-
<b>Total Debt</b>	723.40	-
<b>Equity (shareholder's funds)</b>		
Equity Share Capital	302.92	-
Reserves & Surplus	(96.12)	-
<b>Total Equity</b>	206.80	-
<b>Total Capitalization</b>		
Long Term Debt/Equity Ratio (x)	1.52	-
Total Debt/Equity Ratio (x)	3.50	-

\* To be updated at the time of filing of Letter of Offer

**Annexure VII - Statement of Tax Shelter**

(₹ in Lacs)

Sr. No.	Particulars	30 <sup>th</sup> September, 2014	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
(A)	Profit as per book restated (before Provision for taxes)	11.78	30.99	23.18	60.71	92.16	115.94
	Less: -						
(1)	Exempted income dividend	-----	----	-----	2.76	0.49	0.27
(2)	Depreciation or Business Loss as per Books Allowable	3.54	----	----	----	----	100.38
(B)	<b>Net Income after adjustment (For Mat Working)</b>	<b>8.24</b>	<b>30.99</b>	<b>23.18</b>	<b>57.95</b>	<b>91.67</b>	<b>15.29</b>
	Minimum Alternative Tax	1.52	5.73	4.28	10.72	16.50	2.29
	MAT Rate	(18.5%)	(18.5%)	(18.5%)	(18.5%)	(18%)	(15%)
	Add: Education cess @ 3% on MAT rate	0.05	0.17	0.12	0.32	0.49	0.06
	<b>Tax Payable `</b>	<b>1.57</b>	<b>5.90</b>	<b>4.40</b>	<b>11.04</b>	<b>16.99</b>	<b>2.35</b>
	<b>Provision for Current Taxes</b>	<b>1.60</b>	<b>6.00</b>	<b>4.50</b>	<b>14.50</b>	<b>18.35</b>	<b>2.40</b>

**Note:** Since the Company is having carried forward losses, the tax at normal rate is not applicable. Tax has been calculated and actual paid on the basis of Minimum Alternative Tax U/s. 115JB.

### CERTAIN OTHER FINANCIAL INFORMATION

In accordance with circular no. F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977, the information required to be disclosed for the period between the last date of financial statements provided to the shareholders and the date preceding one month from the date of Draft Letter of Offer is provided below:

#### 1. Working Results of our Company for the period from October 1, 2014 to December 31, 2014

Sr.No.	Particulars	Amount (₹ in Lacs)
1.	Sales / turnover	919.56
2.	Other income	0.21
3.	Total income	919.77
4.	PBIDT	0.97
5.	Finance Charges	19.40
6.	Provision for Depreciation	7.93
7.	Provision for Tax	Nil
8.	Profit /(Loss) after Tax	(26.36)

#### 2. Material changes and commitments, if any, affecting the financial position of our Company

Our operations maybe affected on account of downfall/volatility in crude oil prices resulting in volatility in raw material prices. This volatility in prices is likely to affect our margins and may also result in inventory /stock losses. Other than as mentioned above there are no circumstances have arisen since December 31, 2014 (i.e., the date of the last financial statement as disclosed in the Draft Letter of Offer) which are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months

#### 3. Weekend Prices for last four weeks, current market price and highest & lowest prices of equity shares during the period with relative dates

- a. The week end closing prices of the equity shares for last four weeks on BSE are provided in the table below

Week ended on	Closing Price on BSE
December 19, 2014	1.95
December 26, 2014	1.85
January 02, 2015*	No trading
January 09, 2015	1.84

\*There has been no trading for the referred week

- b. The closing current market price as January 15, 2015 on BSE was ₹ 1.92 per share
- c. The highest and lowest price of the equity shares for last four weeks on BSE is provided in the table below

Highest (In ₹)	Date	Lowest (In ₹)	Date
1.95	December 22, 2014	1.84	January 09, 2015

The Issue Price of ₹ [●] has been arrived at by our Company in consultation with the Lead Manager.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION**

*You should read the following discussion of our financial condition and results of operations together with our audited financial information for FY 2011, FY 2012, FY 2013 and FY 2014 including the notes thereto and the reports thereon, which are included in this Letter of Offer. You should also read the sections titled "Risk Factors" and "Forward-Looking Statements" on page viii and page vii, respectively, of this Draft Letter of Offer which discuss a number of factors and contingencies that could impact our financial condition and results of operations.*

### **Overview of the Business**

Our Company is engaged into manufacturing of Polyester Texturised Yarn (PTY) since its inception. Our Company has more than two decades of expertise in manufacturing of PTY which is primarily used in the process of weaving of fabrics in apparel based products such as suiting, shirting, dress material, saree, socks, denims etc. PTY is also used to manufacture non apparel based products such as upholstery, curtains, bed linen, carpets, etc. Our product is largely sold to companies having weaving facilities at Bhiwandi, Malegaon and Surat. We also sell our product to other regions of India on demand.

Our Company procures polyester filament yarn (PFY) from the suppliers and processes into 'texturised yarn'. The manufacturing unit of our Company is located in Silvassa, Dadra & Nagar Haveli and has four draw texturising machine of 312 spindles each having total capacity of 4560 tons per annum.

### **Products & its application**

Polyester Texturised Yarn is a raw material for manufacturing of variety of fabrics. Polyester being a man made fabric is considered to be a substitute of natural fabric like cotton and have been in demand over the period of years. Our Company manufactures only polyester texturised yarn with various deniers (thickness) depending on the market demand scenario. Our products are primarily sourced by fabric companies to manufacture suiting, shirting, dress material, saree, denims, etc.

### **Significant developments subsequent to the date of the last financial statement as disclosed in this Draft Letter of Offer**

Our operations maybe affected on account of downfall/volatility in crude oil prices resulting in volatility in raw material prices. This volatility in prices is likely to affect our margins and may also result in inventory /stock losses. Other than as mentioned above there are no circumstances have arisen since December 31, 2014 (i.e., the date of the last financial statement as disclosed in the Draft Letter of Offer) which are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months

### **Factors that may affect results of the Operations**

The following important factors could cause actual results to differ materially from the expectations include among others:

- General economic and business conditions;
- Volatility in raw material prices
- Increasing competition in the industry;
- Changes in the value of the Indian rupee and other currencies;
- Changes in laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India;
- Changes in the foreign exchange control regulations, interest rates, and tax laws in India.

**Discussion on Results of Operations for last 3 financial years**

The following discussion on the financial operations and performance should be read in conjunction with the audited financial results of the company for the FY 2011, 2012, 2013 and 2014 respectively.

**Summary of Restated Revenues, Expenses, and Profitability**

PARTICULARS	₹ in Lacs			
	Audited			
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11
Revenue from Operations	5339.66	4804.84	4260.31	2620.13
Other Income	2.76	4.93	7.35	8.60
<b>Total Revenue</b>	<b>5342.42</b>	<b>4809.77</b>	<b>4267.66</b>	<b>2628.73</b>
Cost of Material Consumed	4900.02	4279.27	3839.95	2400.29
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(43.58)	103.66	1.61	(129.09)
Employee benefits expenses	46.78	23.21	25.54	19.33
Finance Costs	62.29	66.04	58.96	42.01
Depreciation & amortisation expenses	30.11	30.42	31.47	28.17
Other Expenses	315.79	283.92	275.00	175.86
<b>Total Expenses</b>	<b>5311.42</b>	<b>4786.52</b>	<b>4232.53</b>	<b>2536.57</b>
<b>Profit before exceptional items and tax</b>	<b>30.99</b>	<b>23.25</b>	<b>35.13</b>	<b>92.16</b>
Exceptional Items (Depreciation Written Back)	0.00	0.00	25.58	0.00
Profit before extraordinary items and tax	30.99	23.25	60.71	92.16
Extraordinary Items	0.00	(0.07)	0.00	0.00
Profit before tax	30.99	23.18	60.71	92.16
Tax Expense :				
Current Tax	(6.00)	(4.50)	(14.50)	(18.35)
Profit/(Loss) for the period	24.99	18.69	46.21	73.81

**Comparison of performance for FY 2014 with FY 2013****Total Income**

Revenue from Operations - During the FY 2014, the revenue from operations was ₹5339.66 lacs as compared to ₹4804.84 lacs in the previous year, an increase of 11.13% which was due to increased production as a consequence of increased demand. Our company produced 4478.05 tons of yarn in FY 2014 against 4167.20 tons during the previous year.

Other Income – Other income comprises of interest income, dividend income, refund of VAT paid and other miscellaneous income. During the FY 2014, the other income was ₹2.76 lacs as compared to ₹4.93 lacs in the previous year, an decrease of 44% which was mainly due lower VAT refund.

**Expenditure**

Material Consumed - Our expenditure on material consumption increased to ₹4900.02 lacs in FY 2014 from ₹4279.27 lacs in FY 2013, i.e., an increase of 14.50% mainly on account of increase in procurement of raw material and packing material to achieve higher production levels.

Employee Expenses - Our Employee expenses have increased considerably from ₹23.21 lacs in FY 2013 to ₹46.78 lacs in FY 2014, an increase of over 100%. This was mainly on account of increase in salaries and wages paid during that period.

Finance Charges -The finance cost of the company has reduced by ₹3.75 lacs during FY 2014. There has been certain repayment of term loan and unsecured loan during the year due to which the interest paid on the same has also reduced. On the other hand due to increase in the overdrafts limits drawn by the company, the interest charged by the bank on overdraft has increased.

Depreciation - The depreciation for FY 2014 was ₹30.11 lacs compared to ₹30.42 lacs for FY 2013. There has been a net addition of ₹3.77 lacs in vehicles but on an average due to reduction in the depreciable value of assets, the depreciation for the current year has decreased marginally.

Other Expenses - The Other expenses for FY 2014 was ₹315.79 lacs as compared to ₹283.92 lacs i.e., an increase of 11% mainly on due to increase in the manufacturing and power expenses consequent to the increase in quantity of goods produced.

### **Profit**

The profit for FY 2014 was ₹24.99 lacs compared to ₹18.69 lacs for FY 2013, an increase of 33.77 %. This was mainly due to increase in production thereby leading to higher sales revenues and at the same time, achieving economies of scale. As a percentage to sales the PAT has increased by 1% compared to the previous year

### **Comparison of performance for FY 2013 with FY 2012**

#### **Total Income**

Revenue from Operations - During the FY 2013, the revenue from operations was ₹4804.84 lacs as compared to ₹4260.31 lacs in the previous year, an increase of 12.78% which was due to increased production. Our company produced 4167.2 tons of yarn in FY 2013 against 3904 tons during the previous year.

Other Income - The investment division of our company was demerged vide order of the High Court dated September 14, 2012 with effective date being October 18, 2012. The appointed date of scheme was September 01, 2011. In view of the same during the FY 2013, the other income which mainly comprised of dividend income and profit and sale of investment was ₹4.93 lacs as compared to ₹7.35 lacs in the previous year, a decrease of around 33%

#### **Expenditure**

Material Consumed - Our expenditure on material consumption increased to ₹4279.27 lacs in FY 2013 from ₹3839.95 lacs in FY 2012 i.e., an increase of 11.14% mainly on account of increased levels of production.

Employee Expenses - There has been a marginal decrease in the employee expenses during FY 2013 as compared to FY 2012.

Finance Charges -The finance cost for the year end in FY 2013 was ₹66.04 lacs against ₹58.96 lacs during FY 2012. The increase in finance cost was mainly due to increased interest paid on overdraft availed from bank.

Depreciation - The depreciation for FY 2013 was ₹30.42 lacs compared to ₹31.47 lacs for FY 2012. There has been a net addition of ₹2.46 lacs in factory building and plant and machinery costs but on an average due to reduction in the depreciable value of assets, the depreciation for the current year has decreased



marginally.

Other Expenses – The Other expenses for F.Y.2013 was ₹283.92 lacs as compared to ₹ 275.00 lacs in the previous year i.e., an increase of ₹8.92 lacs which was mainly on due to increase in the manufacturing and power expenses consequent to the increase in quantity of goods produced. There has also been increase in the legal and professional fees due to the ongoing demerger application in FY 2013. Further the directors remuneration in FY 2013 was increased from ₹3.6 lacs to ₹4.8 lacs.

### **Profit**

The profit for FY 2013 was ₹ 18.68 lacs compared to ₹46.21 lacs for FY 2012 a reduction of 60%. The FY 2012 profits were higher due to writing back of depreciation consequent to the change in the method of depreciation which resulted in exceptional income and the change in inventory levels.

### **Comparison of performance for FY 2012 with FY 2011**

#### **Total Income**

Revenue from Operations - During the FY 2012, the revenue from operations was ₹4260.32 lacs as compared to ₹2620.13 lacs in the previous year, an increase of 62.60 % which was due to increased production capacity.

Other Income – During the FY 2012, the other income was ₹7.35 lacs as compared to ₹8.60 lacs in the previous year. Though the dividend income had increased by 2.28 lacs, the net gain from sale of investment was only ₹0.43 lacs as against ₹6.03 lacs in FY 2013. The non operating income also increased by ₹1.88 lacs in FY2012.

#### **Expenditure**

Material Consumed - Our expenditure on material consumption increased to ₹3839.95 lacs in FY 2012 from ₹2400.29 lacs in FY 2011, i.e., an increase of 60% mainly on account of increase in production levels during the financial year.

Employee Expenses - Our Employee expenses have increased by about 32% due to increase in salaries and wages.

Finance Charges – The finance cost for fiscal 2012 was ₹58.96 lacs as compared to ₹42.01 lacs of the previous year. During the year under review the company had borrowed funds from Janata Sahakari Bank Ltd. by way of term loan to fund the purchase of certain plant and machineries to be installed in the factory. Hence term loan interest paid increased by ₹3.63 lacs. Further due to increased levels of production the borrowings by way of working capital also increased thereby leading to a higher interest being paid.

Depreciation - The depreciation for FY 2012 was ₹31.47 lacs compared to ₹28.17 lacs for FY 2011. The reduction in depreciation charges can be attributed to sale of certain assets during the year thereby leading to a reduction in the depreciable value of assets.

Other Expenses – The Other expenses for F.Y.2012 was ₹275.00 lacs as compared to ₹175.86 lacs. This was mainly on due to increase in the manufacturing and power expenses consequent to the increase in quantity of goods produced.

### **Profit**

The profit for FY 2012 was ₹46.21 lacs compared to ₹73.81 lacs for FY 2011 an decrease of 37 % mainly due to increase in cost of production.

**An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:**

**1. Unusual or infrequent events or transactions**

There have been no events to the best of our knowledge, other than as described as above, which may be called “unusual” or “infrequent”.

**2. Significant economic changes that materially affected or are likely to affect income from continuing operations**

Government’s focus on textile industry shall have major bearing on the companies involved in textile industry. Any major changes in the policies of the Government may have significant impact on our profitability as applicable to automotive components industry.

**3. Known trends or uncertainties**

There are no known trends or uncertainties that have had or expected to have material adverse effect on revenue from operations except as described in chapter title ‘Material Developments’ beginning on page no. 109 of this Draft Letter of Offer

**4. Future changes in relationship between costs and income**

Our Company’s relationship between costs and income is largely dependent on the efficient sourcing strategy of raw material by the management and the overall demand and supply scenario of the polyester texturising yarn industry. Any change in industry dynamics may have impact on the financials.

**5. Status of any publicly announced new products or business segments**

There are no new products or business segments.

**6. Seasonality of Business**

The business in which our company is engaged is not seasonal.

**7. Any significant dependence on a single or few suppliers or customers**

During the financial year F.Y. 2013-14, 74.86% of the raw material was procured from Garden Silk Mills Ltd.

**8. Competitive Conditions**

We face competition in the textile industry from existing and potential competitors which is common for any business.

**MARKET PRICE INFORMATION**

The high, low and average market prices of the Equity Shares of face value of ₹ 1/- each during the preceding three years were recorded, as stated below:

BSE							
Fiscal Year	Date of High	High (₹)	Volume on date of High (No. of Shares)	Date of Low	Low (₹)	Volume on Date of low (No. of Shares)	Average (₹)
2014	October 30, 2014	3.50	322	May 09, 2014	0.90	1001	1.81
2013*	January 22, 2013	3.55	11,144	March 28, 2013	1.30	3100	1.95
2012	June 01, 2012	14.30	12,000	March 29, 2012	9.52	805	11.20

Source: [www.bseindia.com](http://www.bseindia.com)

\*Pursuant to scheme of arrangement of 2012, there was capital reduction and sub division of face value of equity shares from ₹ 10/- to ₹ 1/- . The trading with changed capital structure commenced in January 2013.

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of the Draft Letter of Offer is as stated below:

BSE							
Month	Date	High (₹)	Volume (No. of Shares)	Date	Low (₹)	Volume (No. of Shares)	Average (₹)
July 2014	July 02, 2014	2.04	14500	July 17, 2014	1.90	2798	1.97
August 2014	August 22, 2014	2.23	577	August 13, 2014	1.85	2919	2.00
September 2014	September 18, 2014	2.54	10742	September 29, 2014	1.89	200	2.09
October 2014	October 30, 2014	3.50	322	October 09, 2014	1.80	3100	2.69
November 2014	November 07, 2014	3.24	530	November 18, 2014	1.82	4200	2.32
December 2014	December 01, 2014	2.17	1200	December 26, 2014	1.85	1330	2.00

Source: [www.bseindia.com](http://www.bseindia.com)

**Notes**

- There have been no trading on Ahmedabad Stock Exchange for the above mentioned period. Further our scrip has been suspended on ASE from June 01, 2014 onwards.
- Average price is calculated on daily closing prices.
- In case of two days with the same closing price, the date with higher volume has been considered.

**Closing market price on the date of the Board resolution of approving the Issue**

The closing prices of Equity Shares as on October 20, 2014 (the trading day immediately following the day on which the Board resolution was passed approving the Rights Issue) on BSE was ₹ 2.80/-

## FINANCIAL INDEBTEDNESS

### *Secured Loans*

The secured loan details as certified by our statutory auditor Poladia & Co vide certificate dated November 27, 2014 is as under:

Name of the lender	Purpose of the loan	Amount sanctioned (in ₹ Lacs)	Amount outstanding as on September 30, 2014 (in ₹ Lacs)	Security	Repayment Date/ Schedule	Present rate of Interest (% per annum)
Janata Sahakari bank Ltd	To finance working capital	415.00	385.00	Hypothecation of Stocks & Book Debts and Hypothecation of Plant & Machinery of the Company in the business	On demand	13.50
	To finance the purchase of car	9.32	7.27	Hypothecation of Hyundai Verna Car	36 months	11.00

### *Unsecured Loans*

The unsecured loan details as certified by our statutory auditor Poladia & Co., Chartered Accountants vide certificate dated December 31, 2014 is as under:

Name of the lender	Purpose of the loan	Amount availed and outstanding on December 31, 2014 (in ₹Lacs)	Repayment Date/ Schedule	Rate of Interest (% per annum)
Everest Yarn Agency Private Limited	Finance the operations of Company	311.39	On demand	6%

## SECTION VII – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND DEFAULTS

*Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors and our Promoter and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of Preference Shares issued by our Company, default in creation of full security as per terms of issue/other liabilities, no amounts owed to small scale undertakings exceeding ₹ 1 lacs, which is outstanding for more than 30 days, no proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act, 1956) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoter and our Directors.*

#### **I. Proceeding involving our Company**

##### **a. Proceedings against/ by our Company - NIL**

##### **b. Notices received by our Company**

##### **1. Suspension Notice & Legal Notice from Ahmedabad Stock Exchange Limited**

Our Company is in receipt of communication dated 01/06/2014 from ASE intimating that the company has been suspended from ASE w.e.f. 01/06/2014. ASE also informed us that they have decided to levy ₹15 lacs as reinstatement fees in addition to pending listing fee. We have vide our letter dated 28/06/2014 replied to the said communication informing them that the company has already complied with Delisting of Securities Regulations by following the procedure mentioned therein. The shareholders of the company had passed a resolution for delisting of equity shares from ASE at the AGM held on 26/09/2003 and have submitted application for delisting in the prescribed form vide our letter dated 18/12/2003. Subsequent to the above communication our company followed with ASE vide various communications requesting ASE to delist equity shares of the company. Company received the communication from ASE in May 2013 in the nature of statutory notice directing the company to pay annual listing fee amounting to ₹1,67,069/-. Our company had replied to the same vide letter dated 21/05/2013 inviting their attention to the earlier pending correspondence in this regard. Subsequently company received a legal notice from one Sonali N. Antani, Advocate, Gujarat High Court dated 12/09/2014 on behalf of ASE requiring the company to comply with conditions of listing agreement and payment of pending listing fees of ₹1,58,034/-. Our company has once again suitably replied vide our letter dated 26/09/2014 narrating the course of events since 2003 confirming that our company is responsible to pay listing fees upto the year 2003 and not up to the year 2014 as demanded by ASE. While replying to the said notice our Company has also mentioned about our communication with ASE as no response from ASE since past several years as regards pending listing fees upto year 2003 and delisting application is received from them.

We hope that our Company receives an appropriate communication from ASE in this regard and equity shares of our company stand delisted from ASE as we are agreeable to pay the fees upto the year of our application for delisting in the year 2003

##### **2. Show cause cum demand notices from Central Excise**

- a) Our company has received a show cause notice bearing reference no. F. NO. INQ/DGAE/VRU/55/2000/534 dated February 1, 2001 issued by the Additional Director General ADGE, Mumbai in respect of evasion of excise duty by way of under valuation. Our Company filed an appeal before the Commissioner of Central Excise (Adjudication), Surat – II on June 6, 2002. The differential central excise duty under the said show cause notice amounts to ₹ 4,44,45,043/-.

Our Company has contested the notice and have responded vide letter dated June 06, 2002. The matter is still pending for adjudication.

- b) Our Company received a show cause cum demand notice bearing reference no. BSL/111/ESL/SCN/95/1359 dated December 26, 1995 issued by the Superintendent of Central Excise, Range II Valsad for ₹95,255/- in respect of the wrongfully availed credit on paper tube and oil which were not eligible for credit. Our Company filed an appeal on September 14, 1998 with the Commissioner (Appeals) against the order ref no. BLS/66/98 dated February 26, 1998 of the Assistant Commissioner of Central Excise, Valsad. The Commissioner (Appeals) vide its Order dated August 31, 2001 upheld the demand notice and levied a penalty of ₹2000/-. Subsequently, our Company filed an appeal with the Customs Excise & Gold (Control) Appellate Tribunal against the Order dated August 31, 2001 of the Commissioner (Appeals). The matter is still pending before the Appellate Tribunal.

*c. Notices issued by our Company - Nil*

## **II. Proceedings involving our Promoter**

*a. Proceedings against/ by our Promoter - NIL*

*b. Notices against/ issued by our Promoter - NIL*

## **III. Proceedings involving our Directors**

*a. Proceedings against/ by our Directors - NIL*

*b. Notices against/ issued by our Directors - NIL*

## **IV. Proceedings involving our Group Companies**

*a. Proceedings involving our Group Companies: Nil*

*b. Notices involving our Group Companies - NIL*

## **MATERIAL DEVELOPMENTS**

### **Material Developments since the last Audited Accounts**

Our operations maybe affected on account of downfall/volatility in crude oil prices resulting in volatility in raw material prices. This volatility in prices is likely to affect our margins and may also result in inventory /stock losses. Other than as mentioned above there are no circumstances have arisen since December 31, 2014 (i.e., the date of the last financial statement as disclosed in the Draft Letter of Offer) which are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months

## GOVERNMENT APPROVALS

Except as stated below, our Company has received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and to undertake the Issue and no further material approvals are required for carrying on our present activities. In addition, except as mentioned in this chapter “Government Approvals”, as on the date of the Draft Letter of Offer, there are no pending regulatory and government approvals and no pending material renewals of licenses or approvals in relation to the activities undertaken by the Company or in relation to the Issue.

### I. Approvals for the Issue

1. Board resolution dated October 18, 2014 approving the Issue;
2. In-principle approval from Stock Exchange dated [●];

### II. General

- Permanent Account Number of our Company is AAACE0860H
- Tax Identification Number 26000001191

### III. Approvals in relation to the business of our Company

Our Company requires various approvals and/or licences under various rules and regulations to conduct our business. Following are the business approvals with the Company:

Sl. No	Title of Document	Registration Number	Issuing Authority	Issuance & Validity Date
1.	Certificate of Importer-Exporter Code (IEC)	IEC No. 0393037029	Foreign Trade Development Officer, Office of Joint Director General of Foreign Trade	Issued on September 23, 2002
2.	Certificate of Registration for Sales Tax and Central Sales Tax	Sales Tax Registration No.: DNH/ST/1191  Central Sales Tax Registration No.: DNH/CST/1133	Assistant Commissioner, Sales Taxes, Dadra and Nagar Haveli, Silvassa	September 6, 1999 w.e.f. September 1, 1997
3.	Central Sales Tax Exemption	Certificate no ACVAT/EXEMPT/CST/2011/2705 Dated October 21, 2011	Assistant Commissioner (VAT), Dadra & Nagar Haveli Silvassa	Validity Period February 15, 2009 to December 31, 2017  Issued by subject to fulfillment of certain conditions mentioned on said certificate
4.	Service Tax	AAACE0860HST001	Superintendent Service Tax, Service Tax Commissionerate, Mumbai	Issued on March 28, 2009



Sl. No	Title of Document	Registration Number	Issuing Authority	Issuance & Validity Date
5.	Registration under the Bombay Shops and Establishments Act, 1948	Registration No.: A018732 / Commercial II.	Inspector under Bombay Shops and Establishments Act, 1948	Issued on January 8, 2013 Valid up to December 31, 2015
6.	Professional Tax - Certification of Registration under Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975	Professional Tax Registration No. 1/1/21/18/7944	Professional Tax Officer, Unit-I, A/B Ward, Bombay	Issued on August 16, 1996
7.	Registration and License to work a factory	License No. 965 Registration No. 965	Chief Inspector of Factories and Boilers, Administration of Dadra and Nagar Haveli, Silvassa	Renewed on December 26, 2013 Valid till December 31, 2015
8.	Allotment Code under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952	PF Code is SRVAP0031029000	Regional Provident Fund Commissioner, Sub-Regional Office, Surat	Issued on September 2, 1997
9.	Registration under Water (Prevention and Control of Pollution) Act, 1974	Applied	Pollution Control Committee	Have applied for renewal vide application dated December 23, 2014
10.	Registration under Air (Prevention and Control of Pollution) Act, 1981	Applied	Pollution Control Committee	Have applied for renewal vide application dated December 23, 2014

Our Company doesn't have Fire Safety Certificate/NOC from the local fire station. However, our company conducts periodic check for fire instruments from independent consultants. The risk attached with the non compliance of fire safety norms are appearing in the Risk Factor no.10 on page xi.

## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

This Issue of Equity Shares to the Equity Shareholders of our Company as on the Record Date is being made in accordance with the resolution passed by our Board of Directors at their meeting held on October 18, 2014.

### **Prohibition by SEBI and various agencies/ other regulatory bodies**

Our Company, our associates, our Promoters, our Promoter Group companies, or the companies with which the Directors are associated as directors or promoters, have not been prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

None of our Company, our associates, our Promoters or the members of the Promoter Group have been declared willful defaulters by the RBI or any Government authority and no violations of securities laws have been committed by them in the past and no proceedings in relation to such violations are currently pending against them.

None of our Directors are associated in any manner with any entity which is engaged in securities market related business and is registered with SEBI for the same.

None of our Directors hold current or have held directorship(s) in the last five years in a listed company whose shares have been or were suspended from trading on BSE or the NSE or in a listed company which has been / was delisted from any stock exchange.

We confirm that there are no proceedings initiated by SEBI, Stock Exchanges or ROC, etc on our Company/Promoters/Directors/Group Companies.

### ***Eligibility for the Issue***

Our Company is an existing listed company registered under the Companies Act whose equity shares are listed on BSE and ASE. It is eligible to make this Rights Issue in terms of Chapter IV of the SEBI Regulations.

Pursuant to clause (2) of part E of Schedule VIII of the SEBI Regulations, our Company is eligible to make an offer this Issue in terms of Part A of Schedule VIII of the SEBI Regulations

### **DISCLAIMER CLAUSE OF SEBI**

**AS REQUIRED, A COPY OF THE OFFER DOCUMENT HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED / CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS OFFER DOCUMENT. THE LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS**

EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 15, 2015 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATIONS LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
  - a) THE OFFER DOCUMENT FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
  - b) ALL THE LEGAL REQUIREMENTS TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - c) THE DISCLOSURES MADE IN THE OFFER DOCUMENT 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 COMPANIES ACT 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE AS THE ISSUE IS NOT UNDERWRITTEN.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE OFFER DOCUMENT WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE OFFER DOCUMENT. – NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD

**OF INDIA (ISSUES OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE OFFER DOCUMENT – NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE.**

- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE.**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "MAIN OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FORM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURHTER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE OFFER DOCUMENT THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.**
- 11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN THE ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE OFFER DOCUMENT:**
  - a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE ISSUER AND**

- b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO THE ADVERTISEMENT IN TERMS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE OFFER DOCUMENT WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY KEYNOTE CORPORATE SERVICES LIMITED’ AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR. - NOT APPLICABLE.
17. WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS - COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTION REPORTED, IN ACCORDANCE WITH AS-18 IN THE FINANCIAL STATEMENTS AND DISCLOSURES INCLUDING DRAFT LETTER OF OFFER

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

THE PROMOTER/ DIRECTORS OF OUR COMPANY CONFIRM THAT NO INFORMATION/ MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES OFFERED IN TERMS OF THE OFFER DOCUMENT HAS BEEN SUPPRESSED WITHHELD AND/ OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT/ MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPIRING AT ANY POINT IN TIME TILL ALLOTMENT/ REFUND AS THE CASE MAY BE, THAT ANY INFORMATION/ MATERIAL HAS BEEN UPRESSESSED/ WITHHELD AND/ OR AMOUNTS TO A MIS-STATEMENT/ MISREPRESENTATION, THE PROMOTERS/ DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 34 OF THE COMPANIES ACT, 2013.

#### **Caution**

Investors that apply in this Issue will be required to confirm and will be deemed to have represented to our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates and

representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares in the Issue.

#### **Disclaimer clauses from our Company and the Lead Manager**

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by our Company 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 etc. after filing of this Draft Letter of Offer with SEBI.

Investors who invest in this Issue will be deemed to have represented to our Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

#### **Disclaimer with respect to jurisdiction**

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

#### **Designated Stock Exchange**

The Designated Stock Exchange for the purpose of the Issue will be BSE.

#### **Disclaimer Clause of BSE**

BSE has given vide its letter no. [●] dated [●] permission to our Company to use BSE's name in this Draft Letter of Offer as one of the Stock Exchanges on which the Equity Shares are proposed to be listed. BSE has scrutinized the Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. BSE does not in any manner: (i) warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; or (ii) warrant that this Company's securities will be listed or will continue to be listed on BSE; or (iii) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that this Draft Letter of Offer has been cleared or approved by BSE. 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 BSE 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 ASE**

The ASE has given vide its letter no. [●] dated [●] permission to our Company to use ASE's name in this Draft Letter of Offer as one of the Stock Exchanges on which the Equity Shares are proposed to be listed. The ASE has scrutinized the Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. It is to be distinctly understood that the aforesaid permission given by ASE should not in any way be deemed or construed that the Draft Letter of Offer has been cleared or approved by ASE, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the ASE; nor does it take any responsibility for the financial or other soundness of our Company, the Promoters, its management or any scheme or project of our Company.

Every person who desires to apply for or otherwise acquire any securities of our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the ASE 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.

### **Filing**

The Draft Letter of Offer was filed with the Corporation Finance Department of the SEBI, located at Plot No. C 4-A , G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051, India for its observations.

### **Selling Restrictions**

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 into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue to the shareholders of our Company and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to shareholders who have provided an Indian address. The Abridged Letter of Offer, along with CAF, shall be dispatched through registered post or speed post to all the existing shareholders at least three days before the date of opening of the issue; Provided that, the Letter of Offer shall be given by our Company or Lead Manager to any existing shareholder who has made a specific request in this regard. 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 Letter of Offer has been filed with SEBI. Accordingly, the Equity Shares 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 legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Equity Shares, 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.

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. For further details, please see "Notice to Overseas Shareholders" on page v of this Letter of Offer.

### **Listing**

The existing equity shares of our Company are listed on BSE Ltd. ("BSE") and Ahmedabad Stock Exchange Limited ("ASE"). We shall apply for in-principle approval for listing of equity shares being issued in terms of this letter of offer from the Stock Exchange where equity shares of our company are listed. For the purposes of the Issue, the Designated Stock Exchange is BSE. We will apply to BSE and ASE for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to this Issue. If the listing and trading approvals for the Equity Shares to be issued pursuant to this Issue is not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer.

We will issue and dispatch Allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

If such allotment is not made or money is not repaid within eight days from the day we become liable to

repay it, we 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 pay the money with interest as prescribed under the applicable laws.

### Consents

Consents in writing of the Directors, the Auditor, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue and experts to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of the Draft Letter of Offer. Poladia & Co., Chartered Accountants, the Auditors of our Company, have given their written consent for the inclusion of their report in the form and content appearing in this Draft Letter of Offer and such consent and report have not been withdrawn up to the date of this Draft Letter of Offer.

### Expert Opinion

Other than reports of our Auditor in respect of the information in the section “Auditor’s Report” and “Statement of Tax Benefits” on page 75 and page 28, no expert opinion has been obtained by our Company in relation to the Issue.

### Issue Expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

Particulars	Approximate Amount (₹ in lacs)	As percentage of total expenses	As a percentage of Issue size
Fees of the Intermediaries	[•]	[•]	[•]
Advertising, Printing and stationery expenses (including courier and distribution charges)	[•]	[•]	[•]
Others (listing fees, depositories’ fees, auditor fees, out of pocket reimbursements, etc)	[•]	[•]	[•]
<b>Total</b>	[•]	[•]	[•]

### 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 letter issued by our Company to the Lead Manager entered into by our Company with the Lead Manager, copies of which are available for inspection at the registered office of our Company.

### Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue are set out in the engagement letter issued by our Company to the Registrar.

### Previous Issues by our Company

Our Company has not undertaken any public or rights issue during the last five years.

### Commission and Brokerage on Previous Issues

The Company has not made any Public / Rights Issue during last five years, hence any commission or brokerage has not been paid

### Outstanding Debentures/Bonds and Preference Shares

There are no outstanding debentures/ Bonds and preference shares as on the date of the Letter of Offer.



### **Previous Public Issues by group companies/ Subsidiaries**

None of our group companies have made any public or rights issue in the past three years. However, one of our present group company namely, Vakharia Power Infrastructure Limited was directly listed on BSE pursuant to scheme of arrangement by our company duly approved by Hon High Court of Bombay vide its order dated September 14, 2012. The securities of VPIL were listed and permitted for trading on the BSE with effect from October 28, 2013. The details of the scheme of arrangement are appearing on page 52. Further, as on the date of this Draft Letter of Offer, we do not have any subsidiary company.

### **Previous issue of Equity Shares for consideration other than cash**

Our Company has not made any issue of Equity Shares for consideration other than cash

### **Investor Grievances and Redressal System**

We have adequate arrangements for redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement as well as a well-arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for our Company is being handled by the Registrar and Share Transfer Agent, Sharex Dynamic (India) Pvt. Ltd.. The Redressal norm for response time for all correspondence including shareholders complaints is within 7 (seven) to 10 (ten) days.

The Shareholders/Investors Grievances Committee consists of Mr. Dinesh P. Turakhia as Chairman and Mr. Jitendra K. Vakharia and Mr. Kamlesh C.Sanghavi as members of the said committee. All investor grievances received by our Company have been handled by the Registrar and Share Transfer agent in consultation with the compliance officer.

The contact details of the Registrar and Share Transfer agent to the company are as follows:

#### **Sharex Dynamic (India) Pvt. Ltd**

Unit -1, Luthra Ind. Premises, Safed Pool,  
Andheri-Kurla Road, Andheri (E),  
Mumbai – 400 072

**Tel:** +91-22-28515606/5644

**Fax:** +91-22-28512885

**E-mail:** sharexindia@vsnl.com

**Website:** www.sharexindia.com

**Contact Person:** Mr. K.C. Ajitkumar

**SEBI Registration Number:** INR000002102

### **Investor grievances arising out of this Issue**

Our Company's investor grievances arising out of the Issue will be handled by Sharex Dynamic (India) Private Limited, who is the 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 Allotment Advice/ share certificate / 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 id 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 7-10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved,

it would be the endeavor 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 at the below mentioned address and/ or Registrar to the Issue at the above mentioned address in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice/share certificates/ demat credit/refund orders etc.

Additionally, we have been registered with the SEBI Complaints Redress System (“SCORES”) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website [www.scores.gov.in](http://www.scores.gov.in)

**Mr. Subodh L. More**

**Everlon Synthetics Limited**

67 Regent Chambers,  
Nariman Point, Mumbai – 400 021  
Maharashtra, India

**Tel:** +91 22049233/2204 2788;

**Fax:** +91 2287 0540

**Website:** [www.everlon.in](http://www.everlon.in)

E-mail: [rightsissue@everlon.in](mailto:rightsissue@everlon.in)

**Status of Complaints**

- a. Total number of complaints received during Fiscal 2012: Nil
- b. Total number of complaints received during Fiscal 2013: Nil
- c. Total number of complaints received during Fiscal 2014: Nil
- d. Average Time normally taken for disposal of various types of investor complaints: 7-10 days from the date of receipt of complaints.

Our listed group company, VPIL, has not received any investor complaint till date from the date of listing on BSE.

**Status of outstanding investor complaints**

As on December 31, 2014, there were no outstanding investor complaints.

**Changes in the Auditors during the last three years**

There has been no change in the statutory auditor of our company in last three years.

**Capitalization of Reserves or Profits / Issuance of Equity Shares for consideration other than cash**

Our Company has not capitalized any of its reserves or profits / issued shares for consideration other than cash.

**Revaluation of Fixed Assets**

There has been no revaluation of our Company's fixed assets in the last five years.

**Performance vis-à-vis Objects**

Our Company has not undertaken any public/ rights issue during the period of ten years immediately preceding the date of filing this Letter of Offer. The last public issue was undertaken in the year 1994.

**Performance vis-à-vis Objects – Last one issue of group companies/ Associates**

Vakharia Power Infrastructure Limited was directly listed on BSE pursuant to scheme of arrangement by our company duly approved by Hon High Court of Bombay vide its order dated September 14, 2012. The securities of VPIL were listed and permitted for trading on the BSE with effect from October 28, 2013. The details of the scheme of arrangement are appearing on page 52.

**Stock market data for Equity Shares**

For stock market data please see section titled “Market Price Information” on page 105 of this Letter of Offer.

## SECTION VIII - OFFERING INFORMATION

### TERMS OF THE ISSUE

The Equity Shares proposed to be issued are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer and the enclosed CAF, the MoA and AoA of our Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, as amended, applicable guidelines and regulations issued by SEBI, or other statutory authorities and bodies from time to time, the Listing Agreements entered into by our Company, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time. **All rights/obligations of Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.**

**Please note that equity shareholders being QIBs and Non-Institutional Investors, can participate in this Issue only through ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process.**

**All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities / centers where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available.**

**ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please refer to “Procedure for Application through the Applications Supported by Blocked Amount Process” on page 132.**

#### **Basis for the Issue**

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of this Rights Issue in respect of the equity shares held in the electronic 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, fixed in consultation with the Designated Stock Exchange.

#### **Rights Entitlement**

As your name appears as a beneficial owner in respect of the equity shares held in the electronic form or appears in the register of members as an Equity Shareholder of our Company as on the Record Date, i.e. [●], you are entitled to the number of Equity Shares as set out in Part A of the enclosed CAFs.

**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. The Company is making the issue of Equity Shares on a rights basis to the Equity Shareholders and the Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements 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 and in other restricted jurisdictions.**

#### **Principal Terms of this Issue**

##### ***Face Value***

Each Equity Share will have the face value of ₹ 1.

### ***Issue Price***

Each Equity Share shall be offered at an Issue Price of ₹ [●] for cash at a premium of ₹ [●] per Equity Share. The Issue Price has been arrived at after consultation between our Company and the Lead Manager.

### ***Entitlement Ratio***

The Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of [●] Equity Shares for every [●] equity shares held on the Record Date i.e., [●].

### ***Terms of Payment***

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

### ***Fractional Entitlements***

Fractional entitlement if any will be rounded off to the next higher integer and the share required for the same will be adjusted from one of the promoter's entitlement.

### ***Ranking***

The Equity Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares shall rank *pari passu*, in all respects including dividend, with our existing equity shares.

### ***Mode of payment of dividend***

In the event of declaration of dividends, we shall pay dividends to equity shareholders as per the provisions of the Companies Act and the provisions of our Articles of Association.

### ***Listing and trading of Equity Shares proposed to be issued***

Our Company's existing equity shares are currently listed and traded on BSE (Scrip Code: 514358) and the ASE (Scrip Code – 16730) under the ISIN INE339D01026. The fully paid up Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges under the existing ISIN for fully paid up Equity Shares of our Company.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule. Upon Allotment, the Equity Shares shall be traded on Stock Exchanges in the demat segment only.

We have received "in-principle" approvals for the listing of the Equity Shares to be issued pursuant to the Issue in accordance with Clause 24(a) of the Listing Agreement from BSE and ASE pursuant to letters, both, dated [●] & [●] respectively. We will apply to BSE and ASE for final approval for the listing and trading of the Equity Shares. All steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares to be allotted pursuant to the Issue shall be taken as per the regulatory requirement.

If permissions to list, deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable law.

### ***Rights of the Equity Shareholder***

Subject to applicable laws, the Equity Shareholders of our Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum of Association and Articles of Association.

### **Arrangements for Disposal of Odd Lots**

Our Company has not made any arrangements for the disposal of odd lot Equity Shares arising out of this Issue. The Company will issue certificates of denomination equal to the number of Equity Shares being allotted to the Equity Shareholder.

### **Restrictions on transfer and transmission of shares and on their consolidation/ splitting**

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

### **General Terms of the Issue**

#### ***Market Lot***

The market lot for the Equity Shares in dematerialised mode is one Equity Share. In case an Equity Shareholder holds equity shares in physical form, we would issue to the allottees one certificate for the Equity Shares allotted to each folio ("**Consolidated Certificate**") and in case an Equity Shareholder seeks allotment in demat form (whether existing equity shares being held in demat or physical form) and provides all relevant and correct details we would allot him in demat form. In respect of Consolidated Certificates, we will upon receipt of a request from the respective Equity Shareholders, split such Consolidated Certificates into smaller denominations within one week's time from the receipt of the request in respect thereof, subject to a maximum of five denominations. We shall not charge a fee for splitting any of the Consolidated Certificates.

#### ***Joint Holders***

Where two or more persons are registered as the holders of any equity shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association.

#### ***Nomination***

In terms of Section 72 of the Companies Act, 2013 nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the 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 Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of the Company or such other person at such addresses as may be notified by the Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013 any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares 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 Depository Participant (“DP”) of the investor would prevail. Any investor desirous of changing the existing nomination is requested to inform its respective DP.**

#### *Notices*

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation in Marathi daily and/or, will be sent by ordinary post/registered post/speed post to the registered holders of the equity shares from time to time.

#### *Additional Subscription by the Promoters*

Our Promoter/ Promoter Group, either jointly or severally, intend to subscribe to their Rights Entitlement in this Issue, in full, subject to the terms of this Letter of Offer and applicable laws. Subject to compliance with applicable laws including the Takeover Code, the Promoter/ Promoter Group, either jointly or severally, reserve the right to subscribe for (1) additional Equity Shares of our Company and/or (2) the unsubscribed portion if any, to the extent that the holding of Promoter/Promoter Group does not exceed 75% of the post Issue paid up capital of our Company. Mr. Jitendra K. Vakharia has provided an undertaking dated January 08, 2015 to this effect.

As a result of the subscription, our Promoter/Promoter Group may acquire Equity Shares over and above their respective entitlements in this Issue, which may result in an increase of their shareholding above the current shareholding along with the Rights Entitlement. Such subscription and acquisition of additional Equity Shares by our Promoter / Promoter Group through the Issue, if any, shall be made in accordance with applicable laws. Further, such acquisition is exempted from the obligation to make an open offer as the conditions prescribed in Regulation 10(4) (b) of the Takeover Code are duly complied with.

For further details, please refer to “Terms of the Issue - Basis of Allotment” on page 132.

#### *Procedure for Application*

The CAF for Equity Shares would be printed in black ink for all Equity Shareholders. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrars to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with our Company, the application is liable to

be rejected.

Please note that neither the Company nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit.

**Please also note that 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) Regulations, 2003. Any Equity Shareholders being an OCB is required to obtain prior approval from RBI for applying in this Issue.**

**The CAF consists of four parts:**

Part A: Form for accepting the Rights Equity Shares and for applying for additional Rights Equity Shares;

Part B: Form for renunciation;

Part C: Form for application by renouncee(s);

Part D: Form for request for Split Application Forms.

***Acceptance of the Issue***

You may accept the offer to participate and apply for the Equity Shares offered, either in full or in part, by filling Part A of the enclosed CAFs and submit the same along with the application money payable to the Banker to the Issue or any of the collection branches as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard. Investors at centres not covered by the branches of collecting banks can send their CAFs together with the cheque drawn at par on a local bank at Mumbai/ demand draft payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see “Mode of Payment for Resident Equity Shareholders/Investors” and “Mode of Payment for Non-Resident Equity Shareholders/Investors” on pages 148 of this Letter of Offer.

***Option available to the Equity Shareholders***

The CAFs will clearly indicate the number of Equity Shares that the Shareholder is entitled to.

If the Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement of Equity Shares in part;
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares (by requesting for split forms);
- Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement in full.

***Additional Equity Shares***

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “Basis of Allotment” on page 132 of this Letter of Offer.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the



Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

### ***Renunciation***

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. 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 (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favor of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

### ***Renunciation by OCBs***

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of our Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

**The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such renouncee obtains a prior approval from the RBI. On submission of such approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.**

### ***Renunciation by non-resident shareholders***

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, without which the CAF shall be rejected on technical grounds. For further details please refer to “Grounds for Technical Rejection under ASBA Investors” and “Grounds for Technical Rejection for non- ASBA Investors” on page 138 and on page 146 respectively.

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for 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 an Equity Shareholder in favour of one Renouncee***

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign this part of the CAF.

#### ***To renounce in part/or renounce the whole to more than one person(s)***

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not match 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 CAF and submit the entire CAF to the Banker to the Issue on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

#### ***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 the Board of Directors of our Company shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

### **Instructions for Options**

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:

<b>Option Available</b>	<b>Action Required</b>
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A ( <i>All joint holders must sign</i> )
2. Accept your Rights 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 ( <i>All joint holders must sign</i> )
3. Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s)	Fill in and sign Part D ( <i>all joint holders must sign</i> ) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once.
OR	
<b>Renounce your Rights Entitlement to</b>	<b>On receipt of the SAF take action as indicated below.</b>

Option Available	Action Required
<b>all the Equity Shares offered to you to more than one Renouncee</b>	For the Equity Shares you wish to accept, if any, fill in and sign Part A.  For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncees should fill in and sign Part C for the Equity Shares accepted by them.
4. Renounce your Rights Entitlement in full to one person ( <i>Joint Renouncees are considered as one</i> ).	Fill in and sign Part B ( <i>all joint holders must sign</i> ) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C ( <i>All joint Renouncees must sign</i> )
5. 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 Renouncee must fill in and sign Part C.

**Please note that the options 3 and 4 mentioned in the above table will not be available to the shareholders applying through ASBA process.**

**In case of equity shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of equity shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.**

**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 for Split Application Forms/SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof and one SAF for the balance Equity Shares, if any.
- Request by the Investor for the SAFs should reach the Registrar on or before Friday, October 11, 2013.
- Only the Equity Shareholder to whom this Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor (s) by post at the applicant's risk.
- Equity Shareholders may not renounce in favour of persons or entities in the United States, who are not Qualified Institutional Buyers (as defined the US Securities Act), or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Equity Shares in Part 'C' of the CAF to receive Allotment of such Equity Shares.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us or the Depositories.
- Non-resident Equity Shareholders: Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares allotted as a part of this Issue shall, amongst other things, be subject to conditions, as may be imposed from time to time by the RBI 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 Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

- Applicants must write their CAF number at the back of the cheque / demand draft.

#### **Availability of duplicate CAF**

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within eight days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he / she shall face the risk of rejection of both the applications.

Neither the Registrar nor the Lead Managers or us, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

#### **Application on Plain Paper – non ASBA**

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 demand draft, net of bank and postal charges payable at Mumbai which should be drawn in favour of the “[●]” in case of the resident shareholders and non-resident shareholders applying on non-repatriable basis and in favor of “[●]” in case of the non-resident shareholders applying on repatriable basis and send the same by registered/ speed post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date.

Furthermore, Equity Shareholders have an option to print application on plain paper from the website of the Registrar to the Issue, i.e. [www.sharexindia.com](http://www.sharexindia.com), by providing his/ her folio. no. / DP ID/ Client ID in order to enable the Equity Shareholder to apply for the Issue. Further, they also can make an application on plain paper giving necessary details as given below.

The envelope should be superscribed “[●]” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis and “[●]” in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the Investors including joint holders, in the same order 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 Everlon Synthetics Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share;
- Particulars of cheque/draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint

- names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- Share certificate numbers and distinctive numbers of equity shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in our records or the Depositories' records
- In case of Non Resident Equity Shareholders, NRE/ FCNR/ NRO A/c No. name and address of the bank and branch;
- If payment is made by a draft purchased from an NRE/ FCNR/ NRO A/c No., as the case may be, an Account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/FCNR/ NRO A/c; and
- Additionally, all such applicants are deemed to have accepted the following:

*"I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that none of our Company, the Registrar, the Lead Manager or any other 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, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States.*

*I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.*

*I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.*

*I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.*

*I/We acknowledge that our Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."*

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor.

#### ***Last date for Application***

The last date for submission of the duly filled in CAF is [●].

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the invitation to offer contained in the Letter of Offer/ Abridged Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided in the Basis of Allotment” referred below.

#### ***Basis of Allotment***

Subject to the provisions contained in the Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board 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, in full or in part.
- b) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of equity shares held by them on the Record Date, provided there is an under-subscribed portion after making full Allotment in (a) above. The Allotment of such Equity Shares will be at the sole discretion of the Board / Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

Fractional entitlement if any will be rounded off to the next higher integer and the share required for the same will be adjusted from one of the promoter’s entitlement.

- c) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment.
- d) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full Allotment under (a), (b) and (c) above.

#### **Underwriting**

This Issue is not underwritten and our Company has not entered into any underwriting arrangements.

#### **PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (“ASBA”) PROCESS**

Please note in accordance with the provisions of SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process. For further details please refer to “Grounds for Technical Rejection for ASBA Investors” on page 138.

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up, specifying the number of the bank account maintained with the Self Certified Syndicate Bank (“SCSB”) in

**which the Application Money will be blocked by the SCSB.**

**The Lead Manager, the Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.**

The list of banks who have been notified by SEBI to act as SCSBs for the ASBA Process is provided on [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1365051213899.html](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html). For details on designated branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

**In terms of SEBI circulars dated September 13, 2012 and January 2, 2013, SCSBs should ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.**

#### ***ASBA Investors who are eligible to apply under the ASBA Process***

An ASBA Investor is an investor (either Equity Shareholder or Renouncee) who is intending to subscribe the Equity Shares of our Company under this Issue applying through blocking of funds in a bank account maintained with SCSBs.

All QIBs and Non-Institutional Investors, complying with the above conditions, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process.

#### **CAF**

The Registrar will despatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A and Part C of the CAF respectively. Application in electronic mode will only be available with such SCSBs who provide such facility. The Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

#### **Acceptance of the Issue**

You may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

#### **Mode of payment**

The ASBA Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by our Company as per the provisions of section 40(3) of the Companies Act. The balance amount remaining after the finalisation of the basis of Allotment shall be either unblocked by the SCSBs or refunded to the Investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

### **Options available to the ASBA Investors applying under the ASBA Process**

The summary of options available to the ASBA Investors is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

<b>Option Available</b>	<b>Action Required</b>
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF ( <i>All joint holders must sign</i> )
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares ( <i>All joint holders must sign</i> )

**The ASBA Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Equity Shareholder have selected to apply through the ASBA process option.**

**Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process.**

### **Additional Equity Shares**

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled to, provided that you are eligible to apply for Equity Shares under applicable law and you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "Terms of the Issue - Basis of Allotment" on page 132.

If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.



## Renunciation under the ASBA Process

Renouncees are eligible to participate in this Issue through the ASBA Process.

### Application on Plain Paper - ASBA

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper.

Furthermore, Equity Shareholders have an option to print application on plain paper from the website of the Registrar to the Issue, i.e. [www.sharexindia.com](http://www.sharexindia.com) by providing his/ her folio. no. / DP ID/ Client ID in order to enable the Equity Shareholder to apply for the Issue. Further, they also can make an application on plain paper giving necessary details as given below.

The envelope should be superscribed “[●]” and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with our Company, must reach the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Everlon Synthetics Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of equity shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount to be blocked at the rate of ₹ 17/- per Equity Share; and
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/ FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Additionally, all such applicants are deemed to have accepted the following:

*“I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. I/we understand that none of our Company, the Registrar, the Lead Manager or any other 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, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States or other restricted jurisdiction.*

*I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by*

*the jurisdiction of our residence.*

*I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.*

*I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.*

*I/We acknowledge that our Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”*

#### **Option to receive Equity Shares in Dematerialized Form**

**EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD OR THE DETAILS OF THE DEPOSITORY ACCOUNT AS MENTIONED BY RENOUNCEE(S) IN THE APPLICATION FORM.**

#### **Issuance of Intimation Letters**

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in this Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA Application;
- The amount to be transferred from the ASBA Account to the separate bank account opened by the Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

#### **General instructions for Equity Shareholders applying under the ASBA Process**

- (a) Please read the instructions printed on the CAF carefully.
- (b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF must be filled in English.
- (c) The CAF/plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Banker to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.
- (d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended credit” and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.**
- (e) All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid

thereon.

- (f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company/or Depositories.
- (g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- (h) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.
- (i) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.
- (j) ASBA Investors who intend to subscribe the Equity Shares of our Company under this Issue shall be eligible to participate under the ASBA Process.
- (k) All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities / centres where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available.
- (l) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading “Application on Plain Paper - ASBA” on page 135.
- (m) **In terms of SEBI circulars dated September 13, 2012 and January 2, 2013, SCSBs should ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.**

***Do's:***

- a. Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- b. Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- c. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- d. Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- e. Ensure that the CAFs are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.
- f. Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the bank account maintained

with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

- g. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.
- h. Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- i. Except for CAFs submitted on behalf of the Central or State Government and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.
- j. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- k. Ensure that the demographic details are updated, true and correct, in all respects.

***Don'ts:***

- a. Do not apply if you are not eligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- b. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- c. Do not pay the amount payable on application in cash, by money order or by postal order.
- d. Do not send your physical CAFs to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- e. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- f. Do not apply if the ASBA account has been used for five applicants.
- g. Do not apply through the ASBA Process if you are not an ASBA Investor.
- h. Do not instruct your respective banks to release the funds blocked under the ASBA Process.

**Grounds for Technical Rejection for ASBA Investors**

In addition to the grounds listed under “Grounds for Technical Rejection for non-ASBA Investors” on page 146 of this Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:

- a) Application on a SAF (unless all the SAFs are used by the original shareholder).
- b) Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialized form).
- c) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- d) Sending CAF to a Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is

not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.

- e) Insufficient funds are available with the SCSB for blocking the amount.
- f) Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- g) Account holder not signing the CAF or declaration mentioned therein.
- h) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- i) CAFs which have evidence of being executed in/dispatched from restricted jurisdiction.
- j) Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- k) Submission of more than five CAFs per ASBA Account.
- l) Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- m) Submitting the GIR instead of the PAN.
- n) An Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- o) The Application by an Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 200,000 but has applied separately through split CAFs of less than ₹ 200,000 each and has not done so through the ASBA process.
- p) Applications by SCSBs not complying with the SEBI circulars dated September 13, 2012 and January 2, 2013, whereby SCSBs need to ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account should be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

#### **Depository account and bank details for Equity Shareholders applying under the ASBA Process**

**IT IS MANDATORY FOR ALL THE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.**

**Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Equity Shareholders**

**applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.**

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by the Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account linked to the DP ID. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.**

**Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such applications are liable to be rejected.

#### **Issue Schedule**

<b>Issue Opening Date:</b>	<input type="text"/>
<b>Last date for receiving requests for SAFs:</b>	<input type="text"/>
<b>Issue Closing Date:</b>	<input type="text"/>

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

#### **Allotment Advices / Refund Orders**

Our Company will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service (“NECS”) except where Investors have not provided the details required to send electronic refunds or where the investors are otherwise disclosed as applicable or eligible to get refunds through direct credit and real-time gross settlement (“RTGS”).

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted and are entitled to receive their Rights Entitlement in physical form, our Company will issue share certificates under Section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged

later for the share certificates.

The letter of allotment / refund order would be sent by registered post/ speed post to the sole/ first Investors registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

### ***Payment of Refund***

#### ***Mode of making refunds***

The payment of refund, if any, would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for Investors having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories/the records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the registrar to our Company or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
3. Direct Credit – Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
4. RTGS – If the refund amount exceeds ₹ 2 lacs, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
5. For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
6. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and are permitted by the SEBI from time to time.

#### ***Refund payment to Non- resident***

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian Rupees based on the U.S. dollars equivalent which ought to be refunded. Indian Rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were

provided in the CAF.

### **Printing of Bank Particulars on Refund Orders**

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

### ***Allotment advice / Share Certificates/ Demat Credit***

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the relative share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

### ***Option to receive Equity Shares in Dematerialized Form***

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. The Company has signed a tripartite agreement with NSDL on May 30, 2001 and with CDSL on April 24, 2001 which enables the Investors to hold and trade equity shares in a dematerialized form, instead of holding the equity shares in the form of physical certificates.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made.

### **INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered 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 registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*
- For Equity Shareholders already holding equity shares 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 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 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 our records.



- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.
- If incomplete/ incorrect beneficiary account details are given in the CAF, then such shares will be credited to a demat suspense a/c which shall be opened by the Company as specified in the SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009.
- 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. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Rights Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

#### **General instructions for non-ASBA Investors**

- (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 – non ASBA" on page 130 of this Letter of Offer 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 the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

The CAF together with the cheque/demand draft should be sent to the Banker to the Issue/Collecting Bank or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

**Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected.**

- (c) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the I.T. Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- (d) Investors, holding equity shares in physical form, are advised that it is mandatory to provide

information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

- (e) All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.
- (g) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and 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 Banker to the Issue.
- (h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- (i) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of 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 NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- (j) 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 Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to the Registrar and Transfer Agents of our Company, 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.
- (k) SAFs cannot be re-split.
- (l) Only the Equity Shareholder(s) and not Renouncee(s) shall be entitled to obtain SAFs.
- (m) Investors must write their CAF number at the back of the cheque /demand draft.
- (n) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF

where the application is to be submitted.

- (o) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected.
- (p) No receipt will be issued for application money received. The Banker to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- (q) The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.

***Do's for non-ASBA Investors:***

- a. Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- b. Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;
- c. In the event you hold equity shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;
- d. Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- e. Ensure that the CAFs are submitted at the collection centres of the Banker to the Issue only on prescribed forms;
- f. Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;
- g. Ensure that you receive an acknowledgement from the collection centers of the collection bank for your submission of the CAF in physical form;
- h. Ensure that you mention your PAN allotted under the I.T. Act with the Application Form, except for Application on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- i. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- j. Ensure that the demographic details are updated, true and correct, in all respects.

***Don'ts for non-ASBA Investors:***

- a. Do not apply if you are not eligible to participate in this Issue in terms of the securities laws applicable to your jurisdiction;
- b. Do not apply on duplicate CAF after you have submitted a CAF to a collection center of the collection bank;

- c. Do not pay the amount payable on application in cash, by money order or by postal order;
- d. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- e. Do not submit Application accompanied with Stock invest;

#### **Grounds for Technical Rejections for non-ASBA Investors**

Investors are advised to note that applications may be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Age of Investor(s) not given (in case of Renouncees);
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialized form).
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs by OCBs without specific RBI approval;
- CAFs accompanied by outstation cheques / post-dated cheques / money order / postal order / outstation demand draft;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws);
- CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- QIBs and other Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹ 2,00,000 who hold equity shares in dematerialised form, applying through the non-ASBA process.
- Equity Shareholders not being individuals or HUFs applying for Equity Shares in this Issue for a value not exceeding ₹ 2,00,000, who hold equity shares in dematerialised form, applying through the non-ASBA process.
- The application by an Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 2,00,000 but has applied separately through split CAFs of less than ₹ 2,00,000 and has not done so through the ASBA process.

Please read the Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of

the provisions contained in the Letter of Offer or the CAF.

**Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process.**

### **Investment by FIIs**

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

No single FII can hold more than 10% of our Company's post-Issue paid-up share capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each subaccount shall not exceed 5% of the total paid-up share capital of our Company, in case such sub-account is a foreign corporate or an individual.

Applications will not be accepted from FIIs in restricted jurisdictions.

### **Investment by NRIs**

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from FIIs in restricted jurisdictions.

### **Procedure for Applications by Mutual Funds**

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

### **Procedure for Applications by AIFs, FVCIs and VCFs**

The SEBI (Venture Capital Funds) Regulations, 1996, as amended ("SEBI VCF Regulations") and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended ("SEBI FVCI Regulations") prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 ("SEBI AIF Regulations") prescribe, amongst other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

**Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centers where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.**

### **Investment by QFIs**

In terms of circulars dated January 13, 2012, SEBI and RBI have permitted investment by QFIs in Indian equity issues, including in rights issues. A QFI can invest in this Issue through its depository participant

with whom it has opened a demat account. No single QFI can hold more than 5% of the paid up equity capital of our Company at any point of time. Further, the aggregate shareholding of all QFIs shall not exceed 10% of the paid up equity capital of the Company at any point of time.

Applications will not be accepted from QFIs in restricted jurisdictions.

**QFI applicants having bank accounts with SCSBs that are providing ASBA in cities / centers where such Investors are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection.**

#### **Mode of payment for Resident Equity Shareholders/ Investors**

- All cheques / drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed 'A/c Payee only' and marked "[●]";

Investors 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 CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Banker to the Issue, crossed 'A/c Payee only' and marked "[●]" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager or the Registrar. Applicants are requested to strictly adhere to these instructions.

#### **Mode of payment for Non-Resident Equity Shareholders/ Investors**

As regards the application by non-resident Equity Shareholders, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can obtain application forms from the following address:

**Sharex Dynamic (India) Pvt. Ltd**  
Unit -1, Luthra Ind. Premises, Safed Pool,  
Andheri-Kurla Road, Andheri (E),  
Mumbai – 400 072  
**Tel:** +91-22-28515606/5644  
**Fax:** +91-22-28512885  
**E-mail:** sharexindia@vsnl.com  
**Website:** www.sharexindia.com  
**Contact Person:** Mr K.C.Ajitkumar  
**SEBI Registration Number:** INR000002102

*Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.*

- All non-resident Investors should draw the cheques/ demand drafts in favour of "[●]", crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/ collection centres or to the Registrar to the Issue.
- Non-resident Investors applying from places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with demand draft for the full application amount, net of bank and postal charges drawn in favour of Banker to the Issue, crossed "A/c Payee only" and marked "[●]" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The

Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made by demand draft payable at Mumbai/cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

*Application with repatriation benefits*

- By Indian Rupee drafts purchased from abroad and payable at Mumbai 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 India; or
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai; or FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- Non-resident investors applying with repatriation benefits should draw cheques/drafts in favour of '[●]' and must be crossed 'account payee only' for the full application amount, net of bank and postal charges.
- FIIs registered with SEBI must remit funds from special non-resident rupee deposit account; or
- Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- In the case of NRI Investors 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 NRI Investors who remit their application money through Indian Rupee drafts from abroad, refunds and other disbursements, if any, will be made in U.S 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 U.S. Dollar or for collection charges charged by the Investor's bankers.
- Payments through NRO accounts will not be permitted.

Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

*Application without repatriation benefits*

- As far as non-residents holding equity shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of '[●]' and must be crossed 'account payee only' for the full application amount, net of bank

and postal charges. The CAFs duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

- Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.

**Notes:**

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.
- In case Equity Shares are allotted on a 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 CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

**Impersonation**

**As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:**

*“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a Company in different names or in different combinations of his name or surname for acquiring or subscribing its securities; or otherwise induces directly or indirectly a Company to allot, or register any transfer of securities to him, or any other person in a fictitious name, shall be liable for action under Section 447.*

**Disposal of application and application money**

No acknowledgment will be issued for the application moneys received by our Company. However, the Banker to the Issue / Registrar to the Issue / SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date.

If such money is not repaid within eight days from the day our Company becomes liable to repay it, 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 applicable laws.

For further instructions, please read the CAF carefully.

### **Utilisation of Issue Proceeds**

The Board of Directors declares that:

- i. All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 40 of the Companies Act;
- ii. Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- iii. Details of all unutilized monies 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 unutilized monies have been invested; and
- iv. The Company may utilize the funds collected in this Issue only after finalization of Basis of Allotment and the listing and trading approvals are received for the Rights Equity Shares.

### **Undertakings by our Company**

Our Company undertakes the following:

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 are to be listed will be taken within seven working days of finalization of basis of Allotment.
3. The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by our Company.
4. The Company undertakes that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the basis of Allotment.
6. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.
7. No further issue of securities affecting equity capital of the Company shall be made till the securities issued/offered through the Letter of Offer Issue are listed or till the application monies are refunded on account of non-listing, under-subscription etc.
8. At any given time there shall be only one denomination of equity shares of our Company.
9. Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
10. All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any

manner whatsoever including at road shows, presentations, in research or sales reports etc.

11. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
12. Our Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.

### **Minimum Subscription**

(A) If our Company does not receive the minimum subscription of ninety per cent of the issue, the entire subscription shall be refunded to the applicants within fifteen days from the date of closure of the issue.

(B) If there is delay in the refund of subscription by more than 8 days after the issue becomes liable to pay the subscription amount (i.e. fifteen days after closure of the issue), our Company will pay interest for the delayed period, at rates prescribed under Companies Act.

Our Promoter/ Promoter Group, either jointly or severally, intend to subscribe to their Rights Entitlement in this Issue, in full, subject to the terms of this Letter of Offer and applicable laws. Subject to compliance with applicable laws including the Takeover Code, the Promoter/ Promoter Group, either jointly or severally, reserve the right to subscribe for (1) additional Equity Shares of our Company and/or (2) the unsubscribed portion if any, to the extent that the holding of Promoter/Promoter Group does not exceed 75% of the post Issue paid up capital of our Company. Mr. Jitendra K. Vakharia, the promoter of our company has provided an undertaking dated January 08, 2015

As a result of the subscription, our Promoter/Promoter Group may acquire Equity Shares over and above their respective entitlements in this Issue, which may result in an increase of their shareholding above the current shareholding along with the Rights Entitlement. Such subscription and acquisition of additional Equity Shares by our Promoter / Promoter Group through the Issue, if any, shall be made in accordance with applicable laws. Further, such acquisition is exempted from the obligation to make an open offer as the conditions prescribed in Regulation 10(4)(b) of the Takeover Code are duly complied with.

### **Important**

- Please read the 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 SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed '[●]' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

#### **Sharex Dynamic (India) Pvt. Ltd**

Unit -1, Luthra Ind. Premises, Safed Pool,

Andheri-Kurla Road, Andheri (E),

Mumbai – 400 072

Tel: +91-22-28515606/5644

Fax: +91-22-28512885

E-mail: sharexindia@vsnl.com

Website: www.sharexindia.com

Contact Person: Mr. K.C. Ajitkumar

SEBI Registration Number: INR000002102

The Issue will remain open for minimum 15 days However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

## SECTION IX – STATUTORY AND OTHER INFORMATION

### **Option to subscribe**

Other than the present Issue, and except as disclosed in the section “Terms of the Issue” on page 122 of this Letter of Offer, our Company has not given any person any option to subscribe to the Equity Shares.

The Investors shall have an option to get the Equity Shares offered in this Issue in physical or dematerialized form.

## ARTICLES OF ASSOCIATION

### Amount of Capital

3. \*\* The Authorised Share Capital of the company is ₹10,00,00,000 (Ten Crores) divided into 10,00,00,000 (Rupees Ten Crores) Equity Shares of ₹1/- (Rupees one Only) Each  
\*\*(Above clause was inserted wide Special Resolution passed by members on 21<sup>st</sup> August 2014.

### Increase in Capital

4. The Company in General Meeting may, from time to time by an ordinary Resolution increase the capital by the creation of new shares, the increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, 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 of assets 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 Directors shall comply with the provisions of Section 97 of the Act.

### New Capital same as existing capital

5. Except so far as otherwise provided by the conditions of issue or by these presents, 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 payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission voting and otherwise.

### Redeemable Preference Shares

6. 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 liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

### Convertible Cumulative Preference Shares

7. Subject to the provisions of the Act, the Company shall have the power to issue Convertible Cumulative Preference Shares in accordance with the guidelines issued by the Central Government in force, and the resolution authorising such issue shall prescribe the terms and conditions of such issue.

### Provision to apply on issue of Redeemable

### Preference Shares

8. On the issue of Redeemable Preference Shares under the provisions of Articles 6 hereof the following provisions shall take effect:
- (a) No such shares shall be redeemed except out of the 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 must have been provided for out of the profits of the Company or 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 a fresh issue there shall out of profits which would otherwise have been available for dividends 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.

#### Reduction of Capital

9. The Company may (subject to the provisions of Sections 78, 80, and 100 to 105 inclusive of the Act) from time to time by Special Resolution reduce its capital and any capital Redemption Reserve Account or Premium Account in any manner from the time being authorised by law, and in particular capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.

#### Sub-division, consolidation and cancellation shares

10. Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, consolidate all or any of its share capital into shares of larger amount than its existing shares or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the memorandum and the resolution whereby any share is sub-divided, may determine that, as between the holders of the shares resulting from sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject to as aforesaid the Company in general meeting may also cancel shares which have not been taken by any person and diminish the amount of its shares capital by the amount of its shares capital by the amount of its shares capital by the amount of the shares so cancelled.

#### Modification of rights

11. If at any time share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up the varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the shares of that class. This Article shall not derogate from any power which the Company would have if these Articles were omitted. The provisions of these Articles relating to general meetings, shall, mutatis mutandis, apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined above is not present, those persons who are present shall be the quorum. .

#### Board may accept surrender of shares

12. Subject to the provisions of Sections 100 to 105 (inclusive) of the Act, the Board may accept from any member on such terms and conditions as shall be agreed a surrender of all or any of his shares.

### **SHARES AND CERTIFICATES**

#### Register and Index of Members

13. The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep in any state or country outside India a Branch Register of Members resident in that state or country.

Further issue of capital

15(a) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of increased share capital, then such further shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier Intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.

- (b) Notwithstanding anything contained in the proceeding sub-clause, the Company may-
- (i) by a Special Resolution, or
  - (ii) where no such Special Resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by Members, who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceeds the votes, if any, cast against the proposal by Members so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.
  - (iii) offer further shares to any person or persons, and such person or persons may or may not include the persons who at the date of the offer are the holders of the equity shares of the Company.
- (c) Notwithstanding anything contained in sub-clause (a) above, but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans into shares, or to subscribe for shares in the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.

Shares under control of Directors

- 16 Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons in such proportion on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act.

Power also to Company in General Meeting to issue shares

17. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 14 and 15, the Company in general meeting may, subject to the provisions of

Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, as such general meeting shall determine and with full power to give any person (whether member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at discount, such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in general meeting may make any provision whatsoever for the issue, allotment or disposal of any shares.

Issue of Shares for Consideration other than cash

18. Subject to these Articles and the provisions of the Act, the Board may issue and allot shares in the capital of the Company as payment or in consideration or as part payment or in part consideration of the purchase or acquisition of any property or for services rendered to the Company in the conduct of its business and shares which may be so issued or allotted shall be credited or deemed to be credited as fully paid up shares.

Acceptance of shares

19. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles be a Member.

Share application money pending allotment

20. The Board may at its discretion, grant the payment of interest, at such rate to be decided by the Board, on moneys received towards application for Share in the Company, before the allotment thereof.

Deposit and Call etc., to be a debt payable immediately

21. The money, if any, which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them shall, immediately on the insertion of the name or 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

22. Every member, or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Company's regulations require or fix for the payment thereof.

Share Certificates

23. (a) Every member or allottee of shares shall be entitled without payment, to receive one certificate specifying the name of the person in whose favour it is issued the shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letters of acceptance or renunciation or in case of issue of bonus of shares. Every such certificate shall be issued under the seal of the company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly

registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and two Directors or their Attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it at least one of the aforesaid two Directors shall be a person other than a Managing or a whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.

- (b) Any two or more joint allottees' of a share shall, for the purpose of this Article, be treated as a single member and the certificate of any share, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound to prescribe charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.
- (c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Directors shall be responsible for the safe custody of such machine, equipment or other materials used for the purpose.

### **CALLS**

#### **Directors may make calls**

- 32. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments.

#### **Notice of calls**

- 33. Fifteen days' notice in writing of any call shall be given by the company specifying the time and place of payment, and the person or persons, to whom such calls shall be paid.

#### **Calls to date from resolution**

- 34. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board.

#### **Call may be revoked or postponed**

- 35. A call may be revoked or postponed at the discretion of the Board.

#### **Liability of joint-holders**

- 36. The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

#### **Directors may extend time**

- 37. The Board may, from time to time, at Its discretion extend the time fixed for the payment of any call, and may extend such time as to all or any of the member whom owing to their residence at a distance or other cause, the Board may deem fairly entitled to such extension save as a matter of grace and favour.

#### **Calls to carry interest**



38. If any member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

Sums deemed to be calls

39. Any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue of same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Proof on trial of suit for money due on shares

40. On the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company 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 on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered that the resolution making the call is duly recorded in the Minute Book and the notice of such call was duly recorded in the Minute Book and that notice of such call was duly given to the member or his representatives used in pursuance of these Articles, and that 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 any call was made, not that the meeting at which any call was made was duly convened or constituted not any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment in anticipation of calls may carry interest

41. (a) The Board may, if it thinks fit, receive from any member willing to advance the same all or any part of the money due upon the share held by him beyond the sums actually called for and upon the money so paid in advance, or upon so much thereof as from time to time exceeds the amount of the call then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as the member paying such sum in advance and the Board may agree upon. Money so paid in excess of the amount of call shall not rank for dividends or confer a right to participate in profits. The Board may at any repay the amount so advanced upon giving, to such member not less than three months notice in writing.
- (b) No member paying any such sum in advance shall be entitled to voting rights in respect of the money so paid by him until the same would but for such payment become presently payable.

**LIEN**

Company to have lien on shares

42. The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereon, for all moneys (Whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any shares shall be created except upon the footing and upon the condition that Article 26 hereof is to have effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

As to enforcing lien by sale

43. For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their members to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made unless a sum in respect of which the lien exists is presently payable or until notice in writing of the intention to sell shall have been served on such member or his representatives, and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale

44. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the amount in respect of which the lien exists.

**FORFEITURE OF SHARES**

If money payable on share not paid notice to be given to member

45. If any member fails to pay any calls 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 Board 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.

Forms of notice

46. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest thereon at such rate as the Directors shall determine from the day on which such call or instalment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is payable, will be liable to be forfeited.

Partial payment not to preclude forfeiture

47. Neither a judgement favour of the Company for call or other moneys due in respect of any share nor any past payment or satisfaction thereunder or satisfaction 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 its 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 Company from proceeding to enforce a forfeiture of such shares as hereinafter provided.

In default of payment share to be forfeited

48. 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 Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

Notice for forfeiture to a member

49. 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, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

Forfeited share to be the property of the company  
and may be sold etc.

50. Any share so forfeited shall be deemed to be property of the Company and may be sold, re-allotted, 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 shall think fit.

Liability on forfeiture

51. Any member whose share has been forfeited shall cease to be a member in respect of the share, but shall notwithstanding such forfeiture, remain liable to pay, and shall forthwith pay to the Company all calls, or instalments, interest and expenses, owing upon or in respect of such share, at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at such rate as the Board may determine, and the Board may enforce payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.

Effect of forfeiture

52. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Evidence of forfeiture

53. A duly verified declaration in writing that the declarant is a Director or Secretary of the Company, or an Officer duly authorised by the Board in this behalf and that certain shares in the Company have been duly forfeited in accordance with these Articles on a date stated in the declaration shall conclusive evidence of the facts therein stated as against all persons claiming to be entitled.

Validity of sale

54. Upon any sale after forfeiture, or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings not to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Cancellation of share certificated in respect of forfeited shares

55. Upon any sale re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall upon demand by Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the directors shall be entitled to issue a duplicate certificated in respect of the said shares to the person or persons entitled thereto.

Power to annual forfeiture

56. The Board may at any time before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of annual the forfeiture thereof upon such conditions as it thinks fit.

**TRANSFER AND TRANSMISSION OF SHARES**

Register of transfers

57. The Company shall keep a Register of Transfer and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

Instrument of transfer

58. A transfer of shares in the Company shall be by an instrument of transfer in writing in the prescribed form and shall be duly stamped and delivered to the Company in accordance with the provisions of the Act.

Transfer form; to be completed and presented to the Company

59. The instrument of transfer shall be accompanied by such evidence as the Board may require to approve the title of transferor and his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such shares until the name of the transferee shall have been entered in the Register of Members in respect thereto. Before the registration of transfer the certificate of the shares must be delivered to the Company.

Transfer Book and Register of Members when closed

60. The Board shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated to close the Transfer Books, Register of Members Register of Debenture-holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

Directors may refuse to register transfers

61. Subject to the provisions of Section 111 of the Act, the Board may, at its own absolute and uncontrolled discretion and without assigning any reason decline to register or acknowledge any transfer of shares, whether fully paid or not (notwithstanding that the proposed transferee be already a member) but in such cases it shall within one month from the date on which the instrument of transfer was lodged with the company send to the transferee and the transferor notice of the refusal to register such transfer. Registration of transfer of shares shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company on any account whatsoever except alien on the shares.

Refusal to sub-divide/consolidate

62. (a) The Transfer of Shares and consolidation of Share Certificates in whatever lot should not be refused, though there would be no objection to the Company refusing to split a Share Certificate into several scrips of very small denominations or to consider in a proposal for transfer of Shares comprised in a Share Certificate to several parties involving such splitting, if on the face of it such splitting/transfer appears to be unreasonable or without a genuine need.

Refusal to Register Transfer

- (b) The Company should not therefore, refuse transfer of shares in violation of the Stock Exchange listing requirements on the ground that the number of shares to be transferred is less than any specified number.

Notice of application when to be given

63. Where in the case of partly paid shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

Death of one or more joint holders of shares

- 64.. In the case of the death of any one or more of the persons named in the Register of members as the joint-holders of any shares, the survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of deceased joint-holder from any liability on shares held by him jointly with any other person.

Title of shares of deceased Member

65. The executors or administrators or holders of a Succession Certificate or the legal representatives of deceased member (not being one or 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 recognize surly executory or administrators or holders of a Succession Certificate or the legal representatives unless they have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India, provided that in any case where the Board in its absolute discretion, thinks fit, it may dispense with production of Probate or Letters of Administration or Succession Certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 65 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.

Registration of persons entitled to shares otherwise  
than by transfer

66. Subject to the provisions of the Act and Articles 64 and 65 any person becoming entitled to shares in consequences 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 Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article of such title as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered he shall testify tin; election by executing in faovour of his nominee as instrument of transfer in accordance with the provision herein contained, and until he does so, he shall not be free from any liability in respect of the shares.

Persons entitled may receive dividend without being Registered as member

67. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends of money as hereinafter provided, be entitled to receive any and may give discharge for any dividends or other moneys payable in respect of the share.

Fee on registration of transfer probate, etc.

68. (a) No fee shall be charged for :
- (i) registration of transfer of the Company's shares and debentures;
  - (ii) sub-division and consolidation of shares and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading.
  - (iii) sub-division of renounceable letters of rights;
  - (iv) issue of new certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfer have been fully utilized;
  - (v) registration of any power of attorney, probate, letters of administration or similar other documents.
- (b) Fee as agreed upon the Stock Exchanges will be charged for –
- (i) issue of new certificates in replacement of those that are torn, defaced, lost or destroyed;
  - (ii) sub-division and consolidation of shares 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 unit of trading.

Company not liable for disregard of a notice prohibiting Registration of a transfer

69. The Company shall incur no liability or responsibility whatsoever 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 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 Board shall so think fit.

Copies of Memorandum & Articles to be sent to Members  
Copies of Memorandum & Articles of Association to be sent by the Company

70. Copies of the Management and Articles of Association of the Company and other documents referred to in section 39 of the Act shall be sent by the Company to every member at his request within seven days of the request on payment ( of the sum of Rupee one for each copy).

Borrowing powers

Power to borrow

71. Subject to the provisions of Sections 292 and 293 of the Act, the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposits from members either in advance of calls or otherwise and generally from any source or raise, for the purpose of

the Company, borrow or secure the payment of such sums as it thinks fit. Provided, however, where the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, the Board shall not borrow or raise such moneys without the consent of the Company in General Meeting.

Payment or repayment of money borrowed

72. Subject to the provisions of Article 68 hereof, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects, as the Company in General Meeting shall prescribe including by the issue of bonds, debentures, debenture-stock of the Company charge upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being and the bonds, debentures, debenture stock and other securities may be made assignable any equities between the Company and the person to whom the same may be issued.

Terms of issue of Bonds, Debentures

73. Any bonds, debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending, (but not voting) at general meetings, appointment of Directors and otherwise. Bonds or debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting accorded by a Special Resolution.

Register of Mortgage etc. to be kept

74. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 141 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company, and shall cause the requirements of Sections 118, 126 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with so far as they fall to be complied with by the Board.

Register and Index of Debenture holders

75. The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture-holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any State of Country outside India a branch Register of Debenture-holders resident in that State or Country.

Notice of refusal to register transfer

76. Subject to the provisions of Section 111 of the Act, if the Board refuses to register the transfer of any debenture the company shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transfer notice of the refusal.

Directors

Number of Directors

113. Subject to the provisions of Section 252 of the Act, the number of Directors (including debenture, ex-officio, nominee and alternate Directors) shall not be more than twelve and the minimum directors shall not be less than three.

First Director

114. Shri Kantilal V. Vakharia, Director of the Company shall be a Permanent Director not liable to retire by rotation unless he resigns or otherwise vacates the office.

Power to appoint ex-officio Directors

115. Whenever the Directors enter into a contract with any government, central, state or local authority, institution or any person or persons for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever, the Directors shall have subject to the provisions of Section 255 of the Act, the power to agree that such government authority, institution, person or persons shall have the right to appoint or nominate by a notice in writing addressed to the company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may be removed from time to time by the government, institution, person or persons entitled to appoint or nominate them and such person or persons may appoint another or others in his or their place and also fill in any vacancy, which occurs as a result of any such Director or Directors ceasing to hold that office for any reason whatever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including the payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with such person or persons aforesaid.

Debenture Directors

116. If it is provided by the Trust Deed securing or otherwise, in connection with any issue of debentures of the Company that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A debenture Directors may be removed from office at any time by the person or persons in whom for the being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be liable to retire by rotation.

Appointment of Alternate Director

117. The Board may, in accordance with and subject to the provision of Section 313 of the Act, appoint an Alternate Director to act for a Director during latter's absence for a period of not less than three months from the state in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office 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 that state. If the term of office of the Original Director is determined before he so returns to state any provisions in the Act or in these Articles for the automatic reappointment of retiring Director in default of another appointment shall apply to the original Director and not the Alternate Director.

Directors' power to add to the Board

118. Subject to the provisions of Sections 260 and 264 of the Act the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director but so that the total number of Directors shall not, at any time exceed the maximum fixed under Article 113, Any such additional Director shall hold office only upto the date of the next Annual General Meeting.

Director's power to fill casual vacancies

119. Subject to the provisions of Sections 262 and 264 of the Act, the Board shall have power at any time to appoint any other person to be a Director to fill a casual vacancy. 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 by him.

Share qualification of Directors

120. A Director shall not be required to hold any qualification shares.

Remuneration of Directors

121. (a) Until otherwise determined by the Company in General Meeting, each Director other than the Managing Director and whole time Director shall be entitled to receive out of the funds of the Company for his services in attending meetings of the Board or committees thereof, a fee of ₹100 per meeting.
- (b) Subject to the provisions of the Act, a Managing Director or Director in the wholetime employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.
- (c) Subject to the provisions of the Act, a Director who is neither in the whole time employment of the Company nor a Managing Director may be paid remuneration either;
- (i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
- (ii) by way of commission if the Company by a special resolution authorizes such payment.

Special remuneration of Directors performance extra services

122. If any Director be called upon to perform extra services or make special exertions or efforts (which expression shall include work done by a Director as a member of any committee of the Board) the Board may arrange with such Director for special remuneration for such service or exertions or efforts either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided.

Travelling expenses incurred by Director not a bona fide resident

123. The Board may allow and pay to any director, who is not a bona fide resident of the place where the meetings of the Board are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sums as the Board may consider fair compensation or for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above, specified ; and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any travelling or either expenses incurred in connection with business of the Company.

Director may act notwithstanding any vacancy

124. The continuing Director may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the minimum, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting, but for no other purpose.

When office of Directors to become vacant

125. Subject to Sections 283(2) and 314 of the Act the office of a Director shall become vacant if:
- (a) he is found to be of unsound mind by a Court of Competent jurisdiction; or
  - (b) he applies to be adjudicated an insolvent; or
  - (c) he is adjudged an insolvent or
  - (d) he fails to pay any call made on him in respect of shares of the Company held by him, whether alone or jointly with others within six months from the date fixed for the payment of such call unless the Central Government has by notification in the official gaeette removed the disqualification incurred by such failure; or
  - (e) he absents himself from three consecutive meetings of the directors or from all meetings of the directors for continuous period of three months, whichever is longer without leave of absence from the Board; or
  - (f) he becomes disqualified by an order of the court under Section 203 of Act; or
  - (g) he is removed in pursuance of Section 284; or
  - (h) he whether by himself or by any person for his benefit or on is account or any firm in which he is a partner or any private company of which he is a director, accepts a loan or any guarantee or security for a loan, from the company in contravention of Section 295 of the Act, or
  - (i) he acts in contravention of Section 299 of the Act; or
  - (j) he is convicted by a court of an offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
  - (k) having been appointed a director by virtue of his holding any office, or other employment in the Company, he ceases to hold such office other employment in the Company ; or
  - (l) he resigns his office by a notice in writing addressed to the Company.

Director may contract with Company

126. (1) A director or his relative, firm in which such director or relative is a partner; or any other partner in such firm or a private company of which the director is a member or director may enter into any contract with the Company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company, provided that in the case of the Company having a paid up capital of not less than Rupees one crore, no such contract shall be entered into except with the previous approval of the Central Government and the sanction of the Board shall be obtained before or within three months of the date on which the contract is entered into in accordance with Section 297 of the Act.
- (2) No sanction shall, however, be necessary for :
- (a) any purchase of goods and material from the Company or the sale of goods or materials to the Company, by any such director relative, firm partner, or private Company, as aforesaid for cash at prevailing market prices; or
  - (b) any contract or contracts between the Company on one side and any such director, relative firm partner or private Company on the other for sale, purchase or supply of any goods, materials and services in which either the Company or the director, relative, firm partner or private company, as the case may be, regularly trades or does business, where the value of the goods and materials or the cost of such services do not exceed ₹5,000 (Rupees five thousand) in the aggregate in any year comprised in the period of the

contract or contracts. Provided that in circumstances of urgent necessity, a director, relative, firm, partner or private company as aforesaid may, without obtaining the consent of the Board, enter into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds ₹5,000/- in the aggregate in any year comprised in the period of the contract, if the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which the contract was entered into.

Disclosure of interest

127. A 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 by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299(2) of the Act. Provided that it shall not be necessary for a director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company where / any of the directors of the Company or two or more or them together holds or hold not more than two per cent of the paid-up share capital in any such other company.

General notice of interest

128. A general notice given to the Board by the director to the effect that he is a director or member of a specified body or corporate or is a member of a specified firm and is to be regarded as concerned or interested shall expire at the end of the financial year in which it shall be given but may be renewed for a 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 have otherwise expired. 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.

Interested Directors not to participate  
or vote in Board's proceedings

129. No director 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 or on behalf of the Company, if he is, in any way, whether directly or indirectly concerned or interested in such contract or arrangement, not shall in 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, however, that nothing herein contained shall apply to:
- (a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;
  - (b) any contract or arrangement entered into or to be entered into with a public company or private company which is subsidiary of a public company in which the interest of the Director consists solely;
    - (i) in his being :
      - (a) a director of such company; and
      - (b) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a director thereof, he having been nominated as sure director by the Company, or
      - (iii) in his being a member holding not more than 2 per cent of its paid up share capital.

Register of contracts in which the Directors are interested

130. The Company shall keep a Register in accordance with Section 301(1) and shall within the time specified Section 301 (2) enter therein such particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act as the case may be. The Register aforesaid shall also specify, in relation to each director of the Company the names of the bodies corporate and firms, of which notice has been given by him under Article 128. The Register shall be kept at the office of the company and shall be open to inspection at such office and extracts may be taken and copies thereof may be required by any member of the company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.

Directors may be Directors of companies promoted by the Company

131. A director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise, and no such director shall be accountable or any benefits received as a director or shareholder of such company except in so far as Section 309(6) or Section 314 of the Act may be applicable.

Retirement and rotation of Directors

132. Subject to the provisions of Section 256 of the Act and of these Articles, at every Annual General Meeting of the Company, one third of such of the Directors, for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. In the following Articles 'a Retiring Director' means a Director retiring by rotation.

Ascertain of Directors' retirement by rotation and filing of vacancies

133. Subject to Section 256(2) of the Act, the Directors to retire by rotation under Article '132' at every Annual General Meeting, shall be those who have been longest in office since their last appointment, but as between persons who became directors on the same day those who retire shall, in default and subject to any agreement among themselves, be determined by lot.

Eligibility for re-election

134. A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retired.

Company to appoint successors

135. Subject to Section 258 of the Act, the Company at the General Meeting at which a director retires in the manner aforesaid, may fill in the vacated office by election of a person thereto.

Provision in default of appointment

136. (a) If the place of the retiring Director is not so filled up and the meeting had not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a holiday at the same time and place.
- (b) If at the adjourned meeting also it has been not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless.

- (i) at that meeting or at the previous meeting resolution for the re-appointment of such Director has been put to the meeting and lost.
- (ii) the retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so re-appointed.
- (iii) he is not qualified or is disqualified for appointment;
- (iv) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act; or
- (v) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

Company may increase or reduce  
the number of Directors

137. Subject to Section 259 of the Act, the Company may by ordinary resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may (subject to the provision 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.

Notice of candidate for office of Director except  
in certain cases

138. (1) No person not being a retiring Director, shall be eligible for appointment to the office of Director at any General Meeting unless he or some member intending to propose him has, not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member propose him as candidate for that office, alongwith a deposit of five hundred rupees which shall be refunded to such Person or member as the case may be, if the person succeeds in getting elected as director.
- (2) Every person other than a Director or a person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director posted as a candidate for the office of a Director shall sign and file with the Company, the consent in writing to act as a Director, if appointed.
- (3) A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an additional or alternate Director or a person filling a casual vacancy in the office of Director under Section 262 of the Act appointed as a Director or re-appointed as an additional or alternate Director immediately on the expiry of his term of office shall not act as a director of the Company, unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

Register of Directors etc. and notification  
of chance to Registrar

139. (a) The company shall keep at its office a Register containing the particulars of its Directors, Manager, Secretary and other persons mentioned in Section 303 of the Act and shall otherwise comply with the provisions of the said section in all respects.
- (c) The Company shall in respect of each of its Directors also keep at its office a Register, as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said section in all respects.

Disclosure by Director of appointment  
to any other body corporate

140. (a) Every Director including a person deemed to be a Director by virtue of the Explanation of sub-Section (1) 303 of the Act, Manager, or Secretary of the Company shall within twenty days of his appointment to any of the above office in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.

Disclosure by a Director of his holdings  
of shares and debentures of the Company etc.

- (b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (1) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that section.

Disqualification of Directors

141. The Company shall not appoint any person as its Director if:
- (a) he has been found to be of unsound mind by a Court of competent jurisdiction and finding is in force.
  - (b) he is an undischarged insolvent;
  - (c) he has applied to be adjudicated as an insolvent and his application is pending;
  - (d) he has been convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;
  - (e) he has not paid any call in respect of shares of the Company held by him whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call, or.
  - (f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 and is in force, unless the leave of the Court has been obtained in pursuance of that section.

Managing Director  
The Board may appoint Managing Director

142. Subject to the provisions of the Act and of these Articles, the Board shall have the power to appoint from time to time any of its members as Managing Director or Managing Directors of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and subject to the provisions of Articles 143 the Board may by resolution vest in such Managing Director or Managing Directors such of the powers hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine. The remuneration of a Managing Director may be by way of monthly payment fee for such meeting or participation in profits or by any or all of these modes or any other mode not expressly prohibited by the Act.

Restriction of Management

143. The Managing Director or Managing Directors shall not exercise the powers to:
- (a) make calls on shareholders in respect of money unpaid on the shares in the Company;

- (b) issue debentures :  
and except to the extent mentioned in the resolution passed in the Board Meeting under Section 292 of the Act, shall also not exercise the powers to:
- (c) borrow moneys otherwise than on Debenture:
- (d) invest the funds of the Company; and
- (e) make loans

Special position of Managing Director

144. A Managing Director shall not while he continues to hold that office be subject to retirement by rotation in accordance with Article 132. If he ceases to hold the office of Director he shall ipso facto and immediately cease to be a Managing Director.

Proceedings of the Board of Directors  
Meeting of Directors

145. The Directors may meet together as a Board for despatch of business from time to time, and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meeting as they think fit.

Notice of meetings

146. At least fifteen days' notice of every meeting of the Board shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director provided however that in the case of a Director resident outside India, notice of every meeting of the Board shall also be given to such Director at his address outside India and to his alternate if any in India at his usual address in India. Such notice shall be accompanied by the agenda setting out the business proposed to be transacted at the meeting of the Board provided that a meeting of the Board may be convened by a shorter notice in the case of an emergency or if special circumstances so warrant.

Quorum

147. Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and 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 Director exceeds or is equal to two-thirds of the total strength the number of the remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time.

Adjournment of meeting for want of quorum

148. If a meeting of the Board could not be held for want of quorum then the meeting shall automatically stand adjourned to such other date and time (if any) as may be fixed by the Chairman not being later than seven days from the date of originally fixed for the meeting.

Chairman

149. (a) The Board shall appoint from amongst its members a Chairman.
- (b) The Chairman of the Board shall be entitled to take the chair at every meeting of the Board the Chairman shall not be present within fifteen minutes of the time appointed for holding the same. Board may elect one of their members to act as the Chairman of that meeting.

Questions at Board meetings how decided

150. Subject to the provisions of the Act, all questions arising at any meeting of the Board shall be determined by a majority of the votes of the Directors present and voting thereat.

Powers of the Board Meeting

151. A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.

Director's may appoint committee

152. Subject to the provisions of the Act and the restrictions contained in Section 292 of the Act the Board may delegate any of their powers to committees of the Board consisting of such members or of its body as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes, but every committee of the Board 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 Board. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise shall have the like force and effect as if done by the Board.

Resolution by circulation

153. No resolution shall be deemed to have been duly passed by the Board or a committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any to all the Directors or to all the members of the committee, then in India (not being less in number than the quorum fixed for the meeting of the Board or its committee, as the case may be), and to all the 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 then in India, or by a majority of such of them as are entitled to vote on the resolution.

Acts of Board or Committee valid  
notwithstanding informal appointment

154. All acts done by any meeting of the Board or by a committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there is some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been 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 and had not vacated his office or his appointment had not been terminated provided that nothing in this Article shall be deemed to give liability to Acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

Minutes or proceedings of meetings of Board.

155. (1) The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.



- (2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of every meeting in such books shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
- (3) In no case shall the minutes of proceedings of a meeting be attached to any such books as aforesaid by pasting or otherwise.
- (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (6) The minutes shall also contain :
  - a) the names of the Directors present at the meeting ;
  - b) in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from or not concurring in the resolution.
- (7) Nothing contained in sub-clauses (1) and (6) shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:
  - a) is or could reasonably be regarded as defamatory of any person.
  - b) is irrelevant or immaterial to the proceedings, or
  - c) is detrimental to the interests of the Company.

The Chairman shall exercise on absolute discretion in regard to the inclusion or non inclusion of any matter in the minutes on the grounds specified in this sub- clause.
- (8) Minutes of meetings kept in accordance with aforesaid provisions shall be evidence of the proceedings recorded therein.

#### Power of Directors

156. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulations made by Company in General Meeting shall invalidate any prior act of the Board which would have been valid if the regulation had not been made. Provided that Board shall not, except with the consent of the Company in General Meetings:

- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, the whole or substantially the whole of any such undertaking.
- (b) remit or give time for repayment of any debt due by a Director.
- (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertakings as is referred to in sub-clause (a) or of any premises or properties used for any such undertakings and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.

- (d) borrow money where the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose;

Provided further that the powers specified in Section 292 of the Act shall be subject to these Articles be exercised only at meetings of the Board; unless the same be delegated to the extent therein stated; or

- (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed twenty five thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during three financial years immediately proceeding whichever is greater.

#### Certain Powers of the Board

157. Without prejudice to the general powers conferred by the last preceding Article so as not in any way to limit or restrict those powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Director shall have the following powers, that is to say, power:

1. To pay the costs, charges and expenses, preliminary and incidental to the promotion, formation, establishment and registration of the Company.
2. To pay and charge to the capital account of the Company any commission or interest lawfully payable thereout under the provisions of Sections 76 and 208 of the Act.
3. Subject to Section 292 and 297 of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
4. At their discretion and subject to the provisions of the Act to pay for any property, rights and privileges acquired by or services rendered to the Company either wholly or partially in cash or in shares, 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.
5. To secure the fulfillment 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 uncalled capital for the time being or in such manner as they may think fit.
6. To accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
7. To appoint any person to accept and hold in trust for the Company any property belonging to the Company or in which it is interested, or for any other purpose and to execute and do all such deed and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.
8. To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or

- against the Company and to refer any differences to arbitration and observe and perform any awards made thereon.
9. To act on behalf of the Company in all matters relating to bankrupts and insolvents.
  10. To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.
  11. Subject to the provisions of Sections 292, 295, 370 and 372 of the Act to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being shares of this Company), or without security and in such manner as they 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.
  12. To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of Company, such mortgage of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers provisions, covenants and agreements as shall be agreed upon.
  13. To determine from time to time who shall be entitled to sign on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.
  14. To distribute by way of bonus amongst the staff of the Company a share in the profit of the Company and to give to any officer or other persons employed by the Company a commission on the profits of any particular business or transactions and to charge such bonus or commission as part of the working expenses of the Company.
  15. To provide for the welfare of Directors or Ex-Directors or employees or ex-employees of the Company and their wives, widows and families, or dependents or connections of such persons, by building or contributing to the building of bourses, dwellings or chawls or by grants of money, pension, gratuities, allowances, bonus or other payments or by creating, and from time to time subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries medical and other attendance and other assistance, as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institution or objects 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 or otherwise.
  16. Before recommending a dividend, to set aside out of the profits of the Company, such as they may think proper for depreciation fund or to an insurance fund or as to reserve fund or sinking fund or any special fund to meet contingencies or to repay debentures or debenture-stock or for special dividends or for equalizing dividends of repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause) as the Board may, in their absolute discretion think conducive to the interest of the Company and subject to 292 of the Act to invest the several sums so set aside or so much thereof as required to be invested upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expand all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expand the same or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the reserve fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a reserve fund or division of a reserve fund to another reserve fund or a division of a reserve fund and with full power to employ the assets constituting all or any of the funds

including the depreciation fund in the business of the Company or in the purchase or repayment of debentures or debenture-stock and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power, however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, not exceeding nine percent per annum.

17. To appoint, and at their discretion remove or suspended such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments or remuneration and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.
18. To comply with the requirements of any local law which in their opinion shall in the interest of the Company be necessary or expedient to comply with.
19. From time to time and at any time to establish any local board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local boards, and to fix their remuneration.
20. Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make call or to make loans or borrow moneys, and to authorise the members for the time being of any such local boards, or any of them to fill up any vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time to remove any person so appointed and may annual or vary any such delegation.
21. At any time and from time to time by power of attorney under the seal of the Company, to appoint, any person or persons to be the attorney or attorneys of the Company, for such powers authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the members of any local board, established is aforesaid in favour of any company, or the share holders directors nominee, or managers, of any company of firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them..
22. Subject to Sections 294, 294-AA, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts deeds and things in the name and on behalf of the Company as they may consider expedient.
23. From time to time to make, very and repeal by-laws for the regulation of the business of the Company, its officers and servants.

Management  
Prohibition of simultaneous appointment of different  
categories of managerial personnel

158. The Company shall not appoint at the same time more than one of the following categories of managerial personnel namely:

- a) Managing Director and
- b) Manager

The Seal  
The Seal, its custody and use

- 160 (a) The Board shall provide a common seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and the Board shall provide for the safe custody of the seal for the time being, and the seal shall never be used except by the authority of the Board or a Committee of the Board previously given.
- (b) The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for the use in any territory, district or place outside India.

Deeds how executed

161. Every deed or other instrument to which the seal of the Company is required to be affixed, shall unless the same is executed by a duly constituted attorney, be signed by one Director or Secretary or some other person appointed by the Board for the purpose provided that in respect of the share certificate the seal shall be affixed in accordance with Article 23(a).

Dividends  
Division of Profits

162. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles shall be divisible among the members in to proportion to the amount of capital paid or credited as paid-up on the shares held by them respectively.

The Company in General Meeting may  
declare a dividend

163. The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

Dividends only to be paid out profits

164. No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that:
- (a) if the Company has not provided for depreciation for any previous financial year or years it shall, before declaring or paying a dividend for any financial year provide or such depreciation out of the profits of the financial year or out of the profits of any other previous financial year of year.
  - (b) If, the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation or that year or those years whichever is less, shall be set off against the profits of the Company for the year or which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.

Interim dividend

165. The Board may, from time to time, pay to the members such interim dividend as in their judgement the position of the Company justifies.

Capital paid up advance at  
Interest not to earn dividend

166. Where capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participation in profits.

Dividends in proportion to  
amount paid up

167. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividends is paid, but if any share is issued on terms providing that it shall rank for dividend on a particular date, such share shall rank for dividend accordingly.

Detention of Dividends until completion  
of transfer under Article 66

168. Subject to the provisions of the Act, the Board may retain the dividends payable upon shares in respect of which any person is, under 63, entitled to become a member, or which any person under that Article is entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer.

Dividend etc. to joint holders

169. Any one or several persons who are registered as the joint-holders of any share may give effectual receipts or all dividends or bonus or other moneys payable in respect of such shares.

No member to receive dividend whilst  
Indebted to the Company and Company's  
right of reimbursement thereout

170. No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise, however, either alone or jointly with any other person or persons, and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

Transfer of share must be registered

171. A transfer of shares shall not pass the right to any dividend thereon before the registration of the transfer.

Dividend show remitted

172. Unless otherwise directed any dividend may be paid by cheques or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint-holders to that one of them first named in the register in respect of the joint holdings. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or payslip or receipt lost in transmission, or any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

Interest on unpaid dividend

173. Subject to the provisions of Sections 205 to 208 of the Act, no unpaid dividend shall bear interest as against the Company.

Unclaimed Dividend

174. No Unclaimed or unpaid dividend shall be forfeited by the Board dividends unclaimed will be dealt with in accordance with the provisions of Sections 205A and 205B of the Companies Act, 1956.

Dividend and call together

175. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the members of such amount as the meeting fixes that the call on each member shall not exceed the dividend payable to him and so that the call be made payable the same time as the dividend may, if so arranged between the Company and the member, be set off against the calls.

Capitalisation

- 176 (a) The Company in General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve accounts, or in the hands of the Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the share premium account) be capitalised and distributed amongst such of the share holders as would be entitled to receive the same if distributed by way of dividend and in the same proportion on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares of the Company which shall be distributed according or in or towards payment of the uncalled liability on any issued shares and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum provided due a share premium account and a Capital Redemption Reserve amount may, for the purpose of this Article, on only be applied in the paying of any unissued shares to be issued to Members of the Company as fully paid bonus shares.

(b) A General Meeting may resolve that any surplus money arising from the realization of any capital assets of the Company or any investment representing the same or any other undistributed profits of the Company not subject to charge for income-tax be distributed among the member on the footing that they receive the same as capital.

(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates.

Winding up

Liquidator may divide assets in specie

192. The Liquidator on any winding-up (whether voluntary, under supervision of the Court or compulsory) may, with the sanction of Special Resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit.

Secrecy Clause

193. (a) Every Director, (except nominee, institutional/ex-officio director) Auditor, Trustee, member of a Committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transaction an affairs of the Company and all matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- (b) No member shall be entitled to visit or inspect any works of the Company, without the permission of the Directors or require discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret mystery of trade, secret process or any other matter which, may relate to the conduct of the business of the Company and which, in the opinion of the Directors it would be inexpedient in the interest of the Company to disclose.



## **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered into by our Company.

The contracts together with the documents referred to in para (B) below may be inspected at the registered office of our Company between 11.00 a.m. to 2.00 p.m. on any working day from the date of this Letter of Offer until the closure of the subscription list.

### **(A) MATERIAL CONTRACTS**

1. Issue Agreement dated January 10, 2015 between our Company and Keynote Corporate Services Limited, Lead Manager to the Issue;
2. Agreement dated November 29, 2014 between our Company and Sharex Dynamic (India) Pvt. Ltd., Registrar to the Issue.
3. Tripartite Agreement dated May 30, 2001 between our Company, National Securities Depository Ltd. (NSDL) and Sharex Dynamic (India) Pvt. Ltd;
4. Tripartite Agreement dated April 24, 2001 between our Company, Central Depository Services (India) Limited (CDSL) and Sharex Dynamic (India) Pvt. Ltd;

### **(B) DOCUMENTS FOR INSPECTION**

1. Memorandum & Articles of Association of our Company;
2. Resolution under sections 62 of Companies Act, 2013 passed in Board Meeting of on October 18, 2014 authorising the Issue;
3. Scheme of Arrangement under section 391 to 394 of the Companies Act & Section 104 to 105 between our Company and Vakharia Power Infrastructure Limited as approved by Hon'ble High Court, Bombay;
4. Consents of the Directors, Company Secretary and Compliance Officer, Statutory Auditor, Lead Manager to the Issue, Banker to our Company and Registrar to the Issue to include their names in the Letter of Offer to act in their respective capacities;
5. Annual reports of our Company for the financial years ended March 31, 2010, 2011, 2012, 2013 and 2014 and Audit report for half year ended on September 30, 2014;
6. The Report of the Statutory Auditors being, M/s. Poladia & Company, Chartered Accountants, as set out herein dated November 27, 2014 relating to the audited financial information of our Company.
7. A statement of tax benefits dated November 27, 2014 received from M/s. Poladia & Company, Chartered Accountants, Statutory Auditor regarding tax benefits available to our Company and its shareholders;
8. Certificate dated December 23, 2014 from M/s. Poladia & Company, Chartered Accountants, Statutory Auditors regarding "Sources & deployment of funds";
9. Due Diligence Certificate dated January 15, 2015 by Keynote Corporate Services Ltd., Lead Manager to the Issue;

10. In-principle listing approval(s) dated [●]from Stock Exchange(s);

11. Observation letter no. [●] dated [●] received from SEBI;

Any of the contracts or documents mentioned in the Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

## DECLARATION

We hereby certify that all relevant provisions of the Companies Act and the guidelines/ regulations issued by the Government of India or the guidelines/ regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Offer Document is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules made thereunder or guidelines or regulations issued, as the case may be. We further certify that all the disclosures and statements in this Offer Document are true and correct.

Name	Signature
Mr. Jitendra K. Vakharia <i>Managing Director</i>	Sd/-
Mrs. Varsha J. Vakharia <i>Non – Executive &amp; Non Independent Director</i>	Sd/-
Mr. Kamlesh C. Sanghavi <i>Independent Director</i>	Sd/-
Mr. Dinesh P. Turakhia <i>Independent Director</i>	Sd/-
Mr. Pradeep Kumar Pareek <i>Chief Financial Officer</i>	Sd/-
Mr. Subodh L More <i>Company Secretary &amp; Compliance Officer</i>	Sd/-

Place: Mumbai

Date: January 15, 2015