



ISHAN DYES AND CHEMICALS LIMITED

Our Company was originally incorporated as a private company limited by shares under the Companies Act, 1956 with the name “*Ishan Dyes and Chemicals Private Limited*” in the state of Gujarat pursuant to Certificate of Incorporation dated November 30, 1993 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Subsequently, our Company was converted into a public limited company and the name of our Company was changed to “*Ishan Dyes and Chemicals Limited*” pursuant to a fresh Certificate of Incorporation consequent upon change of name dated September 21, 1994 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. For details of change in name and Registered Office of our Company, please see the chapter titled “*History and Certain Corporate Matters*” beginning on page 50 of this Draft Letter of Offer.

Registered Office: 18, G.I.D.C. Estate Phase - 1, Vatva, Ahmedabad – 382 445, Gujarat, India.

Telephone: +91-79-25832144/25893607; **Facsimile:** +91-79-25833643; **Email:** ishandyes@yahoo.com; **Website:** www.ishandyes.com

Contact Person: Ms. Ankita V. Shah, Company Secretary and Compliance Officer; **Email:** ishandyes@yahoo.com

Corporate Identity Number: L24110GJ1993PLC020737

PROMOTERS OF OUR COMPANY		
MR. PIYUSHBHAI N. PATEL, MR. SHRINAL P. PATEL, MS. ANILABEN P. PATEL, MS. MIRALI S. PATEL AND MR. MARUTBHAI D. PATEL		
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF ISHAN DYES AND CHEMICALS LIMITED (THE “COMPANY” OR THE “ISSUER”) ONLY		
THE ISSUE		
ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH (“RIGHTS EQUITY SHARES”) FOR CASH AT A PRICE OF ₹ [●] EACH INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE (“ISSUE PRICE”) AGGREGATING TO AN AMOUNT NOT EXCEEDING ₹ 1,400 LAKH ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARE(S) FOR EVERY [●] FULLY PAID UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (“ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE SEE THE CHAPTER TITLED “TERMS OF THE ISSUE” BEGINNING ON PAGE 107 OF THIS DRAFT LETTER OF OFFER.		
GENERAL RISKS		
Investment in equity and equity related securities involve a high degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of our Company and this Issue including the risks involved. The securities being offered in this Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. Investors are advised to refer to the section titled “Risk Factors” beginning on page 14 of this Draft Letter of Offer before making an investment in this Issue.		
ISSUER’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 regards to our Company and this Issue, which is material in the context of the Issue, that the information contained in this 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 makes 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 Limited (“BSE” / “Stock Exchange”). Our Company has received an ‘in-principle’ approval from BSE for listing of the Equity Shares to be allotted in this Issue pursuant to letter dated [●]. BSE shall be the Designated Stock Exchange for the purpose of this Issue.		
LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE
VIVRO Vivro Financial Services Private Limited Vivro House, 11, Shashi Colony, Opposite Suvidha Shopping Center, Paldi, Ahmedabad - 380007, Gujarat, India. Telephone: +91-79-40404242; Facsimile: +91-79-26650570 Email: project.blue@vivro.net Website: www.vivro.net Investor Grievance Email: investors@vivro.net Contact Person: Mr. Anish Akruwala / Mr. Bhargav Parekh SEBI Registration Number: INM000010122 CIN: U67120GJ1996PTC029182		LINKIntime Link Intime India Private Limited C 101, 1 st Floor, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400083, Maharashtra, India. Telephone: + 91-22-49186200; Facsimile: +91-22-49186195 Email: ishandyes.rights@linkintime.co.in Website: www.linkintime.co.in Investor Grievance Email: ishandyes.rights@linkintime.co.in Contact Person: Mr. Sumeet Deshpande SEBI Registration Number: INR000004058 CIN: U67190MH1999PTC118368
ISSUE PROGRAMME		
ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUESTS FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

This Draft Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as provided below. References to any legislation, Act, regulation, rules, guidelines or policies shall be to such legislation, Act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the SEBI LODR Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.

General Terms

Terms	Description
“Ishan Dyes and Chemicals Limited” or “the Company” or “our Company” or “the Issuer” or “IDCL” or “We” or “Us”	Ishan Dyes and Chemicals Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 18, G.I.D.C. Estate Phase - 1, Vatva, Ahmedabad – 382 445, Gujarat, India.

Company Related Terms

Terms	Description
Articles/ Articles of Association/ AoA	The Articles of Association of our Company as amended from time to time.
Auditors / Statutory Auditor	The Statutory Auditors of our Company being M/s G.S. Mathur & Co., Chartered Accountants
Board/ Board of Directors/ our Board	The Board of Directors of our Company or a duly constituted committee thereof, as the context may require.
Chief Financial Officer/CFO	Chief Financial Officer of our Company being Mr. Chintan P. Pancholi
Company Secretary/CS	Company Secretary and Compliance Officer of our Company being Ms. Ankita V. Shah
Director(s)	Any or all the director(s) of our Board, as may be appointed from time to time
Equity Shares / Shares	Equity Shares of face value ₹10 each of our Company
Group Companies	Such companies as are covered under the applicable accounting standards and also other companies as considered material by the Board of our Company in terms of Materiality Policy adopted by our Board on July 19, 2018
Internal Auditors	M/s K. D. Dave & Co. Chartered Accountants
Key Managerial Personnel / KMP	Mr. Piyushbhai N. Patel, Managing Director, Mr. Shrinal P. Patel, Whole-Time Director, Mr. Chintan P. Pancholi, Chief Financial Officer and Ms. Ankita V. Shah, Company Secretary and Compliance Officer collectively referred as Key Managerial Personnel of the Company
Memorandum/Memorandum of Association/ MoA	The Memorandum of Association of our Company, as amended from time to time.
Promoters	Promoters of our Company are Mr. Piyushbhai N. Patel, Mr. Shrinal P. Patel, Ms. Anilaben P. Patel, Ms. Mirali S. Patel and Mr. Marutbhai D. Patel
Promoter Group	Persons and entities forming part of our promoter group as determined in terms of the Regulation 2(1)(zb) of the SEBI ICDR Regulations and the persons and entities as disclosed to BSE under the filings made by our Company under the SEBI Listing Regulations

Terms	Description
Registered Office	Registered office of our Company situated at 18, G.I.D.C. Estate Phase - 1, Vatva, Ahmedabad – 382 445, Gujarat, India
Registrar of Companies/ROC	Registrar of Companies, Gujarat, Dadra & Nagar Haveli
Shareholder(s)	Equity Shareholders of our Company

Issue Related Terms

Term	Description
Abridged Letter of Offer	The Abridged letter of offer to be sent to the Eligible Equity Shareholders as on the Record Date with respect to this Issue in accordance with the SEBI ICDR Regulations
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allotment/ Allot/ Allotted	The allotment of Rights Equity Shares pursuant to the Issue
Allotment Advice	The note or advice or intimation of Allotment sent to the Investors, who have been or are to be allotted the Rights Equity Shares after the Basis of Allotment has been approved by the BSE
Allotment Date	The date on which Allotment is made
Allottee(s)	Person(s) to whom Rights Equity Shares of our Company are Allotted pursuant to the Issue
Applicants / Investors	Eligible Equity Shareholder(s) and/or Renouncees who make an application for the Rights Equity Shares in terms of this Draft Letter of Offer, including an ASBA Applicant
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the amount payable on application in his specified bank account maintained with SCSB
ASBA Account	An account maintained with an SCSB and specified in the CAF or plain paper application, as the case may be by the Applicant for blocking the amount mentioned in the CAF or in the plain paper application
ASBA Applicant(s) / ASBA Investor(s)	Eligible Equity Shareholders proposing to subscribe to the Issue through ASBA process and <ol style="list-style-type: none"> 1. Who are holding the Equity Shares of our Company in dematerialised form as on the Record Date and have applied towards their Rights Entitlements and/or Additional Rights Equity Shares in dematerialised form; 2. Who have not renounced their Rights Entitlements in full or in part; 3. Who are not Renouncees; and 4. Who are applying through blocking of funds in bank accounts maintained with SCSBs. <p>All (i) QIBs, (ii) Non-Institutional Investors, and (iii) other investors whose application value exceeds ₹ 200,000 can participate in the Issue only through an ASBA process</p>
Bankers to the Company	Kalupur Commercial Co-Operative Bank Limited, Bank of India and Axis Bank Limited
Banker to the Issue/ Escrow Collection Banks	[●]
Composite Application Form/ CAF	The application form used by an Investor to make an application for the Allotment of Rights 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 Rights Equity Shares Allotted to one folio
Controlling Branches of the SCSBs/ Controlling Branches	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchange, a list of which is

Term	Description
	available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34
Designated Branches	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by ASBA Investors and a list of which is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34
Designated Stock Exchange	BSE Limited
Depository	A depository registered with SEBI under the SEBI (Depository and Participant) Regulations, 1996, as amended from time to time
Draft Letter of Offer/ DLOF	This Draft Letter of Offer dated July 19, 2018 filed with SEBI
Eligible Shareholders/ Eligible Equity Shareholders	Existing Equity Shareholders holding Equity Shares of our Company as on the Record Date
Issue / Rights Issue	Issue of up to [●] Equity Shares with a face value of ₹10 each for cash at a price of ₹ [●] (including a share premium of ₹ [●] per Equity Share) aggregating to an amount not exceeding ₹ 1,400 Lakh on a rights basis to Eligible Equity Shareholders in the ratio of [●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date i.e. [●]
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹[●] per Rights Equity Share
Issue Proceeds	The gross proceeds raised through the Issue
Issue Size	The issue of up to [●] Equity Shares aggregating to an amount not exceeding ₹ 1,400 Lakh
Lead Manager	Vivro Financial Services Private Limited
Letter of Offer / LOF	The final letter of offer to be filed with the Stock Exchange after incorporating observations received from SEBI on this Draft Letter of Offer.
Listing Agreement	Uniform listing agreement entered into under the SEBI Listing Regulations and the erstwhile equity listing agreement entered into between our Company and the Stock Exchange, as the context may require
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, please see the section titled “ <i>Objects of the Issue</i> ” beginning on page 45 of this DLOF
Net Worth	Net worth as defined under Section 2(57) of the Companies Act, 2013
Non – ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process.
Non Institutional Investor(s)	Investor(s), including any company or body corporate, other than a Retail Individual Investor and a QIB.
Offer Document	The Draft Letter of Offer, Letter of Offer, Abridge Letter of Offer including any notices, corrigenda thereto
QIBs/ Qualified Institutional Buyers	Qualified Institutional Buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Record Date	A record date fixed by our Company for the purposes of determining the names of the Equity Shareholders who are eligible to apply for the Rights Equity Shares, i.e. [●]
Refund Bank	[●]
Refund through electronic transfer of funds	Refunds through NACH, Direct Credit, RTGS, NEFT or ASBA process, as applicable
Registrar to the Issue	Link Intime India Private Limited
Registrar and Share Transfer Agent to the Company	MCS Share Transfer Agent Limited
Renouncee(s)	Person(s) who has/ have acquired Rights Entitlements from the Eligible Equity Shareholders

Term	Description
Retail Individual Investor(s)	Individual Investors who have applied for Rights Equity Shares for an amount less than or equal to ₹ 200,000.
Rights Entitlements	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by him on the Record Date.
Rights Equity Shares / Rights Shares	Equity Shares of face value ₹10 each of our Company offered and to be issued and allotted pursuant to the Issue.
Self-Certified Syndicate Bank/SCSBs	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, and offer the facility of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 .
Split Application Form/ SAF	Split application form(s) is an application form used in case of renunciation in part by an Eligible Shareholder in favor of one or more Renouncee(s).
Share Certificate	The certificate in respect of the Rights Equity Shares allotted to a folio in a physical form
Stock Exchange	BSE, where the Equity Shares of our Company are presently listed
Wilful Defaulter	Company or person categorized as a Wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on Wilful defaulters issued by the Reserve Bank of India and includes any company whose director or promoter is categorized as such
Working Days	Any day, other than Saturdays and Sundays, on which commercial banks in Mumbai are open for business, provided however, for the purpose of the time period between the Issue Closing Date and listing of the Securities on the Stock Exchange, "Working Days" shall mean all days excluding Sundays and bank holidays in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010.

Business and Industry related Terms/Abbreviations

Term	Description
CPC	Copper Phthalocyanine Crude
ISO	International Organization for Standardization
R&D	Research and Development
ICC	Indian Chemical Council
G.I.D.C.	Gujarat Industrial Development Corporation
GPCB	Gujarat Pollution Control Board
Ph	Potential of Hydrogen
ETP	Effluent Treatment Plant
CETP	Common Effluent Treatment Plant
H ₂ SO ₄	Sulphuric Acid

Conventional and General Terms or Abbreviations

Term	Description
“₹” / “Rs.” / “Rupees” / “INR”	Indian Rupees
A/c	Account
AGM	Annual General Meeting
Air Act, 1981/ Air Act	The Air (Prevention and Control of Pollution) Act, 1981
AS / Accounting Standard	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate

Term	Description
CARO	Companies (Auditor's Report) Order, 2003/ Companies (Auditor's Report) Order, 2016
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act	Companies Act, 1956 or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	Companies Act, 2013 and the rules made thereunder, to the extent in force pursuant to notification of the Notified Sections
CSR	Corporate Social Responsibility
CST	Central Sales Tax
CTS	Cheque Truncation System
Depositories Act	Depositories Act, 1996 as amended from time to time
DIN	Director Identification Number
DP	Depository Participant as defined under the Depositories Act
DP ID	Depository Participant's Identity
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization
EGM	Extraordinary General meeting
EURO/ €	Official currency of the European Union
EPS	Earnings per Share
Factories Act	The Factories Act, 1948
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations promulgated there under and any amendments thereto.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
FII(s)	Foreign Institutional Investors, as defined under Regulation 2(1)(g) of the SEBI (Foreign Portfolio Investors) Regulations, 2014, registered with SEBI under applicable laws in India.
FPIs	Foreign Portfolio Investors as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014
Fiscal /Fiscal Year/ Year/FY	12 month period commencing from April 1 and ending on March 31 of the immediately succeeding year
Government/GoI	Government of India
G.I.D.C.	Gujarat Industrial Development Corporation
GPCB	Gujarat Pollution Control Board
GST	Goods and Services Tax
HUF	Hindu Undivided Family
I. T. Rules	Income Tax Rules, 1962, as amended from time to time.
I.T. Act / IT Act	Income Tax Act, 1961
IFRS	International Financing Reporting Standards
Ind AS	Indian Accounting Standards
Indian GAAP	Generally accepted accounting principles followed in India
IPO	Initial Public Offer
Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 2015
ISIN	International Securities Identification Number
Lakh	One hundred thousand
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, Government of India
MoU	Memorandum of Understanding
NA/N.A.	Not Applicable
NACH	National Automated Clearing House which is a consolidated system of ECS
NEFT	National Electronic Fund Transfer
NR	Non Resident
NRE	Non Resident External Account

Term	Description
NRI	Non Resident Indian
NSDL	National Securities Depositories Limited
OCB	Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on the date of the commencement of these regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the regulations.
p.a.	Per Annum
P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PIO	Persons of Indian Origin
RBI	Reserve Bank of India
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCORES	SEBI Complaints Redress System
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	The Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended from time to time
SEBI ICDR Regulations / ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time
SEBI Regulations	ICDR Regulations, SEBI Merchant Bankers and any and all other relevant rules, regulations, guidelines, which SEBI may issue from time to time
SEBI Takeover Regulations / SAST Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time
Securities Act	The United States Securities Act of 1933, as amended
TAN	Tax Deduction Account Number
Trade Marks Act	Trade Marks Act, 1999
U.S/United States	The United States of America
USD / US\$	United States Dollars
Water Act, 1974/ Water Act	The Water (Prevention and Control of Pollution) Act, 1974

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this DLOF, the Letter of Offer, Abridged Letter of Offer and CAFs and the issue of Rights Equity Shares, to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this DLOF, the Letter of Offer, Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. We are making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer / Abridged Letter of Offer and CAFs to such shareholders who have provided an Indian address to our Company. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer/Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer / Abridged Letter of Offer and CAFs.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this DLOF has been filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlement or Rights Equity Shares may not be offered or sold, directly or indirectly, and this DLOF, the Letter of Offer, Abridged Letter of Offer and CAFs may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this DLOF, the Letter of Offer, Abridged Letter of Offer and CAFs will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, this DLOF, the Letter of Offer, Abridged Letter of Offer and CAFs must be treated as sent for information only and should not be copied, redistributed or acted upon. Accordingly, persons receiving a copy of this DLOF, the Letter of Offer, Abridged Letter of Offer and CAFs should not, in connection with the issue of the Rights Entitlements or Rights Equity Shares, distribute or send such document in, into the United States or any other jurisdiction where to do so would, or might contravene local securities laws or regulations. If this DLOF, the Letter of Offer, Abridged Letter of Offer and CAFs is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Entitlement or Rights Equity Shares referred to in this DLOF, the Letter of Offer, Abridged Letter of Offer and CAFs. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares in this Issue must provide an Indian address. Any person who makes an application to acquire Rights Entitlement and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorised to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction.

Neither the delivery of this DLOF, the Letter of Offer, Abridged Letter of Offer and CAFs 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 at any time subsequent to the date of this DLOF or date of such information.

The contents of this DLOF, the Letter of Offer and Abridged Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Equity Shares. In addition, neither our Company nor the Lead Manager are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act, 1933, as amended ("**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 ("**United States**" or "**U.S.**") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act ("**Regulation S**")), except in a transaction exempt from the registration requirements of the Securities Act. The Rights Entitlements referred to in this DLOF are being offered in India, but not in the United States. The offering to which this DLOF, the Letter of Offer and Abridged Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights.

Accordingly, this DLOF / Letter of Offer / Abridged Letter of Offer and the 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 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 under this DLOF, no payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights 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 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 authorised to acquire the Rights Entitlement and the Rights 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 Rights Equity Shares or Rights Entitlement in respect of any such CAF.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND CURRENCY OF PRESENTATION

Certain Conventions

All references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable. Unless otherwise specified or the context otherwise requires, all references in this DLOF to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Financial Data

Unless stated otherwise, financial information and data in this DLOF, with respect to our Company, is derived from our audited financial statements for the FY ended on March 31, 2018. For further details please see the chapter titled "*Financial Statements*" beginning on page 56 of this DLOF. We publish our financial statements in Indian Rupees.

Our Company's fiscal year commences on April 1 and ends on March 31 of the following calendar year. Accordingly, all references to a particular "Financial Year" or "Fiscal Year" or "Fiscal" are to the 12 (twelve) month period ended March 31 of that year.

Our audited financial statements as of and for FY ended March 31, 2018 have been prepared by our Company in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements ("**Financial Statements**"). For further details of such Financial Statements, please see the chapter titled "*Financial Statements*" beginning on page 56 of this DLOF.

All numerical values as set out in this DLOF for the sake of consistency and convenience have been rounded off to two decimal places. In this DLOF, 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.

Our historical audited financial statements were prepared in accordance with the Companies Act and Indian GAAP.

Given that Ind AS differs in many respects from Indian GAAP, our financial statements prepared and presented in accordance with Ind AS relating to any period subsequent to April 1, 2017, may not be comparable to our historical financial statements prepared under Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this DLOF should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data. For details in connection with risks involving differences between Indian GAAP and other accounting principles and risks in relation to IFRS, please see the Risk Factor - "*Significant differences exist between the accounting principles of existing/erstwhile Indian GAAP as compared to Ind AS and IFRS, which investors may consider material to their assessment of our Company's financial condition*", on page 28 of this DLOF.

Currency of Presentation

All references to:

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of India.
- 'US\$', 'USD', '\$' and 'U.S. dollars' are to the legal currency of the United States of America.
- 'EURO' and '€' are to Euro, the legal currency of the Euro zone.

Unless stated otherwise, throughout this DLOF, all figures have been expressed in Rupees in Lakh.

Exchange Rate

The following tables provide information with respect to the exchange rate for the Indian rupee per unit of a foreign currency. The exchange rates are based on the reference rates released by the Reserve Bank of India, which is available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into such foreign currency at any particular rate, the rates stated below, or at all.

<i>(₹ Per unit of Foreign Currency)</i>				
Sr. No.	Name of Currency	As on June 30, 2018⁽¹⁾	As on March 31, 2018⁽¹⁾	As on March 31, 2017⁽¹⁾
1	1 U.S. Dollar	68.5753	65.0441	64.8386
2	1 Euro	79.8491	80.6222	69.2476

Source: www.rbi.org.in

⁽¹⁾ Represents the reference rate released by the Reserve Bank of India on closing of the last Working Day of the period.

The reference rate as on July 18, 2018 was ₹ 68.5652 per U.S Dollar and ₹ 79.7363 per Euro.

FORWARD LOOKING STATEMENTS

Our Company has included statements in this DLOF which contain words or phrases such as ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘expected to’, ‘future’, ‘intend’, ‘is likely’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘should’, ‘will’, ‘will continue’, ‘would’, or other words or phrases of similar import. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. However, these are not the exclusive means of identifying forward looking statements. Forward-looking statements are not guarantees of performance and are based on certain assumptions, future expectations, describe plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements.

Forward-looking statements contained in this DLOF (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results to differ materially from our Company’s expectations include, among others:

- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various business plans;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs and impact on the financial results;
- Inability to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate our business;
- Increasing competition in or other factors affecting the industry segments in which our Company operates;
- Changes in technology;
- Changes in laws and regulations relating to the industry in which we operate;
- Our ability to attract and retain qualified personnel;
- General economic and business conditions in the markets in which we operate;
- Changes in political and social conditions in India or in other countries that may adversely affect us (directly or indirectly), the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the Chemical Industry in India and globally;
- The performance of the financial markets in India and globally.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section titled “*Risk Factors*” beginning on page 14 of this DLOF. The forward-looking statements contained in this DLOF are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company.

Whilst we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this DLOF or the respective dates indicated in this DLOF, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with SEBI / Stock Exchange requirements, our Company and Lead Manager will ensure that Investors are informed of material developments until the time of the grant of listing and trading permission for the Rights Equity Shares by the Stock Exchange.

SECTION II – RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this DLOF, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risk set out in this DLOF may not be exhaustive and additional risk and uncertainties not presently known to us, or which may arise or may become material in the future. Further, some events may have a material impact from a qualitative perspective rather than a quantitative perspective and may be material collectively rather than individually. If any or a combination of the following risks or other risks that are not currently known or are now deemed immaterial actually occurs, our business, prospects, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to regulatory environment that may differ significantly from one jurisdiction to another. In making an investment decision, prospective investors must rely on their own examinations of our Company the terms of this Issue, including the merits and the risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in this Issue.

For further details, please see section titled “Financial Information” beginning on page 56 of this DLOF, as well as the other financial and statistical information contained in this DLOF.

This DLOF also contains forward-looking statements which involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this DLOF. For further details, please see chapter titled “Forward-Looking Statements” beginning on page 13 of this DLOF.

Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Financial Statements.

MATERIALITY

The Risk Factors contained herein have been determined on the basis of their materiality. 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 risks may have an impact which is qualitative though not quantitative.
3. Some risks may not be material at the time of making the disclosures in this DLOF but may have a material impact in the future.

INTERNAL RISK FACTORS

1. ***Certain actions were taken against the Company by Gujarat Pollution Control Board for non-compliance of certain environment norms.***

Our manufacturing activity involves hazardous processes that can cause environmental damage, as a result of which we could suffer material liabilities, loss of revenues and increased expenses. Members of the public or government authorities may bring claims against us arising out of any hazards caused by our activities. In the past, the Gujarat Pollution Control Board (“GPCB”) had in 5 (five) instances issued directions to the Company under Section 31-A of the Air (Prevention and Control of Pollution Act), 1981, Section 33A of the Water (Prevention and Control of Pollution) Act, 1981 and Section 5 of the Hazardous Chemical (Management, Handling and Transboundary Movement) Rules, 2008 for the violation of certain provisions of the aforementioned Acts. These violations inter-alia pertained to gaseous emission from the industrial plant of the Company leading to health hazards and environment pollution problems. The GPCB inter-alia directed the Company to stop the manufacturing activity at the industrial plant of the Company. The GPCB had thereafter at the relevant times issued revocation orders permitting the Company to restart the manufacturing process subject to the Company undertaking certain compliances.

As on date, the Company is permitted to carry-on its manufacturing process and no directions are in force or investigations in progress which prohibit or likely to prohibit the Company from carrying on its manufacturing activities. Although we have tried to ensure that such violations do not recur, there can be no

assurance that the Company will always remain in compliance of the environment norms. Any lapses on the part of the Company will expose the Company to stringent actions from the concerned authorities including stoppage of the manufacturing activity of the Company and imposition of penalties. Failure to remain compliant with environment laws may subject our Company to legal proceedings or liabilities, in the future for any such incidents. Such events may also adversely affect public perception of our business and the perception of our suppliers, customers and employees, leading to an adverse effect on our business. In the event that it is determined by the appropriate authorities that measures taken for such compliance by us are inadequate, the permissions granted to us for operations may be revoked, thereby adversely affecting our business and results of operations.

2. *We require certain approvals and licenses in the ordinary course of business and are required to comply with certain rules and regulations to operate our business, and are subject to restrictions specified under those licenses, registrations and approvals.*

We require several statutory and regulatory permits, licenses and approvals to operate our business. Many of these approvals are granted for fixed periods of time and need renewal from time to time. Non-renewal of the said permits and licenses would adversely affect our business and results of operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Further, some of our permits, licenses and approvals are subject to several conditions and we cannot provide any assurance that we will be able to continuously meet such conditions or be able to prove compliance with such conditions to the statutory authorities, which may lead to the cancellation, revocation or suspension of relevant permits, licenses or approvals.

Further, our Company requires approval for digging for bore well under the Gujarat Industrial Development Corporation Water Supply Regulation, 1991, which have not been obtained by us, as on date of this DLOF. Details of the same are mentioned in the chapter titled “*Government and Other Statutory Approvals*” beginning on page 97 of this DLOF. We may be penalized for any non-compliance with the aforementioned law for which we have not obtained or fail to obtain the requisite approval.

3. *Our Company is party to certain legal proceedings.*

Our Company is party to certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals and forums. Based on the materiality threshold for litigations, there are no material legal proceedings involving the Company. While these proceedings are not presently material, there can be no assurance that further developments will not occur in these proceedings which may render them material. There can be no assurance that the pending proceedings will be decided in favour of our Company.

Further, in the past, BSE had suspended the trading of the securities of the Company due to certain non-compliances by the Company under the erstwhile listing agreement and the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Currently, no such suspension is in force and the Equity Shares of the Company are listed and trading in normal course, however, we cannot assure you that the Company will always remain compliant with listing/takeover related provisions. Any adverse outcome of the pending proceedings/non-compliances on the part of the Company may divert the attention of our management and Promoters and waste our corporate resources and we may incur significant expenses in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If such claims are determined against our Company, there could be a material adverse effect on our financial condition, which could adversely affect the trading price of our Equity Shares. For further details, please see the chapter titled “*Outstanding Litigation and Defaults*” beginning on page 95 of this DLOF.

4. *Our Company is unable to trace certain secretarial records.*

Our Company is unable to trace certain secretarial forms, specifically the records pertaining to return of allotments for the FYs 1993-94, 1994-95 and 2000-01. While our Company believes that such secretarial forms were duly filed, we have been unable to locate copies of these documents in our records or obtain copies of the same from the appropriate authorities. In this regard, our Company has obtained a physical search report dated April 06, 2018 from M/s Kunal Sharma & Associates, Company Secretaries for the physical documents available in the records of Registrar of Companies. We cannot assure you that these documents will be available in the future or that we will not be subject to any penalties imposed by the

competent authority in connection with these documents.

Further, there have been instances of non-filing and delayed filing of forms with Registrar of Companies concerning the appointment/reappointment/regularization of Directors of the Company. Our Company and officers in default may be subject to penalties and other actions by competent authorities for such non-filing and delayed filing of forms.

5. *The secretarial audit reports for previous financial years contain certain observations.*

The secretarial audit reports for the FY 2016-17, FY 2015-16 and FY 2014-15 contain an observation that the Company has not appointed a whole time company secretary in accordance with Section 203 of the Companies Act, 2013. Further, secretarial audit report of FY 2014-15 also contains an observation that the Company has not provided e-voting facility to shareholders for the resolution passed through postal ballot.

Although, as on date our Company has appointed Ms. Ankita Shah as a Company Secretary and Compliance Officer of our Company, we cannot assure that our Company, our Directors or officer in default will not be subjected to any penalties imposed by the authority for the observations reported under secretarial audit reports of previous financial years. Our Company intends to make an application to appropriate authorities for compounding of such past defaults. However, we cannot assure that we will be able to compound such defaults successfully within reasonable time or at all.

6. *Our Promoters and our Company may be subject to actions for past non-compliances of securities law.*


During the FY 2009-10, the aggregate shareholding of our Promoters and Promoter Group exceeded 15% of the then existing total share capital of our Company, which triggered an open offer under Regulation 10 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 for which no open offer was made. SEBI may initiate suitable action against our Promoters for past non-compliance of provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Further, in past the Equity Share held by spouse of Mr. Piyushbhai N. Patel and Mr. Marutbhai D. Patel were inadvertently classified as public shareholders in the disclosure made under the erstwhile Listing Agreement. Had these Equity Shares held by the said relatives been disclosed along with the Equity Shares held by the Promoters, the Promoters' shareholding would have been higher by 0.46% till financial year 2009-10 and by 0.20% till FY 2015-16. Although subsequent to FY 2015-16, our Company has been filing correct shareholding pattern with the stock exchange, we cannot assure that we will not be subject to any penalties imposed by the authority in connection with the past disclosures.

7. *Our Company does not currently own the premises at which our manufacturing facilities and registered office are located.*

Our Company does not own the premises where our manufacturing facilities and registered office are located, i.e., Plot Nos. 18/1 and 18/2, G.I.D.C. Estate Phase - 1, Vatva, Ahmedabad- 382 445, Gujarat, India. The Plot No. 18/1 was taken on lease from G.I.D.C. by Madhu Chem Industries and the Plot No.18/2 was taken on lease from G.I.D.C. by Madhu Pharma Chem Private Limited for a period of 99 years commencing from December 2, 1971 and September 23, 1974, respectively and the aforesaid Madhu Chem Industries and Madhu Pharma Chem Private Limited subsequently assigned their leasehold rights in the aforesaid plots in favour of the Company. The said plots are currently amalgamated. In the event our Company is unable to renew such lease agreements and is required to vacate the aforesaid premises, we shall be required to make alternative arrangements for premises and other infrastructure at short notice. There is no assurance that our Company will be able to renew these agreements on favourable pricing terms or at all. Termination / non-renewal of the aforesaid agreements may lead to disruptions of our operations.

8. *We have not registered our corporate logo “ ISHAN DYES & CHEMICALS LIMITED” as a trademark with Trademarks Registry.*

While, we utilize the trademark “ ISHAN DYES & CHEMICALS LIMITED” in the course of our business, the same has not been registered in the name of our Company and our Company has as yet not made any application for registration of the same. We have been using the said logo extensively for many years and the same has been associated with our Company by our customers. There is no assurance that third parties would not infringe upon our intellectual property or any order restraining or prohibiting us from using the trademark,

shall adversely affect our business. In such a case protection of the trademark in India may be difficult and we may be a party to litigation for infringement.

In addition, our Company may not be able to detect any unauthorized use or take appropriate and timely steps to protect our intellectual property rights. Our inability to protect the same could adversely affect our business. We cannot provide any assurance that third parties will not infringe upon our trademark, trade names, logos or brand names and thereby cause damage to our business prospects, reputation or goodwill.

9. *We derive a significant portion of our revenues from our top 10 customers.*

We derive a significant portion of our revenues from our Company's top 10 customers. For FY 2017-18, FY 2016-17 and FY 2015-16, revenue from our top 10 customers accounted for 79.9%, 85.9% and 83.8% respectively, of our total revenue from operations. While our top 10 customers are not necessarily the same every year, the top 10 customers contribute a significant portion of our revenues.

In order to facilitate a consequent increase in our sales and to reduce the dependence on few customers, our management constantly endeavours to increase our clientele. However, there can be no assurance that we will be able to add new customers or retain these existing customers. Any deterioration in our relationship with any of them would have a significant adverse impact on our business and financial condition.

10. *Substantial part of our revenue is generated from export business.*

We derive a significant portion of our revenues from our Company's export business. For FY 2017-18 and FY 2016-17, revenue from our exports constituted about 47.5% and 50.2% respectively of our total revenues from operations. While our revenue from exports is not necessarily from the same customers, revenue from our exports contributes a significant portion of our revenues.

In order to ensure increase in export business, our management constantly endeavors to increase our clientele in the overseas market. However, there may be external factors, which may restrict our export business. Our inability to sustain the current levels of export business may adversely affect our business and financial condition.

11. *Our Company has certain export obligations towards EPCG.*

We have imported some of our capital goods under licenses pursuant to the Government of India's Export Promotion Capital Goods (EPCG) scheme. Currently, we have an export obligation towards EPCG of ₹ 163.45 Lakh which is yet not utilized till May 31, 2018.

The export obligations imposed on us are required to be met within 6 (six) years reckoned from the respective date of licenses, failing which our Company may be liable to pay custom duty along with the applicable interest / penalty leviable on the same and this might have a material adverse effect on our business and financial condition.

12. *We are exposed to foreign currency exchange rate fluctuations.*

Our Company is exposed to foreign currency exchange rate risks primarily in relation to the export of our products and imports of raw materials. Revenue from our exports constituted about 47.5% and 50.2% respectively of our total revenues from operations while imports constitute about 19.9% and 23.9% of our total raw material consumed in the FY 2017-18 and FY 2016-17 respectively.

Accordingly, any adverse movements in foreign exchange rates may adversely impact our financial performance with respect to revenues, receivables, procurement costs and payables. While our Company has been making efforts to mitigate such risks by entering in foreign currency hedging transactions, which we believe is adequate to protect our Company from such fluctuations, there can be no assurance that the risks arising out of the same can be fully mitigated. As on March 31, 2018, our total unhedged foreign currency exposure amounted to USD 4,22,460 and EUR 6,80,000.

13. *Our Company is subject to risks arising from interest rate fluctuations.*

As on June 29, 2018, an aggregate of ₹ 670.08 Lakh as working capital facilities and ₹ 479.63 Lakh as term loans are availed from banks. These borrowings are availed by our Company as per the terms and conditions of respective sanction letters including rate of interest which is subject to annual or periodical review or renewal by banks. Any increase in the interest rates could significantly raise the costs of borrowing adversely affecting our financial condition.

14. *Our lenders hold a charge over our movable and immovable properties in respect of financial facilities availed by us.*

With respect to the loans / facilities availed by us from banks, we have created a charge over our movable and immovable properties situated at Plot No. 18, G.I.D.C. Estate Phase - 1, Vatva, Ahmedabad – 382 445, Gujarat, India. The total amount outstanding and payable by us towards the loans / facilities availed by us from banks as on June 29, 2018 was ₹ 1,149.71 Lakh. In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our lenders may enforce their rights over our properties, which in turn could have significant adverse effect on business operation and financial condition. Further, if the obligations under any of our financing agreements are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under the financing documents, thereby reducing the availability of cash for our operations. For further information, please see the section titled “*Financial Information*” beginning on page 56 of this DLOF.

Our Company proposes to utilize an estimated amount of up to ₹ 1,100 Lakh from the Net Proceeds of the Issue towards repayment/prepayment, in full or in part, of certain loans availed by our Company together with interest and other charges, if any, from the Kalupur Commercial Co-Operative Bank Limited (“**KCCBL**”). For further details, please see the section titled “*Objects of the Issue*” beginning on page 45 of this DLOF.

15. *We are subject to restrictive covenants under our financing agreements that could limit our flexibility in managing our business or to use cash or other assets.*

Our Company has entered into loan agreements with our lenders for the credit facilities availed by us. As on June 29, 2018, an aggregate of ₹ 670.08 Lakh as working capital facilities and ₹ 479.63 Lakh as term loans are availed from banks. The credit facilities availed by our Company are secured by way of mortgage of our immovable properties and hypothecation of current assets (both present and future). Our financing agreements include certain covenants that inter-alia require us to obtain lender consents prior to carrying out certain corporate activities and entering into certain transactions, such as, changing or altering the capital structure or management set up of the Company, implementing any scheme of expansion, modernization or diversification, effecting any scheme or amalgamation or reconstruction, declaring dividend or distribute profits after deduction of taxes, investing any funds by way of deposits, or loans, or share capital of any other concern.

Failure or delay in obtaining such consents can have significant consequences on our capacity to expand and therefore adversely affect our business and results of operations. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by the lending banks or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under the said credit facility, which may adversely affect our business and results of operations. Further, the said credit facilities can be renewed / enhanced / cancelled / suspended / reduced and the terms and conditions of the same can be altered by the lending banks, at their discretion. In the event, the lending banks refuse to renew / enhance the credit facilities and / or cancels / suspends / reduces the said credit facilities and / or alters the terms and conditions to the derogation of our Company, our business and financial condition could be adversely affected.

16. There are certain dues towards taxes which our Company has not deposited with concerned authorities on account of disputes.

Our Company has not deposited dues in respect of income tax, sales tax, service tax, value added tax etc. on account of dispute, the outstanding amounts of which as on March 31, 2018 is as follows:

Name of the Statute	Nature of Dues	Amount (in ₹)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act	Notice for short deduction/ payment of TDS and interest thereon	1,03,119	AY 2017-18, AY 2016-17 and prior years	TDS Authority
Commercial Tax	CST Penalty	21,949	FY 2011-12	DEO for Appeal JC Office
Commercial Tax	VAT Penalty	1,21,050	FY 2011-12	DEO for Appeal JC Office

In the event of any of the aforementioned amounts is required to be deposited by our Company consequent to the decision of the forum on the disputes, our financial results and cash flows may get adversely affected. Further, there can be no assurance that no such dispute will take place in respect of our future tax dues.

17. Our Company has certain contingent liabilities in the previous financial years.

Our Company's contingent liabilities as of March 31, 2018 and March 31, 2017 are as follows:

(In ₹ Lakh)

Sr. No.	Nature of Liability	Amount as on March 31, 2018	Amount as on March 31, 2017
1.	Claim against Company not acknowledged as debt		
a.	Notice for short deduction/ payment of TDS and interest thereon	1.03	0.31
b.	CST Penalty for FY 2011-12	0.22	0.22
c.	VAT Penalty for FY 2011-12	1.21	1.21

If any of these or any other contingent liabilities materialise, fully or partly, our business and financial condition could be adversely affected. For further details, please see the section titled "*Financial Information*" beginning on page 56 of this DLOF. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future.

18. Our Company had negative cash flows in the previous financial years.

Our Company had negative cash flows in the past. Our cash flows for the FY 2017-18, FY 2016-17 and FY 2015-16 are summarised below:

(In ₹ Lakh)

Particulars	For the year ended		
	March 31, 2018	March 31, 2017	March 31, 2016
Cash flow from operating activities	719.98	398.41	(109.00)
Cash flow from investing activities	(790.16)	(168.73)	(179.37)
Cash flow from financing activities	43.89	(213.75)	311.13

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows in future, it may adversely affect our business and financial condition. For further details, please see the section titled "*Financial Information*" beginning on page 56 of this DLOF.

19. Our Group Company namely, Cluster Enviro Private Limited, has incurred losses in past.

Our Group Company, namely, Cluster Enviro Private Limited has incurred losses in FY 2016-17, FY 2015-16 and FY 2014-15 amounting to ₹ 1.66 Lakh, ₹ 0.09 Lakh and ₹ 0.09 Lakh, respectively.

If our Group Company keeps incurring losses in the future, the same may not be perceived positively by external parties including customers, bankers or suppliers, which may affect our market perception.

20. *Our success depends largely upon the knowledge and experience of our Promoters and other Key Managerial Personnel.*

Our Company depends on the knowledge, experience, management skills and guidance of our Promoters and other Key Managerial Personnel for development of business strategies, monitoring its successful implementation and meeting future challenges. Our Promoters, along with our key managerial personnel, who form an integral part of our Company, have over the years built relations with suppliers, customers and other key stakeholders associated with our Company. Our future performance will depend largely on our ability to retain the continued service of our management team.

If one or more of our key managerial personnel are unable or unwilling to continue in his / her present position, it could be difficult for us to find a suitable or timely replacement and our business could be adversely affected. Further, since the market requirement for the key managerial personnel is high, in order to retain such personnel, our Company may be required to offer a comparatively higher compensation package, by way of higher pay, more perquisites and stock options. This may adversely affect our financial condition.

21. *Our Company has in the past entered into related party transactions and may continue to do so in the future.*

We have been entering into related party transactions with our Promoters, Directors and Group Company. Whilst these related party transactions have been disclosed in our financial statements as per applicable accounting standard and we believe that all such transactions have been conducted on an arms-length basis, we cannot assure you that we may not have achieved more favourable terms had such transactions been entered into with unrelated parties. Furthermore, we may enter into related party transactions in the future.

There can be no assurance that such transactions, individually or in aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. For further details please see the section titled “*Financial Information*” beginning on page 56 of this DLOF.

22. *Our Promoters and our Directors have interests in our Company other than the reimbursement of expenses and normal remuneration or benefits.*

In addition to regular remuneration or benefits and reimbursements of expenses, Our Promoters and our Directors may be deemed to be interested in our Company, to the extent of Equity Shares held by them, their relatives, dividend paid or payable on those Equity Shares or bonus entitlement and other benefits arising out of directorship.

Further, Mr. Shrinal P. Patel may also be deemed to be interested in the appointment of his wife, i.e., Ms. Mirali S. Patel to place of profit. We cannot assure that interest of these persons will not conflict with their respective duties as Promoters or Directors of our Company.

23. *Our Promoters have extended personal guarantees in relation to certain credit facilities availed by our Company.*

Mr. Piyushbhai N. Patel and Mr. Shrinal P. Patel, Promoters of our Company, have extended personal guarantees in favour of lender with respect to various facilities availed by our Company from said lender. In event of default on the debt obligations, the guarantees may be invoked by our lender thereby adversely affecting our Promoters’ ability to manage the affairs of our Company and this in turn may consequently impact our business, prospects, financial condition and results of operations. Further, in the event any of these guarantees are revoked by our Promoters, our lender may require us to furnish alternate guarantees or may demand a repayment of the outstanding amounts under the said facilities sanctioned or may even terminate the facilities sanctioned to us.

There can be no assurance that our Company will be able to arrange such alternative guarantees in a timely manner or at all. If our lender enforces these restrictive covenants or exercise their options under the relevant loan agreements, our operations and use of assets may be significantly hampered and lender may demand the payment of the entire outstanding amount and this in turn may also affect our further borrowing abilities thereby adversely affecting our business and financial condition.

24. *Certain agreements executed by our Company may be inadequately stamped.*

Certain agreements executed by our Company in the ordinary course of business including the agreements with the Managing Director and Whole Time Director of our Company may not be adequately stamped or registered with the registering authority of the appropriate jurisdiction.

An instrument not duly stamped, or insufficiently stamped, shall not be admissible as evidence in any Indian court or may attract a penalty as prescribed under applicable law, which may have an adverse effect on business and financial results of our Company.

25. *We may not be able to sustain effective implementation of our business and growth strategies.*

The success of our business will depend greatly on our ability to effectively implement our business and growth strategies. There can be no assurance that we will be able to execute our strategy within the estimated budget.

Our inability to manage our business and growth strategies may have an adverse effect on our business, results of operations and financial condition.

26. *Our profitability is directly affected by the changes in prices of our raw materials.*

Our manufacturing operations require processing of various raw materials which we procure indigenously as well as import. The prices of these raw materials are subject to variations depending upon the market demand and other factors. The cost of raw materials constitutes a substantial portion of our total expenses.

Any unanticipated increase in the prices of raw materials would substantially increase our total expenses and would adversely affect our business and results of operations. Further, our ability to pass on the increased cost of materials may be restricted in the case of fixed-price contracts or contracts with limited price escalation provisions.

27. *We do not currently have long term contracts or exclusive supply arrangements with any of our vendors.*

While we are not significantly dependent on any single supplier, we do not currently have long term contracts or exclusive supply arrangements with any of our vendors. We are dependent on adequate and timely deliveries by our suppliers of necessary raw materials as per satisfactory levels of quality. In the event of delay, inadequacy, default in deliveries by any of our vendors or deterioration in the quality of raw materials, we may not be able to obtain substitutes on an adequate and timely basis or on commercially acceptable terms.

Furthermore, it is possible that some of our existing suppliers may choose to discontinue operations, or offer more viable terms or enter into exclusive arrangements with our competitors. A major disruption to the timely and adequate supplies of our raw materials or deterioration in the quality of raw materials could adversely affect our business, results of operations and financial condition.

28. *We are heavily dependent on machinery for our operations and we have not entered into any technical support service agreements for the maintenance and smooth functioning of our machineries.*

Our manufacturing facilities are heavily dependent on plant and machinery. They require periodic maintenance checks and technical support in an event of technical breakdown or malfunctioning. Any significant malfunction or breakdown of our machineries may entail significant repair and maintenance costs and cause delays in our operations.

While our Company has not entered into any technical support service agreements for our machineries which are repaired / serviced in-house, our Company is able to avail technical support from external experts

and machinery suppliers locally. Any failure to quickly redress any technical issue may increase our downtime which may affect our business, results of operations and financial condition. Further, while we believe that we maintain necessary supplies of spare parts and maintenance related equipment, if we are unable to procure the necessary spare parts in a timely manner, or if we are unable to repair the malfunctioning machinery promptly, our manufacturing operations may be hampered, which could have an adverse impact on our business, results of operations and financial condition.

29. *Our Company may be subject to industrial unrest, slowdowns and increased labour costs.*

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain financial obligations on employers during employment and upon retrenchment. Under Indian law, workers also have a right to establish trade unions. Although we currently have no labour unions, we cannot assure you that there will be no labour unions formed in the future.

As at March 31, 2018, our Company had approximately 89 full-time employees (including directors). While our Company believes that it maintains good relationships with the employees and contractors, there can be no assurance that we will not experience disruptions to our operations in the future due to disputes or issues with our contractors or employees. In the event that there are labour unions formed and conflicts with the same, or if our Company experiences unrest or slowdowns, it may become difficult for our Company to maintain flexible labour policies, all of which may materially and adversely impact our business, results of operations and financial condition.

30. *We, at times, rely on contract labour for the performance of our operations.*

We, at times, rely on contract labourers for performance of many of our unskilled or semi-skilled operations. We are registered as a principal employer under the Contract Labour (Regulation and Abolition) Act, 1970, and we shall apply for a renewal of this registration at the appropriate stage. However, any delay or non-receipt of any fresh registration or renewal of such registration may adversely affect our ability to employ contract labour in our operations.

If the contractor(s) through whom we engage the contract labour does not possess registration under the Contract Labour (Regulation and Abolition) Act, 1970, or does not pay wages or provide amenities as stipulated by the Contract Labour (Regulation and Abolition) Act, 1970, we as principal employer may be liable to provide the same to the contract labourer which may cause an added burden on our financials and may affect our business and results of operations.

31. *Our manufacturing operations are critical to our business.*

Presently, we are operating from Plot No. 18, G.I.D.C. Estate Phase - 1, Vatva, Ahmedabad – 382 445, Gujarat, India for manufacturing our products. Any local, social unrest, natural disaster or breakdown of services and utilities in that area could have material adverse effect on the business, financial position and results of our operations. Our manufacturing facilities are subject to operating risks, such as breakdown or failure of equipment, power supply or processes, reduction or stoppage of water supply, power supply, performance below expected levels of efficiency, obsolescence, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities.

In the event that we are forced to shut down our manufacturing facilities for a significant period of time, it would have a material adverse effect on our business, results of operations and financial condition. Further, continuous addition of industries in and around our manufacturing facilities without commensurate growth of its infrastructural facilities may put pressure on the existing infrastructure therein, which may adversely affect our business.

32. *Our manufacturing process involves generation of hazardous industrial chemicals.*

Our manufacturing facilities produce various hazardous industrial chemicals and wastes which may be harmful to humans and the environment. While our Company believes that it has necessary controls and processes in place, any failure of such systems, mishandling of hazardous chemicals or any adverse incident related to the use of these chemicals may cause industrial accidents, loss of human life and/or environmental damage.

If any industrial accident, loss of human life or environmental damage were to occur, we could be subject to significant penalties, other actionable claims and, in some instances, criminal prosecution. Any such event would adversely affect our business and results of operations.

33. *Our business and growth is significantly dependent upon growth of the pigment industry.*

The major products manufactured by us are copper phthalocyanine crude blue (CPC Blue) and pigment blues range of products like CPC Blue, pigment alpha blues and pigment beta blue which are widely used products in the pigment industry. We are dependent upon the growth prospects of the pigment industry where the end product is made by utilizing our products. Our manufactured products have a substantial demand from the pigment industry and various allied industries and their sub-sectors. Our financial performance depends significantly upon the stability of the pigment industry in terms of demand for such products as well as general economic conditions.

Any adverse impact or uncertainty about these markets, or the economy could have a negative impact on our customers' confidence or our financial condition. Further, any shortage in the availability of the raw materials or machines required for the manufacturing of our products which is beyond our control could further adversely affect our business and financial condition.

34. *Stricter environmental laws prescribed by a new code of conduct in India for companies doing business in the Chemical industry could affect our ability to effectively market our products.*

Our Company operates in the Chemical Industry, which is subject to strict environmental laws. Environmental regulation of industrial activities in India may become more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental, or pollution regulations, the company may be required to incur significant amounts on, among other things, environmental monitoring, and pollution control equipment and emissions management.

Due to the nature of our business we expect or continue to be subject to extensive and increasingly stringent environmental laws health and safety regulations and various workplace labour and workplace related laws and regulations. We are also subjected to various environmental laws and regulations including but not limited to Environmental Protection Act 1986, The Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Act, 1974 as well as approval from the state pollution control board to carry on our manufacturing activity. In the event we are unable to comply with the provisions of the relevant legislations/conditions attached to the various approvals, the concerned authorities may take steps against us inter-alia including revocation of permissions granted for manufacture of our products. The same may adversely affect our business and the financial condition.

35. *Our business is subject to a variety of safety, health & environmental laws, labour & workplace related laws and regulations.*

Our Company is subject to various central, state and local environmental and safety laws, concerning issues such as harm caused by air or wastewater emission and contamination. Any changes in the applicable laws and regulations in the future may create substantial environmental compliance or remediation liabilities and costs, including monetary fines, criminal penalties on our Company's officers for violation of applicable laws, or imposition of restrictions on our Company's operations (which may include temporary suspension or closure of its operations). We may also, in the future, become involved in legal or regulatory proceedings, in relation to which we may be required to comply with more rigorous environmental or safety standards, or to incur significant capital and operating expenses and / or remedial costs. These factors may adversely affect our revenues and operations.

Since we need labour to run our manufacturing units, our Company is subject to variety of workplace related laws and regulations. We are required to maintain records and also file periodic returns in relation to the same. Although, we believe that we have complied with all the applicable laws and regulations, in the event of any breach of such laws and regulations, we may be subject to penal consequences which would adversely affect our results of operations and financial condition.

36. *We rely extensively on our systems, including quality assurance and quality control systems to maintain the quality of our products.*

Over the years, we have developed adequate and stringent quality assurance and quality control systems across our manufacturing facilities to maintain the quality of our products. However, any failure of such systems or any failure on the part of our personnel in correctly implementing these systems could adversely affect our output and in turn may affect our business and financial condition.

Further, it may also lead to negative publicity for our Company, if the quality of our products is compromised due to the aforesaid reasons.

37. *Our business involves significant risks and uncertainties that may not be covered by indemnity or insurance.*

Our business operations are subject to inherent risks and hazards which may adversely impact our profitability, such as breakdown, malfunctions, sub-standard performance or failures of manufacturing equipment, fire, loss-in-transit for our products, accidents and natural disasters. At present our insurance policies provide for coverage against risk including material damage, business interruption, insurance coverage for employees, accident coverage. However, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. While we maintain insurance coverage in amounts consistent with industry norms, our insurance policies do not cover all risks, specifically risks such as loss of profits, and are subject to exclusions and deductibles. There can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance had been availed.

If we suffer a significant uninsured loss or if the insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected. Further, there is no assurance that the insurance premium payable by us will be commercially viable or justifiable.

38. *We have not entered into any long term or definitive agreements with our customers.*

We have not entered into any long term or definitive agreements with our customers, and instead rely on purchase orders to govern the volume, pricing and other terms of sales of our products. However, such orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place, we may be unable to seek compensation for any surplus un-purchased products that we manufacture. Our customers do not, typically, place firm purchase orders until a short time before the products are required from us as a result of which, we do not hold a significant order book at any time, making it difficult for us to forecast revenue, production or sales. Consequently, there is no commitment on the part of the customer to continue to source their requirements from us, and as a result, our sales from period to period may fluctuate significantly as a result of changes in our customers' vendor preferences.

Additionally, our customers have high and exacting standards for product quantity and quality as well as delivery schedules. Any failure to meet our customers' expectations could result in cancellation of orders. There are also a number of factors other than our performance that are beyond our control and that could cause the loss of a customer. Customers may demand price reductions, set-off any payment obligations, require indemnification for themselves or their affiliates, change their outsourcing strategy by moving more work in-house, or replace their existing products with alternative products, any of which may have an adverse effect on our business, results of operations and financial condition.

39. *We may not be able to correctly assess the demand for our products.*

We may not be able to correctly assess the demand for our products in the market, domestic as well as international. Historically, we have been able to maintain adequate inventory levels and have been able to deliver our products in the markets as per the prevailing demand. However, we cannot assure you that in the future we will be able to correctly assess the demand for our products and maintain adequate inventory levels.

Any misjudgment in assessing demand could result in either high inventory levels or low inventory levels. High inventory levels could disturb our working capital cycle and low inventory levels could hinder our process of adequately catering to the prevailing demand thus impacting our business, financial condition and results of operations.

40. *We are susceptible to volatility of prices of our products, including due to competitive products.*

Prices of our product are subject to fluctuation, depending on, among other factors, the number of producers and their production volumes and changes in demand in the markets we serve. Volatility in price realization and loss of customers may adversely affect our business.

Further, there is no assurance that we will be able to maintain our low cost of operations or to further reduce costs or develop new cost effective processes in the future.

41. *We operate in a competitive business environment, both globally and domestically.*

We operate in a competitive business environment. Growing competition in the domestic and / or international markets may subject us to pricing pressures and require us to reduce the prices of our products in order to retain or attract customers, which may have a material adverse effect on our revenues and margins.

There can be no assurance that we can continue to effectively compete with our competitors in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations.

42. *Any delays or defaults in receipt of payments or dues from our customers could result in a reduction of our profits.*

We regularly commit resources to orders / assignments prior to receiving advances or other payments from our customers. We may be subject to working capital shortages due to delays or defaults in receipt of payments or dues from such customers.

If our customers default in their payments or if an order / assignment in which we have invested significant resources is delayed, cancelled or curtailed, it could have a material adverse effect on our business, financial condition and results of operations.

43. *We cannot assure payment of dividends on the Equity Shares in the future.*

The distribution of dividends by us is dependent upon several factors, including, among other things, our revenues and profits, the fund requirements of our business, restrictive covenants under loan agreements etc. Our Company does not have any formal dividend policy. The declaration and payment of dividends is recommended by our Board and approved by shareholders, at their discretion, subject to the provisions of our AoA, the applicable law, including the Companies Act.

Although we have paid dividends in the past, there can be no assurance that we shall have distributable funds or that we will declare dividends in the future as well.

44. *The deployment of funds raised through this Issue shall not be subject to any Monitoring Agency and shall be purely dependent on the discretion of the management of our Company.*

Since the Issue size is less than ₹ 10,000 Lakh, there is no mandatory requirement of appointing an Independent Monitoring Agency for overseeing the deployment of utilization of funds raised through this Issue.

The deployment of funds raised through this Issue, is hence, at the discretion of the management and the Board of Directors of our Company and will not be subject to monitoring by any independent agency. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financial condition.

45. *Any variation in the utilisation of the Net Proceeds or in the terms of any contract as disclosed in this DLOF would be subject to certain compliance requirements, including prior shareholders' approval.*

We propose to utilise the Net Proceeds for repayment of certain identified loans availed by our Company and other general corporate purposes. For further details of the proposed objects of the Issue, please see the section “*Objects of the Issue*” beginning on page 45 of this DLOF. In case of any exigencies arising out of business conditions, economic conditions, competition or other factors beyond our control which adversely affect our business, we may require to use the Net Proceeds to meet any other expenditure which cannot be determined with certainty as on the date of this DLOF. In terms of SEBI ICDR Regulations and the Companies Act, 2013, we cannot undertake any variation in the utilisation of the Net Proceeds or in the terms of any contract as disclosed in this DLOF without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances requiring us to undertake variation in the utilisation of the Net Proceeds disclosed in this DLOF, we cannot assure that we will be able to obtain the shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such shareholders' approval may adversely affect our business.

In light of these factors, we may not be able to undertake variation of objects of the Issue to use any unutilized proceeds of the Issue, if any, or vary the terms of any contract referred to in the DLOF, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilised portion of Net Proceeds, if any, which may adversely affect our business and results of operations.

EXTERNAL RISK FACTORS

46. *There is no guarantee that the Rights Equity Shares issued pursuant to the Issue will be listed on the Stock Exchange in a timely manner or at all and any trading closures at the Stock Exchange may adversely affect the trading price of our Equity Shares.*

In accordance with Indian law and practice, permission for listing of the Rights Equity Shares will not be granted until after those Rights Equity Shares have been issued and allotted. In addition, we are required to deliver the Draft Letter of Offer and Letter of Offer to SEBI and the Stock Exchange under the applicable provisions of the Companies Act and the SEBI ICDR Regulations. The trading approval shall be granted subject to the submission of all other relevant documents authorizing the issuing of Rights Equity Shares. There could be a failure or delay in listing the Rights Equity Shares on the Stock Exchange. Any failure or delay in obtaining the approval would restrict investors' ability to dispose of their Equity Shares. Further, a closure of, or trading stoppage on the Stock Exchange could adversely affect the trading price of the Equity Shares.

47. *The Issue Price of our Rights Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.*

The Issue Price of Rights Equity Share may not be indicative of the market price for our Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There can be no assurance that the Investors will be able to sell their Equity Shares at or above the Issue Price. The factors that could affect our share price are:

- (a) quarterly variations in the rate of growth of our financial indicators such as earnings per share;
- (b) changes in revenue or earnings estimates or publication of research reports by analysts;
- (c) speculation in the press or investment community;
- (d) general market conditions; and,
- (e) domestic and international economic, legal and regulatory factors unrelated to our performance.

48. *Political instability or changes in the government or government policies could impact the liberalization of the Indian economy.*

The performance and growth of our Company is dependent on the health of the Indian economy and more generally the global economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices

and various other factors. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. As a result, our business and the market price and liquidity of the Equity Shares may be affected by such economic and / or political changes. While the current government is expected to continue the liberalization of India's economic and financial sectors and deregulation policies, there can be no absolute assurance that such policies will be continued. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and specifically have an adverse effect on the operations of our Company.

49. *Terrorist attacks, civil disturbances, wars, regional and communal conflicts, natural disasters, fuel shortages, epidemics and labour strikes in India and other regions in which we operate may have a material adverse effect on our Company's business and on the market for securities in India.*

India has experienced civil and social unrest, terrorist attacks and other acts of violence in the last few years. If such tensions occur in India, or in the other jurisdictions in which we operate, leading to overall political and economic instability, it could adversely affect our business, financial condition and the market price of our Equity Shares. Additionally, any of these events could lower confidence in India's economy and create a perception that investments in companies with Indian operations involve a high degree of risk, which could have a material adverse effect on the price of the Equity Shares. Any discontinuation of business or loss of profits due to such extraneous factors may affect our business. Further, our operations are dependent on our ability to protect our facilities and infrastructure from fire, explosions, floods, typhoons, earthquakes, power failures and other similar events. India has experienced natural disasters such as earthquakes, a tsunami, floods and droughts in the past few years. In addition, we can give no assurance that the insurance coverage we maintain for such risks will adequately compensate it for all damage and economic losses from natural or man-made catastrophes. The occurrence of a natural disaster of a significant scale could cause interruptions in our operations.

50. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial condition.*

Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavorable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

GST has been implemented with effect from July 1, 2017 and has replaced the indirect taxes on goods and services such as central excise duty, service tax, central sales tax, state VAT and surcharge currently being collected by the central and state governments. The GST is expected to increase tax incidence and administrative compliance. Given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to the tax regime following implementation of the GST. The implementation of this new structure may be affected by any disagreement between certain state Governments, which could create uncertainty. Any future amendments may affect our overall tax efficiency, and may result in significant additional taxes becoming payable.

Further, the general anti avoidance rules ("GAAR") provisions have been made effective from assessment year 2018-19 onwards, i.e., financial Year 2017-18 onwards and the same may get triggered once transactions are undertaken to avoid tax. The consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our

interests, the results could increase our tax payments (prospectively or retrospectively) and / or subject us to penalties. Further, changes in capital gains tax or tax on capital market transactions or sale of shares could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial condition.

51. *Significant differences exist between the accounting principles of existing/erstwhile Indian GAAP as compared to Ind AS and IFRS, which investors may consider material to their assessment of our Company's financial condition.*

The Ministry of Corporate Affairs, pursuant to a notification dated February 16, 2015, has issued the Companies (Indian Accounting Standards) Rules, 2015 which lay down a roadmap for companies other than insurance companies, banking companies and non-banking finance companies for the implementation of Ind AS converged with IFRS.

In accordance with the notifications, our Company adopted Ind AS in our Board meeting on September 12, 2017 and declared its unaudited limited reviewed financial results for the three months period ended June 30, 2017 in accordance with the Ind-AS. Further, our Company has declared the audited financial results for the financial year ended March 31, 2018 in accordance with the Ind AS in the Board Meeting held on May 29, 2018. Our Company may encounter difficulties in this transition to the Ind AS from Indian GAAP and in enhancing our management information systems for the same. There can be no assurance that the adoption of Ind AS will not adversely affect our Company's reported financial condition or results of operations.

Ind AS has fundamental differences with IFRS and therefore financial statements prepared under Ind AS may be substantially different from financial statements prepared under IFRS. In this Letter of Offer, we have not made any attempt to quantify the impact of the differences between Ind AS, IFRS and Indian GAAP as applied to our historical financial statements and our Company cannot assure the Investors that our financial condition, the results of operations, cash flow or changes in shareholders' equity will not appear materially different under Ind AS from that under Indian GAAP or IFRS and that if the Ind AS were to be applied to our historical financial statements prepared under Indian GAAP, there will not material difference in the applicable accounting policies and standards that will require material adjustments to our historical financial statements prepared under Indian GAAP.

52. *General economic conditions in India and globally could adversely affect our business, results of operations and financial condition.*

Our business, prospects, results of operations and financial condition depend significantly on worldwide economic conditions and the health of the Indian economy. Various factors may lead to a slowdown in the Indian or world economy which in turn may adversely impact our business, prospects, results of operations and financial condition. Our Company mainly derives revenue from operations in India and the performance and growth of our business is significantly dependent on the performance of the Indian economy. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, global political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, volatility in inflation rates and various other factors. Accordingly, high rates of inflation in India could increase our Company's employee costs and decrease our operating margins, which could have an adverse effect on our business, prospects, results of operations and financial condition.

Further the Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, also have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our Company's business. A slowdown in the Indian economy could adversely affect the policy of the Government of India towards the industry in which our Company operates, which may in turn, adversely affect our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business, results of operations and financial condition as well as the market price of the Equity Shares.

53. *The extent and reliability of Indian infrastructure could adversely affect our Company's results of operations and financial condition. India's physical infrastructure is in a developing phase, as compared to that of many developed nations.*

Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our Company's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could have an adverse effect on our results of operations and financial condition.

54. *Any downgrading of India's sovereign rating by an independent agency may harm our ability to raise financing.*

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

PROMINENT NOTES:

1. Issue of up to [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share including a share premium of ₹ [●] per Equity Share aggregating to an amount not exceeding ₹ 1,400 Lakh on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held by them on the Record Date.
2. As on March 31, 2018, the Net Worth of our Company was ₹ 2,791.30 Lakh as described in the section titled "*Financial Information*" beginning on page 56 of this DLOF.
3. For details of our transactions with the related parties during FY 2017-18, the nature of such transactions and the cumulative value of such transactions, please see the section titled "*Financial Information*" beginning on page 56 of this DLOF.
4. There has been no financing arrangement whereby our Promoters and Promoter Group or our Directors have financed the purchase by any other person of our securities other than in the normal course of business of the financing entity during the period of 6 (six) months immediately preceding the date of filing of this DLOF with SEBI.

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, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form has been submitted by the ASBA Bidder. For contact details please see the chapter titled "*General Information*" beginning on page 34 of this DLOF.

SECTION III– INTRODUCTION

SUMMARY OF 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 the chapter titled “Terms of the Issue” beginning on page 107 of this DLOF.

Authority for the Issue

The Equity Shares in the present Issue are being offered pursuant a resolution passed by our Board at its meeting held on March 20, 2018 and by a special resolution passed by the shareholders of our Company at their meeting held on April 23, 2018 in accordance with AOA and the provisions of the Companies Act.

Summary of the Issue

Rights Equity Shares to be Issued	Up to [●] Equity Shares
Rights Entitlement for Equity Shares	[●] Rights Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date
Record Date	[●]
Face value per Equity Share	₹10 each
Issue Price per Equity Share	₹ [●] per Rights Equity Share
Issue Size	Up to ₹ 1,400 Lakh
Equity Shares outstanding prior to the Issue	1,12,64,700 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●] Equity Shares
Script Code	ISIN: INE561M01018 BSE: 531109
Terms of the Issue	For more information, please see the chapter titled “Terms of the Issue” beginning on page 107 of this DLOF.
Use of Issue Proceeds	For more information, please see the section titled “Objects of the Issue” on page 45 of this DLOF.
Terms of Payment	The full amount of Issue Price ₹ [●] per Rights Equity Share is payable on Application.

SUMMARY OF FINANCIAL STATEMENTS

The following tables set forth the summary of financial information derived from our Audited Financial Statements as on March 31, 2018, prepared in accordance with Companies Act, the Ind AS and other applicable statutory and / or regulatory requirements. Our summary financial information presented below should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in the chapter titled “Financial Statements” beginning on page 56 of DLOF.

Balance Sheet as at March 31, 2018

(Amount in ₹)

Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
ASSETS				
Non-Current Assets				
Property, plant and equipment	2	197,884,219	124,767,294	127,164,104
Capital work-in-progress	2	7,806,890	4,403,994	-
Financial Assets				
Investments	3	205,000	205,000	205,000
Deffered Tax Asset (Net)	4	-	4,762,931	6,958,415
Other non-current assests	5	5,135,803	5,125,109	29,444,320
		211,031,913	139,264,328	163,771,839
Current Assets				
Inventories	6	60,568,824	118,914,128	43,816,475
Financial Assets				
Trade receivables	7	162,692,730	111,378,193	76,720,319
Cash and cash equivalents	8	2,793,193	5,423,059	3,830,164
Current financial Asset-Loans	9	-	18,300,000	-
Other Current assests	10	43,506,867	43,488,391	65,232,621
		269,561,613	297,503,771	189,599,579
Total Assets		480,593,526	436,768,099	353,371,418
EQUITY AND LIABILITIES				
Equity				
Equity share capital	11	112,647,000	112,647,000	75,098,000
Other equity	12	178,619,725	154,992,291	136,530,796
		291,266,725	267,639,291	211,628,796
LIABILITIES				
Non-Current Liabilities				
Financial Liabilites				
Borrowings	13	28,517,225	11,217,877	26,929,454
Provisions	14	6,957,496	11,638,876	5,686,707
Deferred Tax Liabilities (Net)	15	4,236,643	-	-
		39,711,364	22,856,753	32,616,161
Current Liabilities				
Financial Liabilites				
Borrowings	16	54,262,561	50,578,296	48,052,227
Trade payable	17	76,551,498	46,886,519	41,065,092
Other	18	10,235,678	8,980,760	10,618,913
Other Current Liabilities	19	1,169,100	34,686,900	1,289,621
Provisions	20	7,396,600	5,139,580	8,100,608
		149,615,437	146,272,055	109,126,461
Total Equity and Liabilites		480,593,526	436,768,099	353,371,418

Statement of Profit & Loss for the year ended March 31, 2018

(Amount in ₹)

	Particulars	Note	2017-18	2016-17
1	REVENUES:			
	Sales		721,494,270	667,429,118
	Other Income	21	15,919,709	11,423,510
	Total Revenue		737,413,978	678,852,628
2	Expenses:			
	(a) Cost of materials consumed	22	412,456,315	392,037,178
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	35,422,653	(41,606,013)
	(d) Employee benefits expense	24	52,290,084	54,091,983
	(e) Finance Cost	25	6,426,329	8,189,656
	(f) Depreciation and amortisation expense	2	8,437,493	15,464,173
	(g) Other expenses	26	168,646,681	152,422,162
	Total Expenses		683,679,555	580,599,139
3	Profit before Interest, Depreciation & Tax (PBDIT)		53,734,423	98,253,489
4	Exceptional Items		5,500,000	-
5	Profit/(Loss) from ordinary activities before an Extra Ordinary items and Tax (3 - 4)		59,234,423	98,253,489
6	Extra Ordinary Items		-	-
7	Profit/(Loss) from ordinary activities before tax (5 - 6)		59,234,423	98,253,489
	Tax Expenses			
	- Current tax		17,000,000	31,500,000
	- Short/(Excess) provision of tax in respect of earlier years		(398,232)	(5,026,233)
	- Excess balance of MAT credit written off		-	13,573,743
	- Deferred tax		8,999,574	2,195,484
	Total Tax Expenses		25,601,342	42,242,994
8	Net Profit(loss) for the period		33,633,081	56,010,495
9	Other Comprehensive income net of taxes		162,799	-
10	Total Comprehensive Income for the period		33,795,880	56,010,495
11	Earnings per equity share of face value of Rs. 10 each			
	(a) Basic (in INR)	32	2.99	4.97
	(b) Diluted (in INR)	32	2.99	4.97

Cash Flow Statement for the year ended March 31, 2018

(Amount in ₹)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flow from operating activities		
Net profit before tax	59,234,423	98,253,489
<u>Adjustments for:</u>		
Cash flow from extraordinary item	-	-
Depreciation	8,437,493	15,464,173
Finance Cost	6,426,329	8,189,656
Interest Income	(440,994)	(598,335)
Loss/(profit) on sale of fixed assets (net)	(5,500,000)	-
Operating profit before working capital changes	68,157,251	121,308,984
Adjustment for change in working capital		
(Increase)/decrease in Inventories	58,345,304	(75,097,653)
(Increase)/decrease in Trade Receivables	(51,314,537)	(34,657,874)
(Increase)/decrease in other assets	18,433,630	3,403,573
Increase/(Decrease) in Trade payables	29,664,979	5,821,427
Increase/(Decrease) in Other Liabilities	(32,262,882)	31,759,126
Increase/(Decrease) in Provisions	(1,437,423)	(2,961,028)
Cash flow from extraordinary item	-	-
Cash generated from operations	89,586,322	49,576,554
Direct taxes paid (net)	(17,588,705)	(9,735,474)
Net cash generated from operating activities	71,997,617	39,841,080
Cash flow from investing activities		
Purchase of fixed assets (including capital work in progress)	(84,957,315)	(17,471,357)
Investment in Non - Current Investment	-	-
Proceeds from sale of fixed assets	5,500,000	-
Interest received	440,994	598,335
Net cash used in investing activities	(79,016,321)	(16,873,022)
Cash flow from financing activities		
Proceeds / (Repayment) of long term borrowings	17,299,348	(15,711,577)
Proceeds from short term borrowings	3,684,265	2,526,069
Dividend Paid (including Dividend Distribution Tax)	(10,168,446)	-
Interest paid	(6,426,329)	(8,189,656)
Net cash used in financing activities	4,388,838	(21,375,164)
Net increase/(decrease) in cash and cash equivalents	(2,629,865)	1,592,894
Cash and cash equivalents at the beginning of year	5,423,059	3,830,164
Cash and cash equivalents at the end of year	2,793,193	5,423,058
Components of cash and cash equivalents		
Cash in hand	150,985	31,991
Balance with scheduled banks		
- current accounts	235,593	172,397
- deposit account	2,406,615	5,218,671
	2,793,193	5,423,058

GENERAL INFORMATION

Our Company was originally incorporated as a private company limited by shares under the Companies Act, 1956 with the name “*Ishan Dyes and Chemicals Private Limited*” in the state of Gujarat pursuant to Certificate of Incorporation dated November 30, 1993 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Subsequently, our Company was converted into a public limited company and the name of our Company was changed to “*Ishan Dyes and Chemicals Limited*” pursuant to a fresh Certificate of Incorporation consequent upon change of name dated September 21, 1994 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. For details of change in name and Registered Office of our Company, please see the chapter titled “*History and Certain Corporate Matters*” beginning on page 50 of this DLOF.

Registered Office of our Company

Ishan Dyes and Chemicals Limited

18, G.I.D.C Estate Phase – 1,
Vatva, Ahmedabad – 382445, Gujarat, India.

Telephone: +91-79-25832144/25893607;

Facsimile: +91-79-25833643;

Email: ishandyes@yahoo.com

Website: www.ishandyes.com

CIN: L24110GJ1993PLC020737

Address of the Registrar of Companies

Registrar of Companies, Ahmedabad

ROC Bhavan, Opp. Rupal Park Society,
Behind Ankur Bus Stop,
Naranpura, Ahmedabad – 380 013, Gujarat, India.

Telephone: +91-79-2743 7597;

Facsimile: +91-79-2743 8371;

Email: roc.ahmedabad@mca.gov.in

Chief Financial Officer

Mr. Chintan P. Pancholi

Ishan Dyes and Chemicals Limited

18, G.I.D.C Estate Phase – 1,
Vatva, Ahmedabad – 382445, Gujarat, India.

Telephone: +91-79-25832144/25893607;

Facsimile: +91-79-25833643;

Email: ishandyes@yahoo.com

Company Secretary and Compliance Officer

Ms. Ankita V. Shah

Ishan Dyes and Chemicals Limited

18, G.I.D.C Estate Phase – 1,
Vatva, Ahmedabad – 382445, Gujarat, India.

Telephone: +91-79-25832144/25893607;

Facsimile: +91-79-25833643;

Email: ishandyes@yahoo.com

Investors may 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 letter of allotment, credit of Rights Equity Shares, refund and such other matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, contact number(s), e-mail ID of the first holder, folio number or demat account number, serial number of the CAF, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors along

with a photocopy of the acknowledgement slip. For further details on the ASBA process, please see the chapter titled “*Terms of the Issue*” beginning on page 107 of this DLOF.

Lead Manager to the Issue

Vivro Financial Services Private Limited

Vivro House, 11, Shashi Colony,
Opposite Suvidha Shopping Center,
Paldi, Ahmedabad - 380007, Gujarat, India.

Telephone: +91-79-40404242;

Facsimile: +91-79-26650570

Email: project.blue@vivro.net

Website: www.vivro.net

Investor Grievance Email: investors@vivro.net

Contact Person: Mr. Anish Akruwala / Mr. Bhargav Parekh

SEBI Registration Number: INM000010122

CIN: U67120GJ1996PTC029182

Registrar to the Issue

Link Intime India Private Limited

C 101, 1st Floor, 247 Park, LBS Marg,
Vikhroli (West), Mumbai - 400083, Maharashtra, India.

Telephone: + 91-22-49186200;

Facsimile: +91-22-49186195;

Email: ishandyes.rights@linkintime.co.in

Website: www.linkintime.co.in

Investor Grievance Email: ishandyes.rights@linkintime.co.in;

Contact Person: Mr. Sumeet Deshpande

SEBI Registration Number: INR000004058

CIN: U67190MH1999PTC118368

Registrar and Share Transfer Agent

MCS Share Transfer Agent Limited

1st Floor, Neelam Apartment, 88, Sampatrao Colony,
Above Chappanbhog Sweet, Alkapuri, Vadodara – 390007, Gujarat, India

Telephone: +91-0265-2314757/2350490;

Facsimile: +91-0265-02341639;

Email: mcsltdbaroda@gmail.com

Investor Grievance Email: mcsltdbaroda@gmail.com

Website: www.mcsregistrars.com

SEBI Registration No: INR000004108

CIN: U67120WB2011PLC165872

Contact Person: Ms. Nikita

Legal Advisor to the Issue

M/s. Kanga and Company, Advocates & Solicitors

Readymoney Mansion,
43, Veer Nariman Road,
Mumbai - 400 001, Maharashtra, India

Telephone: +91-22-66230000/ 66332288

Facsimile: +91-22-66339656/66339657

Website: www.kangacompany.com

Email: chetan.thakkar@kangacompany.com

Contact Person: Mr. Chetan Thakkar

Statutory Auditors of our Company

M/s. G. S. Mathur & Company

Chartered Accountants,

A-160, Defence Colony, New Delhi – 110 024, India

Telephone: +91-011-4155 4880/81

Facsimile: +91-011-2433 1502

Email: gsmco.gsmco@gmail.com

Contact Person: Mr. Bhargav Vaghela

Membership Number: 124619

Firm Registration Number: 008744N

Bankers to our Company

The Kalupur Commercial Co-Operative Bank Limited

Kalupur Bank Bhavan, Near Income Tax Circle,

Ashram Road, Ahmedabad – 380014, Gujarat, India

Telephone: +91-79-27582020-26

Facsimile: +91-79-27544450, 27582033

Email: midcorp@kalupurbank.com

Website: www.kalupurbank.com

Contact Person: Mr. Paresh Dave

Axis Bank Limited

Maninagar Branch, Ground Floor, Business Square Building,

Maninagar, Ahmedabad – 380008, Gujarat, India

Telephone: +91-79-40260400

Email: maninagar.branchhead@axisbank.com; vishal.kadiya@axisbank.com

Website: www.axisbank.com

CIN: L65110GJ1993PLC020769

Contact Person: Mr. Vishal Kadiya

Bank of India

91/21 Phase 1, Vatva GIDC,

Ahmedabad – 382445, Gujarat, India

Telephone: +91-79-25894090 / 25892428

Facsimile: +91-79-25892428

Email: yessi.ahmedabad@bankofindia.co.in

Website: www.bankofindia.co.in

Contact Person: Chief Manager

Bankers to the Issue and Refund Bank

The Bankers to the Issue and Refund Bank will be appointed prior to filing of Letter of Offer with the Stock Exchange.

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. Details relating to Designated Branches of SCSBs collecting the ASBA application forms are available at the above mentioned link.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Issue Opening Date	[•]
Last Date for request for Split Application Forms	[•]
Issue Closing Date*	[•]

**The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 (thirty) days from the Issue Opening Date.*

Statement of responsibilities of the Lead Manager to the Issue

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

Sr. No.	Activities
1.	Capital structuring with relative components and formalities such as type of instruments, etc.
2.	Due Diligence of the Company, drafting and design of the Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the CAF and of the advertisement or publicity material including newspaper advertisements and brochure / memorandum containing salient features of the offer document.
3.	Selection of various agencies connected with the issue, namely Registrars to the Issue, Bankers to the Issue, printers, advertising agencies, etc. as may be applicable.
4.	Drafting and approval of all publicity material including statutory advertisements, corporate advertisements, brochures, corporate films, etc.
5.	Liaisoning with the Stock Exchange and SEBI for pre-Issue activities, including for obtaining in-principle listing approval and completion of prescribed formalities with the Stock Exchange and SEBI.
6.	Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as Registrars to the Issue, Bankers to the Issue, Self-Certified Syndicate Banks, etc.

Experts Opinion

Our Company has received consent from the Statutory Auditors, M/s. G. S. Mathur & Co., Chartered Accountants to include their name as an “expert” under Section 2(38) read with Section 26 of the Companies Act in this DLOF in relation to (i) audit report dated May 29, 2018 on the audited financial statements of our Company for the FY 2017-18 provided under chapter titled “*Financial Statements*” on page 56 of this DLOF and (iii) the Statement of Tax Benefits dated May 31, 2018 on page 92 of this DLOF. Further, this consent has not been withdrawn as of the date of this DLOF.

Underwriters and Underwriting Arrangement

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue of the Equity Shares being offered under the Issue, on an aggregate basis, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is any delay in the refund of the subscription amount of more than 8 days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company shall pay interest for the delayed period, at such rates as prescribed under the Companies Act, 2013.

Credit rating

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

Debenture Trustee

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.

Book Building Process

As the Issue is a Rights Issue, the Issue will not be made through the book building process.

Monitoring Agency

In terms of Regulation 16(1) of the SEBI ICDR Regulations, an issuer is required to appoint a monitoring agency if the issue size is in excess of ₹10,000 Lakh. Since the size of present issue is less than ₹ 10,000 Lakh, our Company is not required to appoint a monitoring agency. Our Board and the Audit Committee of our Board will monitor the use of proceeds of this Issue in accordance with applicable law.

Appraising Agency

None of the purposes for which the Net Proceeds are proposed to be utilised have been appraised by any bank or financial institution.

Issue Grading

As the Issue is a Rights Issue, grading of the Issue is not required.

Principal Terms of Loans and Assets charged as Security

For the principal terms of loans and assets charged as security of our Company, please see the chapter titled “*Financial Statements*” beginning on page 56 of this DLOF.

CAPITAL STRUCTURE

The share capital of our Company as on the date of this DLOF is set forth below:

(₹ in Lakh, except the shares data)			
Sr. No.	Particulars	Aggregate value at face value	Aggregate value at Issue Price
A.	AUTHORIZED SHARE CAPITAL		
	2,50,00,000 Equity Shares of ₹10 each	2,500.00	-
B.	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE		
	1,12,64,700 Equity Shares of ₹ 10 each	1,126.47	-
C.	PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER⁽¹⁾		
	Up to [●] Rights Equity Shares of ₹ 10 each at an Issue Price of ₹ [●] per Equity Share aggregating up to ₹1,400 Lakh	[●]	[●]
D.	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE ISSUE		
	[●] Equity Shares of ₹10 each ⁽²⁾	[●]	-
E.	SECURITIES PREMIUM ACCOUNT		
	Before the Issue	53.75	
	After the Issue	[●]	

⁽¹⁾ The Issue has been authorised by a resolution of our Board passed at its meeting held on March 20, 2018 and by the Shareholders at their meeting held on April 23, 2018, pursuant to AOA of our Company and Section 62 of the Companies Act, 2013.

⁽²⁾ Assuming full subscription for and allotment of the Rights Entitlement.

Notes to the Capital Structure:

- Our Company does not have any employee stock option scheme or employee stock purchase scheme.
- Our Company does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of this DLOF, which would entitle the holders to acquire further Equity Shares.
- As on the date of this DLOF, Our Promoters and the Promoter Group hold, in aggregate, 47,46,500 Equity Shares constituting 42.14% of the total pre-Issue paid up Equity Share capital of our Company. None of the Equity Shares held by our Promoters and Promoter Group are pledged with any banks or institutions, locked-in or otherwise encumbered.
- No Equity Shares have been acquired by our Promoters or members of the Promoter Group in the year immediately preceding the date of filing of this DLOF with the SEBI except for the following:
 - Acquisition of 14,83,900 Equity Shares by Ms. Mirali S. Patel by way of gift pursuant to a gift deed dated July 11, 2017;
 - Acquisition of 7,04,360 Equity Shares by Mr. Piyushbhai N. Patel pursuant to the open offer from the equity shareholders of the Company in terms of letter of offer dated September 26, 2017 in accordance with SEBI Takeover Regulations;
 - Acquisition of 25,000 Equity Shares by Mr. Piyushbhai N. Patel pursuant to a share purchase agreement dated July 11, 2017 entered into between Mr. Piyushbhai N. Patel, Mr. Shrinal P. Patel and Ms. Shardaben J. Patel; and
 - Acquisition of 25,000 Equity Shares by Mr. Shrinal P. Patel pursuant to a share purchase agreement dated July 11, 2017 entered into between Mr. Piyushbhai N. Patel, Mr. Shrinal P. Patel and Ms. Shardaben J. Patel.

5. Subscription to the Issue by the Promoters and Promoter Group

The following individuals from the Promoters and the Promoter Group of our Company through their letters dated July 06, 2018 (the "**Subscription Letters**") have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue and to the extent of the unsubscribed portion of the Issue over and above their Rights Entitlement:

1. Mr. Piyushbhai N. Patel
2. Mr. Shrinal P. Patel
3. Ms. Anilaben P. Patel
4. Ms. Mirali S. Patel

Further, the Promoters and Promoter Group may also apply for Additional Rights Equity Shares along with their Rights Entitlement and / or renunciation in their favour by another Promoter or member of Promoter Group or by any other shareholders.

Subscriptions of Equity Shares over and above their Rights Entitlement by the Promoters and members of Promoter Group, if allotted, may result in an increase in their aggregate shareholding. The Promoters and members of Promoter Group are already in control of our Company and any acquisition of Additional Rights Equity Shares shall not result in change of control of the management of our Company within the meaning of the SEBI Takeover Regulations and shall be exempt from the open offer obligation subject to fulfillment of the conditions of Regulation 10 of the SEBI Takeover Regulations. The Promoters and members of Promoter Group acknowledge and undertake that their investment would be restricted to ensure that the public shareholding in our Company after the Issue do not fall below the permissible minimum level as specified in the Regulation 38 of the SEBI Listing Regulations.

As such, other than meeting the requirements indicated in the section titled "*Objects of the Issue*" beginning on page 45 of this DLOF, there is no other intention / purpose for the Issue, including any intention to delist our Equity Shares, even if, as a result of any allotment in the Issue to our Promoters and / or the members of our Promoter Group, the shareholding of our Promoters and/or Promoter Group in our Company exceeds their current shareholding.

6. The present Issue being a rights issue, as per Regulation 34(c) of the SEBI ICDR Regulations, the requirements of promoters' contribution and lock-in are not applicable.
7. All the Equity Shares are fully paid-up as on the date of this DLOF and there are no partly paid up Equity Shares.
8. The Rights Equity Shares offered through this Issue shall be made fully paid up at the time of Allotment in the Issue.
9. The ex-rights price arrived in accordance with Clause 4(b) of Regulation 10 of the SEBI Takeover Regulations, in connection with the Issue is ₹ [●].
10. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this DLOF with SEBI and until the commencement of trading of the Rights Equity Shares to be issued pursuant to the Issue.
11. At any given time, there shall be only one denomination of the Equity Shares of our Company.
12. Our Company shall comply with such disclosure and accounting norms specified by the SEBI from time to time.

13. Shareholding Pattern of our Company

(i) The shareholding pattern of the Equity Shares of our Company as per the last filing with the Stock Exchange, i.e., on June 30, 2018 is as follows:

Cate gory (I)	Category of shareholder (II)	No. of share holde rs (III)	No. of fully paid up equity shares held (IV)	No. of part ly paid up equi ty shar es held (V)	No. of share s under lying depos itory recei pts (VI)	Total no. of shares held (VII) = (IV)+(V)+(VI)	Shareho lding as a % of total no. of shares (calculat ed as per SCRR, 1957) (VIII) As a % of (A+B+C 2)	No. of voting rights held in each class of securities (IX)				No. of shares under lying outsta nding conver tible securit ies (includ ing warra nts) (X)	Shareholdi ng as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+ (X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		No. of equity shares held in demateriali zed form (XIV)
								Number of voting rights			Total as a % of (A+B+C)			No. (a)	As a % of total share s held (b)	No. (a)	As a % of total shar es held (b)	
								Class eg. X	Cl ass eg. Y	total								
(A)	Promoter & Promoter group	5	47,46,500	-	-	47,46,500	42.14	47,46,500	-	47,46,500	42.14	-	42.14	-	-	-	-	47,46,500
(B)	Public	3,541	65,18,200	-	-	65,18,200	57.86	65,18,200	-	65,18,200	57.86	-	57.86	750	0.01	-	-	37,67,905
(C)	Non-Promoter- Non public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employee trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	3,546	1,12,64,700	-	-	1,12,64,700	100.00	1,12,64,700	-	1,12,64,700	100.00	-	100.00	750	0.01	-	-	85,14,405

(ii) Statement showing shareholding pattern of our Promoters and Promoter Group as on June 30, 2018:

Category	Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	No. of partly paid up equity shares held	No. of shares underlying depositary receipts	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of locked in shares		Number of shares pledged or otherwise encumbered*		No. of equity shares held in dematerialized form
										No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
A1)	Indian													
(a)	Individuals/Hindu undivided Family	5	47,46,500	-	-	47,46,500	42.14	-	42.14	-	-	-	-	47,46,500
(i)	Piyushbhai N. Patel	1	16,65,650	-	-	16,65,650	14.79	-	14.79	-	-	-	-	16,65,650
(ii)	Mirali S. Patel	1	14,83,900	-	-	14,83,900	13.17	-	13.17	-	-	-	-	14,83,900
(iii)	Shrinal P. Patel	1	9,83,500	-	-	9,83,500	8.73	-	8.73	-	-	-	-	9,83,500
(iv)	Anilaben P. Patel	1	3,63,750	-	-	3,63,750	3.23	-	3.23	-	-	-	-	3,63,750
(v)	Marutbhai D. Patel	1	2,49,700	-	-	2,49,700	2.22	-	2.22	-	-	-	-	2,49,700
	Sub Total A1	5	47,46,500	-	-	47,46,500	42.14	-	42.14	-	-	-	-	47,46,500
A2)	Foreign	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A1+A2)	5	47,46,500	-	-	47,46,500	42.14	-	42.14	-	-	-	-	47,46,500

(*) The term "Encumbrance" has the same meaning as assigned to it in regulation 28(3) of the SEBI Takeover Regulations.

(iii) Statement showing holding of specified securities of public shareholders in our Company as on June 30, 2018:

Category	Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	No. of partly paid up equity shares held	No. of shares underlying depositary receipts	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C 2)	No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C 2)	Number of locked in shares		Number of shares pledged or otherwise encumbered*		No. of equity shares held in dematerialized form
										No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
B1)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
B2)	Central Government/ State Government/ President of India	-	-	-	-	-	-	-	-	-	-	-	-	-
B3)	Non-Institutions													
	Individual share capital up to Rs. 2 Lakh	3,148	22,97,439	-	-	22,97,439	20.40	-	20.40	750	0.03	-	-	16,09,724
	Individual share capital in excess of Rs. 2 Lakh	26	18,92,380	-	-	18,92,380	16.80	-	16.80	-	-	-	-	15,59,715
	Any other (specify)	367	23,28,381	-	-	23,28,381	20.67	-	20.67	-	-	-	-	5,98,466
	HUF	80	2,22,922	-	-	2,22,922	1.98	-	1.98	-	-	-	-	2,22,922
	NRI	216	18,97,977	-	-	18,97,977	16.85	-	16.85	-	-	-	-	1,68,062
	Bodies Corporate	71	2,07,482	-	-	2,07,482	1.84	-	1.84	-	-	-	-	2,07,482
	Sub Total B3	3,541	65,18,200	-	-	65,18,200	57.86	-	57.86	750	0.01	-	-	37,67,905
	Total public shareholding (B)= B1+B2+B3	3,541	65,18,200	-	-	65,18,200	57.86	-	57.86	750	0.01	-	-	37,67,905

(*) The term "Encumbrance" has the same meaning as assigned to it in regulation 28(3) of the SEBI Takeover Regulations.

- (iv) Statement showing holding of specified securities of public shareholders holding more than 1% of the total number of Equity Shares in our Company as on June 30, 2018:

Sr. No.	Name of shareholder	No. of shareholders	No. of fully paid up equity shares held	No. of partly paid up equity shares held	No. of shares underlying depositary receipts	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of locked in shares		Number of shares pledged or otherwise encumbered*		No. of equity shares held in dematerialized form
										No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
1	Bipinbhai R Patel	1	2,79,015	-	-	2,79,015	2.48	-	2.48	-	-	-	-	-
2	Alpeshbhai B Patel	1	2,66,850	-	-	2,66,850	2.37	-	2.37	-	-	-	-	-
3	Dipakbhai Chimanbhai Patel	1	2,64,450	-	-	2,64,450	2.35	-	2.35	-	-	-	-	2,64,450
4	Amita Y Desai	1	2,02,350	-	-	2,02,350	1.80	-	1.80	-	-	-	-	2,02,350
5	Deepak J Patel	1	1,39,650	-	-	1,39,650	1.24	-	1.24	-	-	-	-	1,39,650
6	Smita Murmu	1	1,25,900	-	-	1,25,900	1.12	-	1.12	-	-	-	-	1,25,900
	Total	6	12,78,215	-	-	12,78,215	11.36	-	11.36	-	-	-	-	7,32,350

(*) The term "Encumbrance" has the same meaning as assigned to it in regulation 28(3) of the SEBI Takeover Regulations.

SECTION IV – OBJECTS OF THE ISSUE

The Objects of the Issue are:

1. Repayment/prepayment, in full or in part, of certain identified loans availed by our Company together with interest and other charges, if any; and
2. General corporate purposes.

(collectively, referred to hereinafter as the “**Objects**”)

We intend to utilize the gross proceeds raised through the Issue (the “**Issue Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the abovementioned Objects.

The main objects clause of our Memorandum of Association enables our Company to undertake its existing activities. The activities which have been carried out until now by our Company are valid in terms of the objects clause of our Memorandum of Association. The borrowings availed by our Company and which are proposed to be repaid/pre-paid in full or in part, from the Net Proceeds, are utilized for activities carried out by us as enabled by the objects clause of our Memorandum of Association.

Issue Proceeds

The details of the Issue Proceeds are as follows:

(₹ in Lakh)	
Particulars	Estimated Amount
Gross proceeds to be raised through the Issue	Up to 1,400.00
Less: Issue related expenses	[•]*
Net Proceeds	[•]*

* Will be finalized and updated in the Letter of Offer at the time of filing with the Stock Exchange.

Requirement of Funds and Utilization of Net Proceeds

The utilization of the Net Proceeds is as follows:

(₹ in Lakh)		
Sr. No.	Particulars	Estimated Amount to be Utilized
1	Repayment/prepayment, in full or in part, of certain identified loans availed by our Company together with interest and other charges, if any	Up to 1,100.00
2	General Corporate Purposes*	[•]

* Will be finalized upon determination of Issue Price. The amount shall not exceed 25% of the gross proceeds from the Issue.

Means of Finance

The repayment / prepayment, in full or in part, of certain identified loans availed by our Company are proposed to be funded entirely from the Net 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.

Details of the Objects of the Issue

1. **Repayment/prepayment, in full or in part, of certain identified loans availed by our Company together with interest and other charges, if any**

Our Company proposes to utilize an estimated amount of up to ₹ 1,100.00 Lakh from the Net Proceeds of the Issue towards repayment/prepayment, in full or in part, of certain loans availed by our Company together with interest and other charges, if any from the Kalupur Commercial Co- Operative Bank Limited (“**KCCBL**”). As on June 29, 2018, the aggregate outstanding amount of loans availed by our Company from the KCCBL is ₹1,104.75 Lakh.

Given the nature of these borrowings and the terms of repayment, the aggregate outstanding amount of loans may vary from time to time and accordingly, our Company will repay/prepay the amount of loans outstanding as on the date of repayment/prepayment. In case of any surplus after utilization of the Issue Proceeds for the repayment/prepayment of loans, our Company may use such surplus towards General Corporate Purposes subject to total utilization not exceeding 25% of the gross proceeds of the Issue. In the event Net Proceeds are insufficient for the repayment/prepayment of loans, such payment shall be made from the internal accruals of our Company. For details, please see the section titled “*Risk Factors*” beginning on page 14 of this DLOF.

Further, our Company may, from time to time, enter into further financing arrangements and draw down funds thereunder. In such cases or in case any of the above loans are repaid or further drawn-down prior to the completion of the Issue, our Company may utilize this component of the Net Proceeds towards repayment of such additional amount of loans.

We believe that such repayment will help reduce our Company’s outstanding indebtedness, debt servicing costs and our Company’s debt-equity ratio, thereby resulting in an enhanced equity base, assisting our Company in maintaining a favourable debt-equity ratio in the near future and enabling utilization of our Company’s accruals for further investment in our business growth and expansion. In addition, we believe that this would improve our ability to raise further resources in the future to fund our potential business development opportunities.

The following table sets forth details of the certain identified loans that are currently availed by our Company from KCCBL, which are proposed to be repaid/prepaid, in full or in part, from the Net Proceeds. The amounts outstanding against the loans mentioned below are indicative and our Company will repay/prepay amounts outstanding at the time of repayment:

Borrowings of our Company from KCCBL which are proposed to be repaid/prepaid out of the Net Proceeds:

(₹ in Lakh)

Sr. No.	Nature of Facility and Details of Document	Purpose	Amount Sanctioned	Amount Outstanding as on June 29, 2018*	Rate of interest (% per annum)	Repayment Schedule	Amount proposed to repaid out of the Net Proceeds
1.	Machinery Loan via Sanction Letter dated January 12, 2018	Purchase of Machineries, Equipments and other movable fixed assets.	155.00	94.96	9.50%	Repayment in 60 monthly installments each of ₹ 2.58 Lakh and interest thereon.	[•]
2.	Secured Loan via Sanction Letter dated January 12, 2018	Construction of Industrial Shed	180.00	150.94	9.50%	Repayment in 60 monthly installments each of ₹ 3.00 Lakh and interest thereon.	[•]
3.	Secured Loan via Sanction Letter dated October 03, 2017	Construction of Industrial Shed	105.00	91.00	9.50%	Repayment in 60 monthly installments each of ₹ 1.75 Lakh and interest thereon.	[•]
4.	Machinery Loan via Sanction Letter dated October 03, 2017	Purchase of Machineries, Equipments and other movable fixed assets	160.00	138.67	9.50%	Repayment in 60 monthly installments each of ₹ 2.67 Lakh and interest thereon.	[•]
5.	Cash Credit Stock cum Book Debt via Sanction Letter dated October 3, 2017	Meeting working capital requirement and for expenses incurred in the ordinary course of business	800.00	629.18	9.50%	On Demand	[•]
Total			1,400.00	1,104.75			[•]

* M/s K. D. Dave & Co., Chartered Accountants, have vide certificate dated July 06, 2018 certified the amount of loans outstanding as on June 29, 2018 and have also confirmed that the said borrowings have been utilized for the purposes for which they have been availed.

Note: The terms and conditions of the loans including the rate of interest mentioned herein are provided on the basis of respective sanction letters as amended or reviewed by KCCBL from time to time. Our Company is required to pay pre-payment penalty @ 2% per annum of total outstanding amounts, in case of takeover of account by other bank/financial institutions. However, in case of pre-payment out of own sources, no pre-payment penalty is required to be paid.

2. General Corporate Purposes

Our Board will have flexibility in applying the balance amount, aggregating to ₹ [●] Lakh, towards general corporate purposes, subject to such utilization not exceeding 25% of the gross proceeds of the Issue, including, meeting our working capital requirements, routine capital expenditure, funding our growth opportunities and strategic initiatives.

Issue Expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] Lakh. The expenses of the Issue include, among others, fees of the Lead Manager, fees of the Registrar to the Issue, fees of the other advisors, printing and stationery expenses, advertising, travelling and marketing expenses and other expenses.

The estimated Issue expenses are as under:

Particulars	Estimated Expenses (₹ in Lakh)*	% of Estimated Issue size*	% of Estimated Issue expenses*
Fees of the Lead Manager, Registrar to the Issue, Legal Advisor, Auditor's fees etc.	[●]	[●]	[●]
Statutory Advertising, Marketing, Printing & Distribution and ASBA processing fees	[●]	[●]	[●]
Regulatory fees, Filing fees, Stamp Duty, Listing Fees, Depository Fees and other miscellaneous expenses	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	100%

* Amount will be finalized at the time of filing Letter of Offer and on determination of Issue Price.

Appraisal of the Objects

None of the Objects for which the Net Proceeds will be utilized have been appraised by any agency.

Interim Use of Funds

Pending utilization for the purposes described above, we intend to deposit the Net Proceeds only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934. We confirm that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not utilize the Net Proceeds for any investment in the equity markets, real estate or related products.

Bridge Loan

We have not raised any bridge loans which are required to be repaid from the Net Proceeds.

Monitoring Utilization of Funds from Issue

As this is an Issue for an amount less than ₹ 10,000 Lakh, there is no requirement for the appointment of a monitoring agency. The Board and the Audit Committee of our Company will monitor the utilization of the proceeds of the Issue. Our Company will disclose the utilization of the Issue Proceeds, including interim use, under a separate head along with details, for all such Issue Proceeds that have not been utilized.

We will also on an annual basis, prepare a statement of the funds which have been utilized for purposes other than those stated in the Letter of Offer, if any, and place it before the Audit Committee and the Board. Such disclosure will be made only until all the Issue Proceeds have been utilized in full. The statement shall be certified by our Statutory Auditor. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchange on a quarterly basis, a statement including deviations and variations, if any, in the utilization of the Issue Proceeds 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.

Other Confirmations

None of the Promoters and Promoter Group and Directors of our Company is interested in the Objects for which funds are being raised through the Issue. No part of the Net Proceeds will be paid as consideration to the Promoters and Promoter Group, Directors or Key Management Personnel of our Company.

SECTION V – ABOUT THE COMPANY

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was originally incorporated as a private company limited by shares under the Companies Act, 1956 with the name “*Ishan Dyes and Chemicals Private Limited*” in the state of Gujarat pursuant to Certificate of Incorporation dated November 30, 1993 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Subsequently pursuant to a special resolution dated September 08, 1994 passed by our shareholders, our Company was converted into public limited company and a fresh Certificate of Incorporation in the name of ‘*Ishan Dyes and Chemicals Limited*’ was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli dated September 21, 1994. The Corporate Identity Number of our Company is L24110GJ1993PLC020737.

Presently, the Equity Shares of our Company are listed and traded on BSE Limited under the security code 531109. The Equity Shares of our Company were previously listed on Ahmedabad Stock Exchange Limited and Vadodara Stock Exchange Limited and were subsequently delisted therefrom vide their orders dated March 31, 2014 and May 21, 2014 respectively.

Brief Description of our Business

Our Company is a pigment chemical manufacturing company primarily engaged in business of manufacturing of copper phthalocyanine crude blue (CPC Blue) and pigment blues range of products like CPC Blue, pigment alpha blues and pigment beta blue. All these products have applications for various industrial purposes with high export demand. Over a decade, we have clinched a vast base of customers to whom we export range of phthalocyanine blue pigments for plastics, water base & offset inks, paint (alkyd) on a regular basis.

Change in Registered Office of our Company

On incorporation, the Registered Office of our Company was situated at Swastik Society, College Road, Borsad, District Kheda – 388540, Gujarat, India. Thereafter, the registered office of our Company shifted to the following addresses:

Date of Change	New Address	Reason for Change
February 28, 1995	1st Floor, Dinsha Chambers, Above State Bank of India, Borsad, District Kheda – 388 540, Gujarat, India	Administrative Convenience
August 13, 2014	18, G.I.D.C Estate, Phase – 1, Vatva, Ahmedabad – 382 445, Gujarat, India	Administrative Convenience

Corporate Structure of our Company

Our Company does not have any subsidiary.

Main Objects of our Company

The main objects of our Company as contained in clause III (A) of Memorandum of Association are:

1. To carry on in India and in any part of the world the business of manufacturing, producing, processing, buying, selling, mixing, formulating, importing, exporting, indenting, acquiring, trading, storing, packaging, transporting, distributing, marketing, disposing, warehousing, stocking of all kinds of organic, inorganic, synthetic chemicals, solvents, intermediates all types of dyes and colour, reagents, textile auxiliary, catalysts and all inorganic chemicals, including, acids, alkalies, metals and alloys.

Major Events of our Company

Sr. No.	Year	Events
1	1993	Our Company was incorporated with the name “ <i>Ishan Dyes and Chemicals Private Limited</i> ”

Sr. No.	Year	Events
2	1994	Pursuant to the conversion into a public limited company, the name of our Company was changed to “ <i>Ishan Dyes and Chemicals Limited</i> ”
3	1995	Initial Public Offering of 25,00,000 Equity Shares of face value ₹10 each at an issue price of ₹ 10 each
4	2000	Fund raising by our Company through preferential issue of 25,00,000 Equity Shares of face value of ₹10 each
5	2008	Management system of our Company received ISO 9001:2008 and ISO 14000:2004 certifications from ISOQAR for manufacture and supply of CPC Blue, Pigment Alpha Blue and Beta Blue
6	2011	Revocation of suspension in trading of the Equity Shares of our Company from BSE Limited
7	2014	Voluntary delisting of our Company from the Ahmedabad Stock Exchange Limited and Vadodara Stock Exchange Limited
8	2014	Our Company received status of Star Export House for a period of five years from April 2014 to March 2019 from the Joint Director General of Foreign Trade, Ministry of Commerce & Industry
9	2017	Issuance of bonus shares in the ratio of 1:2 (i.e.one new fully paid up Equity Share for every two Equity Shares held)
10	2017	Management system of our Company received ISO 9001:2015 and ISO 14001:2015 certifications from ISOQAR for manufacture and supply of CPC Blue, Pigment Alpha Blue and Beta Blue
11	2017	Our Company received “CRISIL SME 1” rating from CRISIL Limited

SECTION VI - OUR MANAGEMENT

Board of Directors

In terms of Article 80 of the AOA, our Company is required to have not less than 3 (three) and not more than 15 (fifteen) Directors on our Board of Directors.

Currently, our Company has 8 (Eight) Directors on the Board comprising of 4 (Four) Independent Directors, 2 (Two) Non-Executive Directors and 2 (Two) Executive Directors. The chairman of our Company, Mr. Piyushbhai N. Patel, is an Executive Director. The composition of the Board of Directors is governed by the provisions of the Companies Act and the SEBI Listing Regulations.

The following table sets forth certain details regarding the Board of Directors as on date of this DLOF:

Sr. No.	Name, Address, Designation, Occupation, DIN, Term and Nationality	Age (years)	Other Directorships
1.	Name: Mr. Piyushbhai N. Patel Address: 3, Beverli Hills, Borsad Anand Road, Vehra, Borsad – 388 540, Gujarat, India. Designation: Chairman and Managing Director Occupation: Business DIN: 00450807 Term: For a period of 5 Years w.e.f. June 01, 2016 Nationality: Indian	63	1. Cluster Enviro Private Limited 2. Beverly Lills Construction Private Limited
2.	Name: Mr. Shrinal P. Patel Address: 17 Shan, Beverley Hills, Borsad, Dist. Anand – 388 540, Gujarat, India. Designation: Whole-Time Director Occupation: Business DIN: 02992519 Term: For a period of 5 Years w.e.f. February 01, 2016 Nationality: Indian	33	1. Cluster Enviro Private Limited
3.	Name: Ms. Anilaben P. Patel Address: 3, Beverli Hills, Borsad Anand Road, Vehra, Borsad – 388 540, Gujarat, India. Designation: Director Occupation: House wife DIN: 00450893	60	1. Cluster Enviro Private Limited

Sr. No.	Name, Address, Designation, Occupation, DIN, Term and Nationality	Age (years)	Other Directorships
	Date of appointment: March 05,1999		
	Term: liable to retire by rotation		
	Nationality: Indian		
4.	Name: Mr. Marutbhai D. Patel	62	1. Beverly Lills Construction Private Limited
	Address: 16, Beverli Hills Society, Near Vehra , Borsad, Anand – 388 540, Gujarat, India.		
	Designation: Director		
	Occupation: Business		
	DIN: 01886954		
	Date of appointment: September 08, 1994		
	Term: liable to retire by rotation		
	Nationality: Indian		
5.	Name: Mr. Ronak Y. Desai	33	No other directorship
	Address: T-1, Nilkanth Apartment, Chikuwadi, Alkapuri, Baroda – 390 005, Gujarat, India.		
	Designation: Independent Director		
	Occupation: Business		
	DIN: 02808811		
	Term: W.e.f. September 29, 2015 for a period of 5 years up to the conclusion of 27 th AGM to be held in calendar year 2020		
	Nationality: Indian		
6.	Name: Mr. Mayankkumar H. Patel	44	No other directorship
	Address: Kansara Pole, Dist. Anand, Sojitra – 387 240 Gujarat, India.		
	Designation: Independent Director		
	Occupation: Business		
	DIN: 02838526		
	Term: W.e.f. September 23, 2014 for a period of 5 years up to the conclusion of 26 th AGM to be held in calendar year 2019		
	Nationality: Indian		
7.	Name: Mr. Roopin A. Patel	41	No other directorship
	Address: 6, President Avenue Society,		

Sr. No.	Name, Address, Designation, Occupation, DIN, Term and Nationality	Age (years)	Other Directorships
	Near Professor Society, Phase II, G.I.D.C., Anand – 388 121, Gujarat, India.		
	Designation: Independent Director		
	Occupation: Practicing Chartered Accountant		
	DIN: 03302732		
	Term: W.e.f. September 23, 2014 for a period of 5 years up to the conclusion of 26 th AGM to be held in calendar year 2019		
	Nationality: Indian		
8.	Name: Mr. Yatinbhai G. Patel	63	No other directorship
	Address: B 21, Palika Nagar, Behind Nand Bhumi, Town Hall Road, Anand – 388 001, Gujarat, India.		
	Designation: Independent Director		
	Occupation: Business		
	DIN: 03616381		
	Term: W.e.f. September 23, 2014 for a period of 5 years up to the conclusion of 26 th AGM to be held in calendar year 2019		
	Nationality: Indian		

Relationship between Directors

Except stated below, none of our Directors are related to each other:

Sr. No.	Name of Director	Designation	Relationship with other Directors
1.	Mr. Piyushbhai N. Patel	Chairman and Managing Director	Husband of Ms. Anilaben P. Patel and Father of Mr. Shrinal P. Patel
2.	Mr. Shrinal P. Patel	Whole-Time Director	Son of Mr. Piyushbhai N. Patel and Ms. Anilaben P. Patel
3.	Ms. Anilaben P. Patel	Director	Wife of Mr. Piyushbhai N. Patel and Mother of Mr. Shrinal P. Patel

Brief Profiles of Directors

Mr. Piyushbhai N. Patel, aged 63 years, is a Chairman and Managing Director of our Company. He is one of the founding Promoters and first Director of our Company. He possesses Diploma in Mechanical Engineering accredited by Gujarat University. He has experience of over 35 years in the industry in which our Company operates. He currently provides strategic direction and leadership to our Company.

Mr. Shrinal P. Patel, aged 33 years, is one of the Promoters and Whole Time Director of our Company. He possesses a degree of B.B.A. in Business Finance from University of Florida. He has experience of over 11 years in the industry in which our Company operates. He is on the Board of our Company since the year 2010 and currently heads the marketing, finance and business operations in our Company.

Ms. Anilaben P. Patel, aged 60 years, is one of the Promoters and a Non-executive Director of our Company. She possesses a degree of Bachelor in Arts accredited by Gujarat University. She is one the Board our Company since the year 1999.

Mr. Marutbhai D. Patel, aged 62 years, is one of the Promoters and a Non-executive Director of our Company. He possesses Diploma in Civil Engineering accredited by Gujarat University. He is a businessman and has experience over 25 years of running businesses. He is on the Board of our Company since the year 1994.

Mr. Ronak Y. Desai, aged 33 years, is an Independent Director of our Company. He possesses a Degree of Hotel Management from University of Boston. He is currently engage in building and construction business and has experience of over 12 years of the industry.

Mr. Mayankkumar H. Patel, aged 44 years, is an Independent Director of our Company. He is an Undergraduate. He is farmer and actively involved with agricultural business.

Mr. Roopin A. Patel, aged 41 years, is an Independent Director of our Company. He is a Practicing Chartered Accountant and having vast experience in the field of accounts, finance, taxation and banking.

Mr. Yatinbhai G. Patel, aged 63 years, is an Independent Director of our Company. He has studied till final year of college and has experience in the areas of finance and management.

Confirmations

None of the Director is or was a director of any listed company (other than our Company) in India during the last five years preceding the date of filing of this DLOF, whose shares have been or were suspended from being traded on the BSE Limited and the National Stock Exchange of India Limited during the term of their directorship in such company.

Further, none of our Director is or was a director of any listed company (other than our Company) which has been or was delisted from the stock exchanges.

Details of any arrangement or understanding with major shareholders, customers, suppliers or others

Our Company has not entered into any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the above mentioned Directors have been appointed in the Board.

Details of Service Contracts for providing benefits upon termination

There are no service contracts with the present Board of Directors which provides for benefits upon termination of employment.

SECTION VII – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Particulars	Page Number
Audited Financial Statements for the Financial Year ended March 31, 2018	57 to 86



Independent Auditors' Report

TO THE MEMBERS OF ISHAN DYES & CHEMICALS LIMITED

1. REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone IND AS financial statements of **ISHAN DYES & CHEMICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Profit and Loss Statement (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

2. MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.





3. AUDITORS' RESPONSIBILITY

- a. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
- b. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.
- c. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
- a. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
- b. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.





4. OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143 (3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".





G. S. MATHUR & CO
Chartered Accountants

F/3, Vikram Chamber, Income Tax, Ahmedabad – 380009
Tel : 079 2658 0991 M No. +91 99134 34584 E-mail – bhargav.vaghela@gmail.com

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its Ind AS financial position in its financial statements as referred to in Note No. 33.
 - ii. The Company did not have any long-term contracts including derivative contracts which may lead to foreseeable losses, although company enters into short term forward contracts to hedge against foreign currency movements. It has been appropriately disclosed in its financial statements as referred to in Note No. 30.
 - iii. There the Company does not have any dues that are required to be transferred to the Investor Education and Protection Fund.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Date: 29th May, 2018
Place: Ahmedabad

For G.S. Mathur & Co.
Chartered Accountants



Bhargav

CA. Bhargav Vaghela
Partner
M. No: 124619



G. S. MATHUR & CO
Chartered Accountants

F/3, Vikram Chamber, Income Tax, Ahmedabad – 380009
Tel : 079 2658 0991 M No. +91 99134 34584 E-mail – bhargav.vaghela@gmail.com

Annexure “A”

The Independent Auditors’ Report on the Standalone Financial Statements of
ISHAN DYES & CHEMICALS LIMITED

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date) REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUBSECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

We have audited the internal financial controls over financial reporting of ISHAN DYES & CHEMICALS LIMITED (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and whether such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining





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Chartered Accountants

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an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and payments of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.





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Chartered Accountants

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OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

Place: Ahmedabad
Date: 29th May, 2018

For, G S MATHUR & CO
Chartered Accountants



Bhargav

Bhargav Vaghela
Partner
Membership No.124 619
F.R.N.: 008744N



Annexure “B”

Independent Auditors’ Report on the Standalone Financial Statements of
ISHAN DYES & CHEMICALS LIMITED

(Referred to in paragraph 2, under ‘Report on Other Legal and Regulatory Requirements’
section of our Report of even date)

**Annexure to the Independent Auditors’ Report of even date to the members of Ishan
Dyes & Chemicals Ltd. on the financial statements for the year ended 31st March
2018.**

Based on the audit procedures performed for the purpose of reporting a true and fair view
on the financial statements of the Company and taking into consideration the information
and explanations given to us and the books of account and other records examined by us
in the normal course of audit, we report that:

I. In respect of fixed assets:

- a. The Company has maintained proper records showing full particulars, including
quantitative details and situation of fixed assets.
- b. As Explained to us, all the fixed assets have been physically verified by the
management at reasonable intervals. No material discrepancies between book
records and the physical inventories have been noticed on such verification. In our
opinion, the frequency of verification of the fixed assets is reasonable having regard
to the size of the Company and the nature of its assets.

II. In respect of inventories:

- a. The inventories have been physically verified at reasonable intervals by the
management.
- b. The procedures of physical verification of inventories followed by the management
are reasonable and adequate in relation to the size of the Company and the nature
of its business.



G. S. MATHUR & CO
Chartered Accountants

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- c. The Company has maintained proper records of inventories. As per the information and explanation given to us, no material discrepancies were noticed on physical verification.
- III. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- IV. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities.
- V. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (v) of paragraph 3 of the Order is not applicable to the Company.
- VI. On the basis of records produced we are of the opinion that prima facie cost records and accounts prescribed by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 in respect of products of 'the company' covered under the rules under said section have been made and maintained. However we are neither required to carry out nor have carried out any detailed examination of such accounts and records.
- VII. In respect of statutory dues:
- a. According to the information and explanations give to us, the Company in general is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, duty of Customs, Duty of Excise, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2018 for a period of more than six months from the date of becoming payable
- b. The details of the dues outstanding in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, duty of Customs, Duty of Excise, Value Added Tax and Cess which





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- XII. The Company is not a Nidhi Company and hence reporting under clause (xii) of Paragraph 3 of the Order is not applicable.
- XIII. In our opinion and according to the information and explanations given to us the Company's transactions with its related party are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- XIV. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Paragraph 3 of the Order is not applicable to the Company.
- XV. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence reporting under clause (xv) of Paragraph 3 of the Order is not applicable to the Company.
- XVI. In our opinion and according to information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Ahmedabad
Date: 29th May, 2018

For, G S MATHUR & CO
Chartered Accountants



Bhargav

Bhargav Vaghela
Partner

Membership No.124 619
F.R.N.: 008744N

Ishan Dyes & Chemicals Limited

Reg. Off: Plot No. 18, GIDC Estate, Phase I, Vatva, Ahmedabad 382445

Tel.: 079-25832144/25893607, Fax: 079-25833643

E-mail: ishandyes@yahoo.com, Website: www.ishandyes.com

CIN: L24110GJ1993PLC020737

Balance Sheet as at March 31, 2018

(Amount in Rs.)

Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
ASSETS				
Non-Current Assets				
Property, plant and equipment	2	19,78,84,219	12,47,67,294	12,71,64,104
Capital work-in-progress	2	78,06,890	44,03,994	-
Financial Assets				
Investments	3	2,05,000	2,05,000	2,05,000
Deferred Tax Asset (Net)	4	-	47,62,931	69,58,415
Other non-current assets	5	51,35,803	51,25,109	2,94,44,320
		21,10,31,913	13,92,64,328	16,37,71,839
Current Assets				
Inventories	6	6,05,68,824	11,89,14,128	4,38,16,475
Financial Assets				
Trade receivables	7	16,26,92,730	11,13,78,193	7,67,20,319
Cash and cash equivalents	8	27,93,193	54,23,059	38,30,164
Current financial Asset-Loans	9	-	1,83,00,000	-
Other Current assets	10	4,35,06,867	4,34,88,391	6,52,32,621
		26,95,61,613	29,75,03,771	18,95,99,579
Total Assets		48,05,93,526	43,67,68,099	35,33,71,418
EQUITY AND LIABILITIES				
Equity				
Equity share capital	11	11,26,47,000	11,26,47,000	7,50,98,000
Other equity	12	17,86,19,725	15,49,92,291	13,65,30,796
		29,12,66,725	26,76,39,291	21,16,28,796
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	13	2,85,17,225	1,12,17,877	2,69,29,454
Provisions	14	69,57,496	1,16,38,876	56,86,707
Deferred Tax Liabilities (Net)	15	42,36,643	-	-
		3,97,11,364	2,28,56,753	3,26,16,161
Current Liabilities				
Financial Liabilities				
Borrowings	16	5,42,62,561	5,05,78,296	4,80,52,227
Trade payable	17	7,65,51,498	4,68,86,519	4,10,65,092
Other	18	1,02,35,678	89,80,760	1,06,18,913
Other Current Liabilities	19	11,69,100	3,46,86,900	12,89,621
Provisions	20	73,96,600	51,39,580	81,00,608
		14,96,15,437	14,62,72,055	10,91,26,461
Total Equity and Liabilities		48,05,93,526	43,67,68,099	35,33,71,418
Significant Accounting Policies				
See accompanying Notes to the Financial Statements	1 to 44			

For, G S Mathur & Co.
Chartered Accountants

Bhargav

Bhargav Vagehla
Partner
M. No.: 124619
FRN: 008744N



Place: Ahmedabad
Date: 29th May, 2018

Piyush N. Patel
Piyush N. Patel Chairman & Managing Director
DIN - 00450807

Shrinal P. Patel
Shrinal P. Patel Whole Time Director
DIN - 02992519

Roopin A. Patel
Roopin A. Patel Independent Director
DIN - 03302732

Chintan Pancholi
Chintan Pancholi Chief Financial Officer
PAN - ARJPP4526E

Ankita V. Shah
Ankita V. Shah Company Secretary
M. No - A 40326

Place: Ahmedabad
Date: 29th May, 2018

Ishan Dyes & Chemicals Limited

Reg. Off: Plot No. 18, GIDC Estate, Phase I, Vatva, Ahmedabad 382445

Tel.: 079-25832144/25893607, Fax: 079-25833643

E-mail: ishandyes@yahoo.com, Website: www.ishandyes.com

CIN: L24110GJ1993PLC020737

Statement of Profit & Loss for the year ended March 31, 2018

(Amount in Rs.)

	Particulars	Note	2017-18	2016-17
1	REVENUES:			
	Sales		72,14,94,270	66,74,29,118
	Other Income	21	1,59,19,709	1,14,23,510
	Total Revenue		73,74,13,978	67,88,52,628
2	Expenses:			
	(a) Cost of materials consumed	22	41,24,56,315	39,20,37,178
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	3,54,22,653	-4,16,06,013
	(d) Employee benefits expense	24	5,22,90,084	5,40,91,983
	(e) Finance Cost	25	64,26,329	81,89,656
	(f) Depreciation and amortisation expense	2	84,37,493	1,54,64,173
	(g) Other expenses	26	16,86,46,681	15,24,22,162
	Total Expenses		68,36,79,555	58,05,99,139
3	Profit before Interest, Depreciation & Tax (PBDIT)		5,37,34,423	9,82,53,489
4	Exceptional Items		55,00,000	-
5	Profit/(Loss) from ordinary activities before an Extra Ordinary items and Tax (3 - 4)		5,92,34,423	9,82,53,489
6	Extra Ordinary Items		-	-
7	Profit/(Loss) from ordinary activities before tax (5 - 6)		5,92,34,423	9,82,53,489
	Tax Expenses			
	- Current tax		1,70,00,000	3,15,00,000
	- Short/(Excess) provision of tax in respect of earlier years		-3,98,232	-50,26,233
	- Excess balance of MAT credit written off		-	1,35,73,743
	- Deferred tax		89,99,574	21,95,484
	Total Tax Expenses		2,56,01,342	4,22,42,994
8	Net Profit(loss) for the period		3,36,33,081	5,60,10,495
9	Other Comprehensive income net of taxes		1,62,799	-
10	Total Comprehensive Income for the period		3,37,95,880	5,60,10,495
11	Earnings per equity share of face value of Rs. 10 each			
	(a) Basic (in INR)	32	2.99	4.97
	(b) Diluted (in INR)	32	2.99	4.97
	Significant Accounting Policies			
	See accompanying Notes to the Financial Statements	1 to 44		

For, G S Mathur & Co.
Chartered Accountants

Bhargav

Bhargav Vagehla
Partner
M. No. : 124619
FRN: 008744N

G.S. MATHUR & CO.
FRN: 008744N
AHMEDABAD
CHARTERED ACCOUNTANTS

Place : Ahmedabad
Date : 29th May, 2018*Piyush N. Patel*
Piyush N. Patel Chairman & Managing Director
DIN - 00450807*Shrinal P. Patel*
Shrinal P. Patel Whole Time Director
DIN - 02992519*Roopin A. Patel*
Roopin A. Patel Independent Director
DIN - 03302732*Chintan Pancholi*
Chintan Pancholi Chief Financial Officer
PAN - ARJPP4526E*Ankita V. Shah*
Ankita V. Shah Company Secretary
M. No - A 40326Place : Ahmedabad
Date : 29th May, 2018

Ishan Dyes & Chemicals Limited

Reg. Off : Plot No. 18, GIDC Estate, Phase I, Vatva, Ahmedabad 382445
Tel.: 079-25832144/25893607, Fax: 079-25833643
E-mail: ishandyes@yahoo.com, Website: www.ishandyes.com
CIN: L24110GJ1993PLC020737

Cash Flow Statement for the year ended March 31, 2018

(Amount in Rs.)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flow from operating activities		
Net profit before tax	5,92,34,423	9,82,53,489
Adjustments for:		
Cash flow from extraordinary item	-	-
Depreciation	84,37,493	1,54,64,173
Finance Cost	64,26,329	81,89,656
Interest Income	(4,40,994)	(5,98,335)
Loss/(profit) on sale of fixed assets (net)	(55,00,000)	-
Operating profit before working capital changes	6,81,57,251	12,13,08,984
Adjustment for change in working capital		
(Increase)/decrease in Inventories	5,83,45,304	(7,50,97,653)
(Increase)/decrease in Trade Receivables	(5,13,14,537)	(3,46,57,874)
(Increase)/decrease in other assets	1,84,33,630	34,03,573
Increase/(Decrease) in Trade payables	2,96,64,979	58,21,427
Increase/(Decrease) in Other Liabilities	(3,22,62,882)	3,17,59,126
Increase/(Decrease) in Provisions	(14,37,423)	(29,61,028)
Cash flow from extraordinary item	-	-
Cash generated from operations	8,95,86,322	4,95,76,554
Direct taxes paid (net)	(1,75,88,705)	(97,35,474)
Net cash generated from operating activities	7,19,97,617	3,98,41,080
Cash flow from investing activities		
Purchase of fixed assets (including capital work in progress)	(8,49,57,315)	(1,74,71,357)
Investment in Non - Current Investment	-	-
Proceeds from sale of fixed assets	55,00,000	-
Interest received	4,40,994	5,98,335
Net cash used in investing activities	(7,90,16,321)	(1,68,73,022)
Cash flow from financing activities		
Proceeds / (Repayment) of long term borrowings	1,72,99,348	(1,57,11,577)
Proceeds from short term borrowings	36,84,265	25,26,069
Dividend Paid (including Dividend Distribution Tax)	(1,01,68,446)	-
Interest paid	(64,26,329)	(81,89,656)
Net cash used in financing activities	43,88,838	(2,13,75,164)
Net increase/(decrease) in cash and cash equivalents	(26,29,865)	15,92,894
Cash and cash equivalents at the beginning of year	54,23,059	38,30,164
Cash and cash equivalents at the end of year	27,93,193	54,23,058
Components of cash and cash equivalents		
Cash in hand	1,50,985	31,991
Balance with scheduled banks		
- current accounts	2,35,593	1,72,397
- deposit account	24,06,615	52,18,671
	27,93,193	54,23,058

Notes :

- Figures given in brackets indicate cash outflow
- The figures of the previous year have been regrouped/reclassified, where necessary, to confirm with the classification of the current year.

This is the Cash flow statement referred to in our report of even date

For, G S Mathur & Co.
Chartered Accountants

Bhargav

Bhargav Vagehla
Partner
M. No. : 124 619
FRN: 008744N



Place : Ahmedabad
Date : 29th May, 2018

[Signature]
For and on behalf of the Board

Piyush N. Patel Chairman & Managing Director
DIN - 00450807

[Signature]
Shrinat P. Patel Whole Time Director
DIN - 02992519

[Signature]
Roopin A. Patel Independent Director
DIN - 03302732

[Signature]
Chintan Rancholi Chief Financial Officer
PAN - ARJPP4526E

[Signature]
Ankita V. Shah Company Secretary
M. No - A 40326

Place : Ahmedabad
Date : 29th May, 2018

Note 1 : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2018

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A CORPORATE INFORMATION:

The Company Ishan Dyes and Chemicals Limited was incorporated on 30th November, 1993 under the Companies Act, 1956. The Company is at present listed on BSE Limited (Bombay Stock Exchange). The Company is engaged into the business of manufacturing Copper Phthalocyanine Crude Blue (CPC Blue) and Pigment Blues. The products of the Company are well established in the international and domestic market.

B SUMMARY OF BASIS OF COMPLIANCE, BASIS OF PREPARATION AND PRESENTATION, CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS AND SIGNIFICANT ACCOUNTING POLICIES:

B.1 BASIS OF COMPLIANCE

The financial statements comply in all material aspects with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('the 2013 Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Until the adoption of Ind AS, for all periods up to and including the year ended 31 March, 2017, the Company prepared its financial statements in accordance with Section 133 of the 2013 Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP').

Reconciliation and description of the effects of the transition has been summarised in note 44.

B.2 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared under the historical cost convention using the accrual method of accounting basis, except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the significant accounting policies below.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the 2013 Act.

B.3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the financial statements requires management to make estimates, assumptions and judgments that affect the reported balances of assets and liabilities and disclosures as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

C.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work - in - Progress.

Depreciation on property, plant and equipment is provided using straight line method.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except, where useful life is different than those prescribed in Schedule II;

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(b) Investments

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(c) Borrowing cost

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

(d) Inventories

The inventory is valued as follows:

(i) Raw Materials	At Cost First in First out.
(ii) Stores and Spare parts	At Cost First in First out.
(iii) Finished Goods	Valued at lower of cost or Net Relisable Value
(iv) Work in Process	At cost by using absorption cost method.

As per normal practices the cost of finished goods includes all direct cost and normal fixed overheads. However, it does not include selling and distribution cost. Value of stock of finished goods at the date of Balance Sheet includes duties and taxes if any applicable.

(e) Impairment loss

Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amounts. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

(f). Employee benefit obligations

Short term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

Post employment benefits

1) Defined Benefit Plan

GRATUITY

The Trustees of Ishan Dyes and Chemicals Limited Employees' Gratuity Fund has a fund arrangement (cash accumulation policy) with Life Insurance Corporation of India (LIC) to administer its gratuity benefit scheme. The contributions towards the said funds which are as determined by LIC are charged to revenue each year. Company ascertains the Liability towards Gratuity at the year-end and provision for the differential amount between the liability determined on Actuarial Valuation and Fund balance is provided in the books of account.

2) Defined Contribution Plans

PROVIDENT FUND

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund. The Company's contribution is recognised as an expense in the Profit and Loss Statement during the period in which the employee renders the related service.

(g) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(h) Foreign currency translation

The functional currency of Ishan Dyes and Chemical Limited (i.e. the currency of the primary economic environment in which the Company operates) is Indian Rupee.

On initial recognition, all foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. As at the reporting date, foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and the exchange gains or losses are recognised in the Statement of Profit and Loss.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(i) Revenue recognition

Revenue is recognised only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations are net of excise duty, GST and adjusted for discounts (net).

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

Dividend income is recognised when the Company's right to receive the payment has been established.

(j) Provision, contingent liabilities and contingent assets :

Provision is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements.

(k) Income tax expense

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

(m) Impairment

Provision is made in the accounts in respect of debts/advances which in the opinion of the management are considered doubtful of recovery.

(n) Financial Instruments

1) Financial Assets

A. Initial recognition and measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

B. Subsequent measurement

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

a) Financial assets carried at amortised cost (AC)

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ('FVTOCI'). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised as gains/ (losses) within other income or other expense. Interest income from these financial assets is included in other income using the effective interest rate method.

c) Financial assets at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the Statement of Profit and Loss as gains/(losses) within other income or other expense in the period in which it arises. Interest income from these financial assets is included in other income.

C. Investment in equity instruments

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments are recognised in the Statement of Profit and Loss as Other Income when the Company's right to receive payments is established. Changes in the fair value of financial assets at FVTPL are recognised as gains/(losses) within other income or other expense in the Statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

ii) Financial liabilities

A. Initial recognition and measurement

The Company's financial liabilities comprise borrowings, trade payables and other liabilities. These are initially measured at fair value, net of transaction costs,

B. Subsequent measurement

Subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(o) Dividend

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.



Note : 2 Property, plant and equipment

Sr. No.	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 1st April 2017	Additions during the year	Disposals during the year	Balance as at 31st March 2018	Balance as at 1st April 2017	Depreciation provided for the year	Reversals	Balance as at 31st March 2018	Balance as at 31st March 2018	Balance as at 31st March 2017
1	Land	1,87,44,820	-	-	1,87,44,820	-	-	-	-	1,87,44,820	1,87,44,820
2	Factory Building	5,34,36,830	5,08,15,410	-	10,42,52,240	1,25,45,476	12,87,106	-	1,38,32,582	9,04,19,659	4,08,91,354
3	Office Building	58,09,576	38,816	-	58,48,392	11,74,380	2,68,299	-	14,42,679	44,05,713	46,35,196
4	Electrical Fittings	1,26,59,394	22,62,730	-	1,49,22,124	97,27,361	2,80,486	-	1,00,07,847	49,14,277	29,32,033
5	Plant & Machinery	9,02,65,846	2,73,26,280	-	11,75,92,126	5,32,26,550	27,42,028	-	5,59,68,578	6,16,23,548	3,70,39,296
6	Plant & Equipment	1,90,25,532	5,55,415	-	1,95,80,947	58,38,455	15,98,666	-	74,37,121	1,21,43,826	1,31,87,077
7	Office Equipments	41,21,697	1,36,867	-	42,58,564	16,43,143	3,30,889	-	19,74,032	22,84,533	24,78,554
8	Computer	13,02,286	2,300	-	13,04,586	12,90,194	12,514	-	13,02,708	1,878	12,092
9	Furniture & Fixtures	16,81,919	4,16,600	-	20,98,519	12,14,013	2,36,241	-	14,50,254	6,48,265	4,67,906
10	Vehicles	3,76,38,734	-	2,04,89,981	1,71,48,753	3,32,59,768	16,81,265	2,04,89,981	1,44,51,052	26,97,701	43,78,966
Grand Total		24,46,86,634	8,15,54,419	2,04,89,981	30,57,51,072	11,99,19,341	84,37,493	2,04,89,981	10,78,66,853	19,78,84,219	12,47,67,294
Previous Year		23,16,19,271	1,30,67,363	-	24,46,86,634	10,44,55,168	1,54,64,173	-	11,99,19,341	12,47,67,294	12,71,64,104

Details of Capital Work in Process:

Particulars	Amount in Rs.
Balances at the beginning of the Year	44,03,994
Add: Addition during the year	6,52,58,198
Less: Capitalised during the year	6,18,55,302
Balances at the End of the Year	78,06,890



Note : 2 Property, plant and equipment

Sr. No.	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 1st April 2016	Additions during the year	Disposals during the year	Balance as at 31st March 2017	Balance as at 1st April 2016	Depreciation provided for the year	Reversals	Balance as at 31st March 2017	Balance as at 31st March 2017	Balance as at 31st March 2016
1	Land	1,87,44,820	-	-	1,87,44,820	-	-	-	-	1,87,44,820	1,87,44,820
2	Factory Building	5,34,05,230	31,600	-	5,34,36,830	1,12,58,502	12,86,974	-	1,25,45,476	4,08,91,354	4,21,46,728
3	Office Building	50,06,230	8,03,346	-	58,09,576	9,34,801	2,39,580	-	11,74,380	46,35,196	40,71,430
4	Electrical Fittings	1,26,59,394	-	-	1,26,59,394	94,46,876	2,80,486	-	97,27,361	29,32,033	32,12,518
5	Plant & Machinery	7,95,77,966	1,06,87,880	-	9,02,65,846	5,06,36,960	25,89,591	-	5,32,26,550	3,70,39,296	2,89,41,006
6	Plant & Equipment	1,90,25,532	-	-	1,90,25,532	42,42,353	15,96,102	-	58,38,455	1,31,87,077	1,47,83,179
7	Office Equipments	33,75,967	7,45,730	-	41,21,697	13,56,407	2,86,736	-	16,43,143	24,78,554	20,19,560
8	Computer	13,02,286	-	-	13,02,286	11,28,112	1,62,082	-	12,90,194	12,092	1,74,174
9	Furniture & Fixtures	16,30,919	51,000	-	16,81,919	10,01,735	2,12,278	-	12,14,013	4,67,906	6,29,184
10	Vehicles	3,68,90,927	7,47,807	-	3,76,38,734	2,44,49,423	88,10,345	-	3,32,59,768	43,78,966	1,24,41,504
Grand Total		23,16,19,271	1,30,67,363	-	24,46,86,634	10,44,55,168	1,54,64,173	-	11,99,19,341	12,47,67,294	12,71,64,104
Previous Year		21,33,27,595	1,82,91,676	-	23,16,19,271	9,03,72,009	1,40,83,159	-	10,44,55,168	12,71,64,104	12,29,55,586

Details of Capital Work in Process:

Particulars	Amount in Rs.
Balances at the beginning of the Year	-
Add: Addition during the year	44,03,994
Less: Capitalised during the year	-
Balances at the End of the Year	44,03,994



Notes to Financial Statements
For the year ended March 31, 2018

Note - 3 Non Current Investments

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Unquoted Shares fully paid up			
The Green Environment Services Co-op. Soc. Ltd. (50 no. of Equity Shares of Rs.100/- each)	5,000	5,000	5,000
The Kalupur Commercial Co.Op. Bank (Shares) (8,000 no. of Equity Shares of Rs.25/- each)	2,00,000	2,00,000	2,00,000
Total	2,05,000	2,05,000	2,05,000

Note - 4 Deferred Tax Assets

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Opening Balance	47,62,931	69,58,415	89,61,454
Deferred Tax Liability			
Provisions	(1,64,124)	10,74,050	(8,29,200)
Deferred Tax Assets			
Depreciation on Fixed Assets	(88,35,450)	(32,69,534)	(28,32,239)
Transferred to Deferred Tax Liabilities (Refer Note 15)	42,36,643		
Total	-	47,62,931	69,58,415

Note - 5 Other Non Current Assets

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Capital Advances	14,85,569	14,85,569	14,85,569
Deposits	35,46,791	35,46,791	34,71,791
MAT Credit Entitlements	-	-	2,43,79,300
Advance Paid to the Gratuity Fund	75,753	-	-
Advance Tax (FY 16-17)	27,690	-	-
Others	-	92,749	1,07,660
Total	51,35,803	51,25,109	2,94,44,320

Note - 6 Inventories

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Raw Materials	1,51,65,622	3,81,20,072	49,23,618
Work-in-Progress	4,32,26,758	7,30,22,611	3,28,41,063
Finished Goods	9,48,424	65,75,224	51,50,759
Stores & Spares	5,40,141	5,40,141	5,40,141
Fuel	6,87,879	2,53,877	67,051
ETP Material	-	4,02,203	2,93,843
Total	6,05,68,824	11,89,14,128	4,38,16,475

Note - 7 Trade Receivables

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Unsecured, Considered good	16,26,92,730	11,13,78,193	7,67,20,319
Non Current Portion	1,05,799	41,79,010	24,45,696
Current Portion	16,25,86,931	10,71,99,183	7,42,74,623
Total	16,26,92,730	11,13,78,193	7,67,20,319

Note - 8 Cash and Cash Equivalents

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Cash on Hand	1,50,985	31,991	21,893
Balances with Banks			
Current Accounts	2,35,593	1,72,397	1,92,209
Fixed Deposits	24,06,615	52,18,671	36,16,062
Total	27,93,193	54,23,059	38,30,164

Note - 9 Current Financial Asset-Loans

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Unsecured Considered good:-			
Other Loans & Advances	-	1,83,00,000	-
Total	-	1,83,00,000	-



Note - 10 Other Current Assets

(Amount in Rs.)

Particulars	As at March 31,2018	As at March 31,2017	As at March 31,2016
Advances recoverable	5,24,373	5,24,373	1,37,42,500
Advances to suppliers	63,33,367	51,36,339	1,59,85,147
Staff Loans	6,45,571	4,57,200	4,81,700
Balances with Government Authorities	3,54,72,945	3,61,95,813	3,41,58,880
Other Current Asset	5,30,611	11,74,667	8,64,394
Total	4,35,06,867	4,34,88,391	6,52,32,621

Note - 11 Equity

(Amount in Rs.)

Particulars	As at March 31,2018	As at March 31,2017	As at March 31,2016
Authorised :			
Equity Shares of Rs. 10/- Each	2,50,00,000	2,50,00,000	2,00,00,000
Issued, Subscribed and Paid-up :			
Equity Shares of Rs. 10/- each	1,12,64,700	1,12,64,700	75,09,800
Total	1,12,64,700	1,12,64,700	75,09,800

Note - 11.1 The reconciliation of the number of shares outstanding is set out below :

Share Capital	As at March 31,2018		As at March 31,2017		As at March 31,2016	
	Number	Rs.	Number	Rs.	Number	Rs.
Equity Shares Outstanding at the beginning of the year	1,12,64,700	11,26,47,000	75,09,800	7,50,98,000	75,09,800	7,50,98,000
Equity Shares issued during the year	-	-	37,54,900	3,75,49,000	-	-
Equity Shares bought back during the year	-	-	-	-	-	-
Equity Shares outstanding at the end of the year	1,12,64,700	11,26,47,000	1,12,64,700	11,26,47,000	75,09,800	7,50,98,000

Note - 11.2 The details of shareholders holding more than 5% shares :

Name of Shareholder	As at March 31,2018		As at March 31,2017		As at March 31,2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mirali H. Patel	14,83,900	13.17%	-	-	-	-
Piyush N. Patel	16,40,650	14.56%	10,36,290	9.20%	6,90,860	9.20%
Shrinal P. Patel	9,58,500	8.51%	9,58,500	8.51%	6,39,000	8.51%
Shardaben J. Patel	-	-	15,33,900	13.62%	10,81,000	14.39%

Shares issued for other than cash, Bonus issue and Shares bought back

No shares had been allotted as fully paid up pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding the balance sheet date.

During the previous year (16-17), Company has issued and allotted 37,54,900 Bonus Equity Shares of face value of Rs. 10/- each to the existing Ordinary Equity Shareholders of the Company in the proportion of 1 (One) new Bonus Equity Share of Rs. 10/- (Rupees Ten only) each fully paid up for every 2 (Two) existing Ordinary Equity Shares of Rs. 10/- (Rupees Ten only) each fully paid up of the Company by capitalisation of free reserves in accordance with the Companies Act, 2013 and other regulations as applicable.

No shares had been bought back during the period of five years immediately preceding the balance sheet date.

Note - 12 Other Equity

(Amount in Rs.)

Particulars	As at March 31,2018	As at March 31,2017	As at March 31, 2016
a. Securities Premium Account			
Balance as per last account	53,75,000	53,75,000	53,75,000
	53,75,000	53,75,000	53,75,000
b. Revaluation Reserve			
Balance as per last account	1,21,36,953	1,21,36,953	1,21,36,953
	1,21,36,953	1,21,36,953	1,21,36,953
c. Retained Earnings			
Balance as per last account	13,74,80,338	11,90,18,843	8,46,91,807
Less: Utilised for issue of Bonus Shares / Capitalised	-	3,75,49,000	-
Add: Profit for the year	3,36,33,081	5,60,10,495	3,88,46,343
Less: Appropriations			
Dividend	84,48,525	-	37,54,900
Tax on Dividend	17,19,921	-	7,64,407
Balance as per end of the year	16,09,44,973	13,74,80,338	11,90,18,843
d. Other Comprehensive Income (OCI)			
Balance as per last account	-	-	-
Add: Movement in OCI (Net) during the year	1,62,799	-	-
Balance as per end of the year	1,62,799	-	-
Total	17,86,19,725	15,49,92,291	13,65,30,796



Note - 13 Borrowings - Non Current

(Amount in Rs.)

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Non Current	Current	Non Current	Current	Non Current	Current
SECURED						
Term Loan						
From Bank						
1) Vehicle Loan (Refer Note 1 below)	-	8,79,001	9,54,965	17,02,126	26,39,837	16,18,913
2) Machinery Loan 1 (Refer Note 2 below)	-	17,50,007	-	72,78,634	30,98,661	90,00,000
2) Machinery Loan 2 (Refer Note 3 below)	1,85,49,290	42,35,235	-	-	-	-
3) Other Term Loan (Refer Note 4 below)	99,67,935	33,71,435	-	-	-	-
UNSECURED						
Unsecured Loans (Refer Note 5 below)						
from Related Parties	-	-	38,02,000	-	29,68,723	-
from Unrelated Parties	-	-	64,60,912	-	1,82,22,233	-
Total	2,85,17,225	1,02,35,678	1,12,17,877	89,80,760	2,69,29,454	1,06,18,913

Notes:

- Vehicle Loan is Secured by Hire Purchase of vehicle where the vendors have a lien on and right of repossession of specific vehicle. The loan is repayable in remaining 6 monthly installments by September 18 and carries interest rate of 9.38% p.a.
- Machinery Loan is primarily Secured against first & exclusive charge on all movable machinery of the company including all stores, spare parts, both present and future being and lying at company's premises or go-down or rented place by the company. Further, secured against equitable mortgage by deposit of title deeds with the bank as security in respect of loan facilities/limits viz cash credit, IL/C/FLC open cum bank guarantee and machinery loan. The term loan is repayable in 24 monthly installments and carries interest rate of 11.25% p.a.
- Machinery Term Loan is for the purpose of purchase of machineries, equipments and other movable fixed assets and such term loan is primarily Secured against first & exclusive charge by way of equitable mortgage of factory land. Further, secured by way of hypothecation of entire machineries, electric installations, furniture & fixtures, office equipments and other movable fixed assets of the company, situated at the factories, present and future. The term loan is repayable in 60 monthly installments and carries interest rate of 9.50% p.a.
- Other Term loan is for the purpose of construction of industrial land and such term loan is primarily Secured against first & exclusive charge by way of equitable mortgage of factory land. Further, secured by way of hypothecation of entire machineries, electric installations, furniture & fixtures, office equipments and other movable fixed assets of the company, situated at the factories, present and future. The term loan is repayable in 60 monthly installments and carries interest rate of 9.50% p.a.
- Repayable on demand.

Note - 14 Non Current Provisions

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Provision - others			
Provision for Income Tax (Gross)	1,70,00,000	2,06,94,443	1,62,00,000
Less: Advance Tax	(1,00,00,000)	(90,00,000)	(1,00,00,000)
Less: TDS	(42,504)	(55,567)	(5,13,293)
Provision for Income Tax (Net)	69,57,496	1,16,38,876	56,86,707
Total	69,57,496	1,16,38,876	56,86,707

Note - 15 Deferred Tax Liabilities (Net)

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Transferred from Deferred Tax Asset (Refer Note 4)	42,36,643	-	-
Total	42,36,643	-	-

Note - 16 Borrowings - Current

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
SECURED			
Working Capital facilities			
From Bank	5,01,16,492	4,83,44,608	4,80,52,227
UNSECURED			
From Others	41,46,069	22,33,688	-
Total	5,42,62,561	5,05,78,296	4,80,52,227

Notes:

- Working Capital facilities includes cash credit facility and export facility. Which are primarily Secured against first and exclusive charge on stock & book debt of the company till repayment of credit facility extended by bank to company and carries interest rate of 9.50% p.a. and these facilities are fully interchangeable.
- The working capital facilities are repayable on demand by the Bank.

Note - 17 Trade payables

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Trade Payables *	7,65,51,498	4,68,86,519	4,10,65,092
Total	7,65,51,498	4,68,86,519	4,10,65,092

*** Disclosure under Micro, Small & Medium Enterprises Development Act, 2006**

The company has not received the required information from suppliers regarding their status under Micro, Small & Medium Enterprises Development Act, 2006. Hence, disclosures, if any, relating to the amounts unpaid as at the year end together with the interest paid/payable as required under the said Act have not been made.

Note - 18 Current Financial Liabilities - Other

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Current maturities of long term debt	1,02,35,678	89,80,760	1,06,18,913
(Refer Note : 13)			
Total	1,02,35,678	89,80,760	1,06,18,913



Note - 19 Other Current Liabilities

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Statutory Liabilities	4,82,078	6,57,300	12,89,621
Capital Creditors	6,87,022	41,90,794	-
Advances from customers	-	38,806	-
Related Parties (Refer Note 36)	-	2,98,00,000	-
Total	11,69,100	3,46,86,900	12,89,621

Note: Related party includes payables to cluster Enviro Pvt Ltd, in which Directors of the company are interested

Note - 20 Short Term Provisions

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Provision for Employee Benefits	53,71,638	51,17,932	80,44,681
Others	20,24,962	21,648	55,927
Total	73,96,600	51,39,580	81,00,608



Notes to Financial Statements
For the year ended March 31, 2018
Note - 21 Other Income

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Interest Income	4,40,994	5,98,335
Export Incentives	53,12,332	97,06,234
Discounts	12,37,175	11,00,942
Foreign Exchange Fluctuation (Gain)	88,93,201	-
Dividend	24,000	18,000
Others	1,500	-
Total	1,59,09,202	1,14,23,510

Note - 22 Cost of Materials Consumed

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening Stock	3,81,20,072	49,23,618
Add: Purchases	38,95,01,865	42,52,33,632
Less: Closing Stock	1,51,65,622	3,81,20,072
Consumption	41,24,56,315	39,20,37,178
Imported	8,19,14,376	9,38,25,596
Indigenous	33,05,41,939	29,82,11,582
Total	41,24,56,315	39,20,37,178

Note - 23 Changes in Inventories

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Closing Balance		
Work-in-Progress	4,32,26,758	7,30,22,611
Finished Goods	9,48,424	65,75,224
Stock-in-trade	-	-
Total	4,41,75,182	7,95,97,835
Less: Opening Balances		
Work-in-Progress	7,30,22,611	3,28,41,063
Finished Goods	65,75,224	51,50,759
Stock-in-trade	-	-
Total	7,95,97,835	3,79,91,822
(Increase)/decrease in stock	3,54,22,653	(4,16,06,013)

Note - 24 Employee Benefit Expenses

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Salaries, Wages, Allowances, etc.	4,12,98,031	4,92,12,488
Contribution to Provident and Other Funds	32,47,664	26,72,662
Staff Welfare Expense	77,44,389	22,06,833
Total	5,22,90,084	5,40,91,983

Note - 25 Finance Costs

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Interest on :		
Interest Expenses	53,19,477	69,95,106
Other Borrowing Costs:		
Other Borrowing Cost	11,06,852	11,94,550
Total	64,26,329	81,89,656

Note - 26 Other Expenses

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Manufacturing Exps		
Consumption of Stores & Spares parts	1,40,19,957	1,17,71,092
Repair & Machinery	43,41,606	25,82,312
Pollution Control & Effluent Treatment Exp	2,31,27,164	2,72,69,739
Power Expenses	5,24,21,530	5,04,46,255
Fuel Expenses	3,03,80,836	2,55,90,244
Administrative Exps		
Professional Fees	21,92,024	11,52,610
Insurance	19,57,338	14,18,518
Rent, Rates and taxes, excluding, taxes on income	2,75,717	4,28,669
Auditor Remuneration	90,000	90,000
Office & Factory Expense	11,61,648	10,77,301
Vehicle Running Exps	10,42,716	41,87,146
Travelling & Conveyance Exps	44,02,056	32,96,656
Donation	-	50,000
VAT, Excise & Service Tax Exp	3,64,024	13,96,370
Communication Exps	8,76,761	3,46,424
Legal Exps	4,25,410	12,02,454
Security Exps	16,84,516	16,80,000
Printing & Stationery	2,85,103	3,46,122
Foreign Exchange Fluctuation (Loss)	-	3,63,387
Miscellaneous Exps	85,38,549	25,98,456
Selling and Distribution Expenses		
Freight Outward	1,51,03,290	1,12,95,584
Selling & Distribution Exps	59,56,435	38,32,823
Total	16,86,46,681	15,24,22,162



Notes to Financial Statements
For the year ended March 31, 2018

Note - 27 Details of Payment of Auditors

(Amount in Rs.)

Particulars	As at March 31,2018	As at March 31,2017
a. as auditor	90,000	90,000
Total	90,000	90,000

Note - 28 Expenditure in foreign currency during the financial year on account of followings

(Amount in Rs.)

Particulars	As at March 31,2018	As at March 31,2017
Import of Raw Material	8,19,14,376	9,38,25,596
Other matters		
Travelling Expenses	10,42,333	10,32,346
Total	8,29,56,709	9,48,57,942

Note - 29 Details of Consumption during the year

(Amount in Rs.)

Particulars	As at 31st March 2018		As at 31st March 2017	
	Amount	%	Amount	%
Raw Materials	41,24,56,315	90.63%	39,20,37,178	91.52%
Fuel	3,03,80,836	6.68%	2,55,90,244	5.97%
Stores & Spares	1,22,47,935	2.69%	1,07,30,763	2.51%
Total	45,50,85,087	100.00%	42,83,58,185	100.00%

Note - 30 Foreign currency exposure :

Particulars	As at 31st March 2018		As at 31st March 2017	
	Foreign Currency		Foreign Currency	
USD (unhedged)	4,22,460	2,68,44,486	4,43,698	2,87,95,957
Euro (unhedged)	6,80,000	5,34,42,800	10,12,000	7,00,78,571
Euro (hedged) *	1,03,000	77,30,150	-	-

* Forward contract booked

Note - 31 Employee Benefits

As per Indian Accounting Standard 19 "Employee benefits", the disclosures as defined are given below :

Defined Contribution Plans

The Company offers its employees defined contribution plans in the form of Provident Fund (PF) and Employees' Pension Scheme (EPS) with the government, and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees and the ESI covers certain workers. Contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into the Pension fund is made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. During the year, the Company has recognised the following amounts in the Account towards company's contribution:

(Amount in Rs.)

Particulars	As at March 31,2018	As at March 31,2017
Pension contribution	6,61,576	6,46,206
Provident Fund contribution	3,25,826	3,08,954
Total	9,87,402	9,55,160



Defined Benefit Plans

Gratuity: The Company makes annual contributions to Employees' Group Gratuity-cum Life Assurance (Cash Accumulation) Scheme of LIC, a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

- On normal retirement / early retirement / withdrawal / resignation;
- As per the provisions of Payments of Gratuity Act, 1972 with vesting period of 5 years of service.
- On the death in service;
- As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

Death Benefit: The Company provides for death benefit, a defined benefit plan (death benefit plan) to certain categories of employees. The death benefit plan provides a lump sum payment to vested employees on death, being compensation received from the insurance company and restricted to limits set forth in the said plan. The death benefit plan is non funded.

Disclosures for defined benefit plans i.e. Gratuity (Funded Plan), based on actuarial reports as on March 31, 2018 are as under:

(Amount in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
(i) Changes in present value of obligations (*)		
Present value of as at beginning of year		34,90,120
Current service cost		4,51,550
Interest cost		2,34,852
Actuarial loss / (gain)		70,636
Benefit (paid)		-1,26,634
Present value of obligations as at end of year		41,20,524
(ii) Amount recognised in the Balance Sheet (*)		
Present value of the obligations as at year end	45,14,827	41,20,524
Fair value of the plan assets as at year end	45,90,580	40,33,479
Net (asset) / liability recognised as on March 31	-75,753	87,045
(iii) Expenses recognised in the Statement of Profit and Loss		
Current service cost		4,51,550
Interest on defined benefit obligation		2,34,852
Expected return on plan assets		
Net actuarial loss/(gain) recognized in the current year		-2,32,280
Total expense		4,54,122

The estimate of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information has been certified by the actuary and relied upon by the auditors.

(*) marked details are not filled up for FY 2017-18 because it is not applicable as per Actuarial Valuation Report due to adoption of IND AS from 01/04/2017 by the company.

Employee benefits are accounted and shown as per Actuarial Valuation Report as on 31st March 2018.

Leave Encashment:

(Amount in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for Leave Encashment outstanding during the year	10,68,712	10,85,742
Total	10,68,712	10,85,742

Note - 32 Earning Per Share (EPS)

(Amount in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
(i) Net Profit/(Loss) attributable to equity shareholders	3,36,33,081	5,60,10,495
(ii) Equity Shares outstanding at the end of the year	1,12,64,700	1,12,64,700
(iii) Weighted avg. number of shares outstanding at the end of the year	1,12,64,700	1,12,64,700
(iv) Weighted avg. potential equity shares	-	-
(v) Total weighted average number of equity shares used as denominator for calculating diluted EPS	1,12,64,700	1,12,64,700
Basic Earnings per share	2.99	4.97
Diluted Earnings per share	2.99	4.97
Nominal value per share	10.00	10.00



Note - 33 Contingent Liabilities**Claim against company not acknowledged as debt**

(Amount in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
1. Notice for short deduction/payment of TDS and interest thereon (refer Note 1 below)	1,03,119	31,060
2. CST Penalty for FY 2011-12 (refer Note 2 below)	21,949	21,949
3. VAT Penalty for FY 2011-12 (refer Note 3 below)	1,21,050	1,21,050

Note 1- The Company has received a Intimation u/s 154 of the Income Tax Act, 1961 for AY 2015-16, 2016-17, AY 2017-18 and Prior Years.

Note 2- The Company has filed an appeal against CST Penalty order for FY 2011-12

Note 3- The Company has filed an appeal against VAT Penalty order for FY 2011-12

Note - 34 Earning in foreign currency during the financial year on account of followings

(Amount in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
Export of goods calculated on F.O.B basis	34,28,93,032	33,49,62,442
Total	34,28,93,032	33,49,62,442

Note - 35 Details of Consumption of key Raw Material

(Amount in Rs.)

Particulars	As at 31st March 2018		As at 31st March 2017	
	Amount	%	Amount	%
Phthalic Anhydride	14,12,33,333	35.64%	13,91,71,448	35.50%
Cuprous Chloride	13,34,08,870	33.66%	11,95,46,975	30.49%
Urea	4,86,60,504	12.28%	3,72,87,330	9.51%
Sulphuric Acid	2,87,61,418	7.26%	2,85,43,469	7.28%
Ammonium Molybdate	59,28,105	1.50%	51,83,895	1.32%
Others	3,83,01,484	9.66%	6,23,04,061	15.89%
Total	39,62,93,713	100%	39,20,37,178	100.00%

Note - 36 Related Party Disclosures

(a) Name of the related party	Nature of Relationship
1.Mr. Piyush N Patel	Director
2.Mr. Shrinal P. Patel	Director
3.Cluster Enviro Private Limited	Enterprise over which key managerial personnel are able to exercise significant influence

(b) Transactions with the related parties during the year

Nature of transactions	Key management personnel and its relative	Total
Loan & Advances received		
Mr. Piyush N. Patel	1,40,20,000	1,40,20,000
	(60,00,000)	(60,00,000)
Mr. Shrinal P. Patel	1,00,68,730	1,00,68,730
	(4,39,095)	(4,39,095)
Cluster Enviro Pvt Ltd	3,77,45,000	3,77,45,000
	(3,03,13,000)	(3,03,13,000)
Loan & Advances Paid		
Mr. Piyush N. Patel	1,74,72,000	1,74,72,000
	(52,95,350)	(52,95,350)
Mr. Shrinal P. Patel	1,04,18,730	1,04,18,730
	(3,10,468)	(3,10,468)
Cluster Enviro Pvt Ltd	6,75,45,000	6,75,45,000
	(5,13,000)	(5,13,000)
Outstanding Balances		
Mr. Piyush N. Patel	-	-
	(34,52,000)	(34,52,000)
Mr. Shrinal P. Patel	-	-
	(3,50,000)	(3,50,000)
Cluster Enviro Pvt Ltd	-	-
	(2,98,00,000)	(2,98,00,000)



Remuneration to key management personnel		
Managerial remuneration		
Mr. Piyush N. Patel	24,00,000	24,00,000
	(24,00,000)	(24,00,000)
Mr. Shrinal P. Patel	18,00,000	18,00,000
	(18,00,000)	(18,00,000)
Bonus		
Mr. Piyush N. Patel	2,64,000	2,64,000
	(2,64,000)	(2,64,000)
Mr. Shrinal P. Patel	1,98,000	1,98,000
	(1,98,000)	(1,98,000)

Figures in brackets () are pertaining to previous year

Note - 37 DIRECTORS REMMUNERATION

Salary of Rs. 42,00,000/- & Bonus – Rs. 4,62,000/-

Note - 38 Balance due to / from third parties are subject to confirmation, reconciliation, and / or adjustments, if any.

Note - 39 In the opinion of the board, Loans and Advances and Current Assets are approximately of the value stated, if realized in the ordinary course of business.

Note - 40 The company has only one segment of activity i.e. Chemicals

Note - 41 Net Exchange Gain included in the profit and loss account is Rs. 88,93,201/- (Loss in PY Rs. 3,63,387/-).

Note - 42 Previous year's figures have been regrouped or reclassified wherever necessary to correspond with the current year's classification or disclosure. Please refer to note no. 44 for reconciliation between financials prepared under **Revised Schedule VI** vis a vis **IND AS**.

Note - 43 Figures have been rounded off to the nearest rupee.



Note - 44 Reconciliation of Balance Sheet as at March 31, 2017

(Amount in Rs.)

Particulars	Note	Indian GAAP Indian Rupees	Adjustments Indian Rupees	IND AS Indian Rupees
ASSETS				
Non-Current Assets				
Property, plant and equipment	2	12,47,67,294	-	12,47,67,294
Capital work-in-progress	2	44,03,994	-	44,03,994
Financial Assets		-	-	-
Investments	3	2,05,000	-	2,05,000
Deferred Tax Asset (Net)	4	47,62,931	-	47,62,931
Other non-current assests	5	73,23,806	(21,98,697)	51,25,109
		14,14,63,025	(21,98,697)	13,92,64,328
Current Assets				
Inventories	6	11,89,14,128	-	11,89,14,128
Financial Assets		-	-	-
Trade receivables	7	11,13,78,193	-	11,13,78,193
Cash and cash equivalents	8	54,23,059	-	54,23,059
Current financial Asset-Loans	9	6,86,45,262	(5,03,45,262)	1,83,00,000
Current tax assests (net)		-	-	-
Other Current assests	10	-	4,34,88,391	4,34,88,391
		30,43,60,642	(68,56,871)	29,75,03,771
Total Assets		44,58,23,667	(90,55,568)	43,67,68,099
EQUITY AND LIABILITES				
Equity				
Equity share capital	11	11,26,47,000	-	11,26,47,000
Other equity	12	15,49,92,291	-	15,49,92,291
		26,76,39,291	-	26,76,39,291
LIABILITIES				
Non-Current Liabilities				
Financial Liabilites		-	-	-
Borrowings	13	1,12,17,877	-	1,12,17,877
Provisions	14	2,06,94,443	(90,55,567)	1,16,38,876
Deferred Tax Liabilities (Net)	15	-	-	-
		3,19,12,320	(90,55,567)	2,28,56,753
Current Liabilities				
Financial Liabilites				
Borrowings	16	5,05,78,296	-	5,05,78,296
Trade payable	17	4,68,86,522	-	4,68,86,519
Other	18	4,36,67,660	(3,46,86,900)	89,80,760
Other Current Liabilities	19	-	3,46,86,900	3,46,86,900
Provisions	20	51,39,580	-	51,39,580
		14,62,72,058	-	14,62,72,055
Total Equity and Liabilites		44,58,23,669	(90,55,567)	43,67,68,099



Particulars	Note	Indian GAAP Indian Rupees	Adjustments Indian Rupees	IND AS Indian Rupees
ASSETS				
Non-Current Assets				
Property, plant and equipment	2	12,71,64,104	-	12,71,64,104
Capital work-in-progress	2	-	-	-
Financial Assets		-	-	-
Investments	3	2,05,000	-	2,05,000
Deffered Tax Asset (Net)	4	69,58,415	-	69,58,415
Other non-current assests	5	2,94,44,320	-	2,94,44,320
		16,37,71,839	-	16,37,71,839
Current Assets				
Inventories	6	4,38,16,475	-	4,38,16,475
Financial Assets		-	-	-
Trade receivables	7	7,67,20,319	-	7,67,20,319
Cash and cash equivalents	8	38,30,164	-	38,30,164
Current finacial Asset-Loans	9	7,57,25,251	(7,57,25,251)	-
Current tax assests (net)		-	-	-
Other Current assests	10	20,662	6,52,11,958	6,52,32,621
		20,01,12,871	(1,05,13,293)	18,95,99,579
Total Assets		36,38,84,710	(1,05,13,293)	35,33,71,418
EQUITY AND LIABILITES				
Equity				
Equity share capital	11	7,50,98,000	-	7,50,98,000
Other equity	12	13,65,30,796	-	13,65,30,796
		21,16,28,796	-	21,16,28,796
LIABILITIES				
Non-Current Liabilities				
Financial Liabilites				
Borrowings	13	2,69,29,454	-	2,69,29,454
Provisions	14	1,62,00,000	(1,05,13,293)	56,86,707
Deferred Tax Liabilities (Net)	15	-	-	-
		4,31,29,454	(1,05,13,293)	3,26,16,161
Current Liabilities				
Financial Liabilites				
Borrowings	16	4,80,52,227	-	4,80,52,227
Trade payable	17	4,10,65,093	-	4,10,65,092
Other	18	-	1,06,18,913	1,06,18,913
Other Current Liabilities	19	1,19,08,534	(1,06,18,913)	12,89,621
Provisions	20	81,00,608	-	81,00,608
		10,91,26,462	-	10,91,26,461
Total Equity and Liabilites		36,38,84,712	(1,05,13,293)	35,33,71,418



ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

Accounting Ratios

The following table presents certain accounting and other ratios on basis derived from our audited financial statements included in the section titled “*Financial Information*” beginning on page 56 of this DLOF:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Earnings Per Share		
(a) Basic Earnings Per Share (after extraordinary items) (₹)	2.99	4.97
(b) Diluted Earnings Per Share (after extraordinary items) (₹)	2.99	4.97
Return on Net Worth (after excluding revaluation reserves)	12.05%	21.92%
Net Asset Value/Book Value per Equity Share each (after excluding revaluation reserves) (₹)	24.78	22.68

The ratios have been computed as under:

Basic Earnings Per Share	Net Profit After Tax excluding extra ordinary items / Weighted Average Number of Equity Shares
Return on Net Worth (%)	Net Profit after tax / Equity Shareholder's Funds excluding Revaluation reserve
Net Asset Value Per Share	Equity Shareholder's Funds excluding Revaluation reserve / Number of Equity Shares (outstanding at the end of the period)

Capitalisation Statement:

The statement on our capitalisation is as set out below:

(₹ in Lakh)		
Particulars	Pre Issue as at March 31, 2018	Adjusted for Rights Issue [#]
Borrowings		
Short Term Debt	542.63	[•]
Current Maturities of Long term Debt	102.36	[•]
Long Term Debt	285.17	[•]
Total Debt	930.15	[•]
Shareholder's Fund		
Equity Share Capital	1,126.47	[•]
Reserves & Surplus	1,664.83	[•]
Total Equity Shareholder's Fund	2,791.30	[•]
Long Term Debt/Equity Ratio	0.14	[•]
Total Debt/Equity Ratio	0.33	[•]

[#] The corresponding post Issue figures will be determined upon finalisation of the Issue Price.

Current maturity of Long term Debt is considered as Long term debt in calculating the Long term debt/Equity Ratio

Note: As certified by M/s G. S. Mathur & Co, Chartered Accountants, vide their Certificate dated May 31, 2018.

STOCK MARKET DATA FOR EQUITY SHARES

The Equity Shares of our Company are currently listed and trading on the BSE. The Equity Shares of our Company are frequently traded on BSE for the preceding twelve months, as defined under SEBI Takeover Regulations.

For the purpose of this chapter:

- Year is a Financial Year;
- Average price is the average of the daily closing prices of the Equity Shares, for the year, or the month, or the week, as the case may be;
- High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, for the year, or the month, as the case may be; and
- In case of two days with the same high/low/closing price, the date with higher volume has been considered.

The high, low prices and average of closing prices recorded on the BSE for the preceding three Financial Years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

Financial Year	High (₹)	Date of High	Number of Shares traded on date of high	Low (₹)	Date of Low	Number of Shares traded on date of low	Average price for the year (₹)
2017-18	79.90	January 16, 2018	2,63,114	40.00	May 9, 2017	27,031	50.10
2016-17	100.40	December 22, 2016	2,28,980	30.70	April 1, 2016	1,530	62.51
2015-16	29.25	March 17, 2016	2,545	10.22	May 11, 2015	19,262	19.86

(Source: www.bseindia.com)

The high and low prices and volume of the Equity Shares traded on the respective dates during the last six months is as follows:

Month	High (₹)	Date of High	Number of Shares traded on date of high	Low (₹)	Date of Low	Number of Shares traded on date of low	Average price for the Month (₹)	Total Number of Trading Days
June 2018	47.70	June 29, 2018	2,388	38.40	June 05, 2018	4,003	42.45	21
May 2018	54.30	May 11, 2018	41,376	43.50	May 03, 2018	8,193	45.98	22
April 2018	49.75	April 06, 2018	14,416	42.55	April 02, 2018	1,837	46.74	21
March 2018	49.35	March 19, 2018	6,333	41.15	March 26, 2018	5,064	45.76	19
February 2018	52.75	February 01, 2018	4,642	44.15	February 6, 2018	12,299	48.40	19
January 2018	79.90	January 16, 2018	263,114	47.00	January 5, 2018	20,600	56.22	22

(Source: www.bseindia.com)

The closing price of the Equity Shares as on March 21, 2018 and on April 24, 2018, was ₹ 47.35 and ₹ 46.30, respectively on the BSE, the trading day immediately following the day on which Board of Directors and Shareholders approved the Issue respectively.

Week end closing prices of the Equity Shares for the last four weeks on the BSE are as below:

Week Ended on	Closing Price (₹)	High during the week (₹)	Date of High	Low during the week (₹)	Date of Low
July 13, 2018	39.60	44.00	July 12, 2018	38.65	July 09, 2018
July 06, 2018	40.85	47.90	July 02, 2018	39.60	July 06, 2018
June 29, 2018	41.60	47.70	June 29, 2018	40.10	June 29, 2018
June 22, 2018	44.00	44.50	June 18, 2018	41.50	June 21, 2018

(Source: www.bseindia.com)

The last traded price of our Equity Shares as on July 18, 2018, the trading day immediately prior to the date of this DLOF, was ₹ 37.65 on BSE.

The Issue Price shall be arrived at by our Company in consultation with the Lead Manager to the Issue.

MATERIAL DEVELOPMENTS

Except as disclosed herein below, there are no material developments since March 31, 2018, which significantly affect the operations, performance, prospects or financial condition of our Company:

1. The Members of our Company, at their Extra-ordinary General Meeting held on April 23, 2018, have approved the following proposals:
 - a) Fund raising aggregating to an amount not exceeding ₹ 2,000.00 Lakh through issue of Equity Shares on rights basis to the existing shareholders of our Company; and
 - b) Adoption of new set of Articles of Association of our Company in line with the Companies Act, 2013.
2. The Board of Directors of our Company, at its meeting held on May 29, 2018, has approved audited standalone financial results for the quarter and year ended on March 31, 2018 in accordance with the requirements of the SEBI Listing Regulations.

For details, please see the chapter titled “*Financial Statements*” beginning on page 56 of this DLOF.

WORKING RESULTS

In accordance with circular number 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 relating to the working results for the period between the last date of the financial statements and up to the end of the last but one month preceding the date of the Letter of Offer will be updated in the Letter of Offer to be filed with the Stock Exchange.

Working results of our Company for the period from April 1, 2018 to May 31, 2018 are set out below:

		(₹ in Lakh)
Sr. No.	Particulars	Amount
(i)	Sales / turnover	932.99
(ii)	Other Income	30.00
	Total Income	962.99
(iii)	Estimated Gross Profit / (Loss) excluding depreciation and taxes	145.28
(iv)	Provision for Depreciation	20.94
(v)	Provision for Taxation	34.59
(vi)	Estimated Net Profit / (Loss)	89.75

Material changes and commitments, if any, affecting our financial position

Except as disclosed in the chapter titled “*Material Developments*” beginning on page 90 of this DLOF, there are no material changes and commitments affecting the financial position of our Company.

STATEMENT OF TAX BENEFITS

To

The Board of Directors,
Ishan Dyes and Chemicals Limited
Phase – 1, 18, GIDC Estate,
Vatva, Ahmedabad,
Gujarat, India – 382 445

Dear Sirs,

Sub : Statement of possible special direct tax benefits available in connection with proposed Rights Issue of Equity Shares (“the Issue”) of Ishan Dyes and Chemicals Limited (“the Company”) to the Company and its shareholders (“the Statement”)¹

We report that the enclosed statement states the possible special direct tax (viz. under the Indian Income Tax Act, 1961) benefits available to the Company or its shareholders under the current direct tax law referred to above, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of Company or its shareholders to derive these special direct tax benefits is dependent upon their fulfilling such conditions.

The possible special direct tax benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the rights issue of equity shares of the Company 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. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

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

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

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

This statement is intended solely for information and for inclusion in offer documents in relation to the rights issue of equity shares of the Company and is not to be used, circulated or referred to for any other purpose without our prior written consent.

Our views are based on the existing provisions of law referred to earlier and its interpretation, which are subject to change from time to time. No assurance is given that the revenue authorities/courts will concur with the views expressed in this Tax Benefit Statement. We do not assume responsibility to update the views consequent to such changes.

The views are exclusively for the use of the Company and shall not, without our prior written consent, be disclosed to any other person, except to the extent disclosure is otherwise permitted by the terms of our engagement.

For **M/S. G. S. MATHUR & CO.**
Chartered Accountants
Firm Registration Number: 008744N

Bhargav Vaghela
Partner
Membership No.: 124619

Date: 31/05/2018
Place: Ahmedabad

Statement of Special Tax Benefits available to the Company & its Shareholder under the Income Tax Act, 1961 and other Direct Tax Laws presently in force in India

Special Tax Benefits

- I. Benefits available to the Company:** There are no special tax benefits available to the Company.
- II. Benefits available to the Shareholders:** There are no special tax benefits available to the shareholders for investing in the proposed right issue of shares of the Company

For **M/S. G. S. MATHUR & CO.**
Chartered Accountants
Firm Registration Number: 008744N

Bhargav Vaghela
Partner
Membership No.: 124619

Date: 31/05/2018
Place: Ahmedabad

SECTION VIII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as stated below, there are no (i) outstanding litigations, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Company, whose outcome could have a materially adverse effect on the business, operations or financial position of our Company, (ii) pending criminal liability, cases involving moral turpitude on the part of our Company, proceedings involving material violations of statutory regulations by our Company or economic offences where proceedings have been initiated against our Company in the immediately preceding 10 (ten) years.

In determining whether any outstanding litigation against our Company, other than litigation involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings relating to economic offences against our Company, would have a material adverse effect on our operations or financial position or impact our future revenues, the materiality threshold has been determined as per Clause XII (C) in Part E of Schedule VIII of the SEBI ICDR Regulations, which stipulates that disclosure of outstanding litigation is required where (a) the aggregate amount involved in an individual litigation which may have an impact on our future revenues is likely to exceed 1% of the total revenue of our Company, as per the last completed financial year i.e. FY 2017-18, or the aggregate amount involved in an individual litigation which may not have an impact on our future revenues is likely to exceed 1% of the net worth of our Company, as per the last completed financial year i.e. FY 2017-18; (b) the decision in one case is likely to affect the decision in similar cases, even though the amount involved in a single case individually may not exceed 1% of the total revenue of our Company or 1% of the net worth of our Company, as per the last completed financial year i.e. FY 2017-18, if similar cases put together collectively exceed such threshold.

It is clarified that for the purposes of the above, pre-litigation notices (other than those issued by statutory or regulatory authorities) received by our Company shall, unless otherwise decided by the Board, not be considered as litigation until such time that our Company is impleaded as a defendant in litigation proceedings before any judicial forum.

Unless stated to the contrary, the information provided below is as of the date of this DLOF.

- A. Pending matters, which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Company

NIL

- B. Litigation involving issues of moral turpitude or criminal liability, which are currently pending or have arisen in the preceding last ten years

NIL

- C. Litigation involving material violations of statutory regulations which are currently pending or have arisen in the preceding last ten years

1. Actions taken by Gujarat Pollution Control Board against the Company.

In the past, the Gujarat Pollution Control Board (“GPCB”) had in 5 (five) instances issued directions to the Company under Section 31-A of the Air (Prevention and Control of Pollution Act), 1981, Section 33A of the Water (Prevention and Control of Pollution) Act, 1981 and Section 5 of the Hazardous Chemical (Management, Handling and Transboundary Movement) Rules, 2008 for the violation of certain provisions of the aforementioned Acts. These violations inter-alia pertained to gaseous emission from the industrial plant of the Company leading to health hazards and environment pollution problems. The GPCB inter-alia directed the Company to stop manufacturing process at the industrial plant of the Company. The GPCB had thereafter at the relevant times issued revocation orders permitting the Company to restart the manufacturing process subject to the Company undertaking certain compliances. As on date, the Company is permitted to carry-on its manufacturing process and no directions are in force or investigations in progress which prohibit or likely to prohibit the Company from carrying on its manufacturing activities.

2. Actions taken by BSE against the Company

In the past the BSE had suspended the trading of the Equity Shares of the Company in view of certain non-compliances of the provisions of inter-alia (i) the then applicable Listing Agreement such as Clause 31, Clause 35, Clause 41, Clause 47 and Clause 49; (ii) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 such as Regulation 40B; and (iii) submission of secretarial audit reports. The Company has made certain necessary submissions and currently, no such suspension remains in force and the Equity Shares of the Company are listed in normal course.

D. Litigation involving proceedings relating to economic offences, which are currently pending or have arisen in the preceding last ten years

NIL

GOVERNMENT AND OTHER STATUTORY APPROVALS

We have obtained the necessary consents, licenses, permissions and approvals from various Government and regulatory authorities that are required for carrying on our present business. Some of the approvals and licenses that we require for our present business operations may expire in the ordinary course of business, in which case, we will apply for their renewal from time to time. In addition, except as mentioned in this chapter, as on the date of this DLOF, there are no pending regulatory and Government approvals and no pending renewals of licenses or approvals in relation to the activities undertaken by us or in relation to the Issue.

The details of our pending Government and regulatory approvals in relation to our lines of activity and projects are as stated below:

Nil

The details of Government and regulatory approvals that are yet to be applied for are stated as below:

1. Approval required for digging for bore well under the Gujarat Industrial Development Corporation Water Supply Regulation, 1991.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution passed by the Board of Directors under Section 62(1)(a) and other applicable provisions of the Companies Act, at their meeting held on March 20, 2018 and by the special resolution passed by the shareholders of our Company at their meeting held on April 23, 2018.

The Board of Directors in their meeting held on [●] have determined the Issue Price as ₹ [●] per Equity Share and the Rights Entitlement as [●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Company has received 'in-principle' approval from the BSE for listing of the Rights Equity Shares to be allotted in the Issue pursuant to their letter dated [●].

Prohibition by SEBI or RBI

Our Company, the Promoters and Promoter Group, the Directors, the persons in control of our Company or the persons in control of our Promoters and Promoter Group have not been prohibited from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our Promoters and Promoter Group, the Directors, persons in control of our Company or the persons in control of our Promoters and Promoter Group were or also are a promoter, director or person in control of any other company which has been restrained, prohibited or debarred from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of the Directors of the Company are associated with the capital market in any manner. SEBI has not initiated action against any entity with which the Directors are associated.

Further, none of the Company, the Directors, the Promoters and Promoter Group, the relatives of the Promoters and Promoter Group and the Group Companies have been categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Presently, the Equity Shares of the Company are listed on the BSE. Our Company is eligible to offer the Rights Equity Shares pursuant to the Issue in terms of Chapter IV of the SEBI ICDR Regulations.

Compliance with Regulation 4(2) of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 4(2) (d) of the SEBI ICDR Regulations, our Company undertakes to make an application to BSE for listing of the securities to be issued pursuant to this Issue. BSE shall be the Designated Stock Exchange.

Compliance Part E of Schedule VIII of the SEBI ICDR Regulations

Our Company has complied with the requirements of Part E of Schedule VIII of the SEBI ICDR Regulations, to the applicable extent, in terms of the disclosures made in this DLOF.

Further, our Company confirms that it is in compliance with the following:

- a) Our Company has been filing periodic reports, statements and information in compliance with the Equity Listing Agreement and the Listing Regulations, as applicable, for the last three years immediately preceding the date of filing of this DLOF with the SEBI;

- b) the reports, statements and information referred to in sub-clause (a) above are available on the website of the BSE, which is a recognised stock exchange with nationwide trading terminals; and
- c) Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by the Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part E of Schedule VIII of SEBI ICDR Regulations, and is not covered under the conditions specified in Clause (3) of Part E of Schedule VIII of SEBI ICDR Regulations, disclosures in this DLOF have been made in terms of Clause (5) of Part E of Schedule VIII of SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER 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 COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, 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, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JULY 19, 2018 WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - (a) THE DRAFT LETTER OF OFFER FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - (b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE**

COMPANIES ACT, 1956, AS AMENDED AND REPLACED BY THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE, 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 DRAFT LETTER OF OFFER ARE REGISTERED WITH THE SEBI 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.**
- 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 DRAFT LETTER OF OFFER WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE 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 DRAFT LETTER OF OFFER – NOT APPLICABLE.**
- 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 SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS'CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE.**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY 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 COMPANY 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 MONEYS 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 MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE STOCK EXCHANGE MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. – NOT APPLICABLE FOR A RIGHTS ISSUE, TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALIZATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SEBI ICDR REGULATIONS.**

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN 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 DRAFT LETTER OF OFFER:
 - (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
 - (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
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 COMPANY, 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 THE 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 DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY THE SEBI THROUGH CIRCULAR –NOT APPLICABLE, BEING A RIGHTS ISSUE.
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS - COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED, IN ACCORDANCE WITH APPLICABLE ACCOUNTING STANDARD, IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT LETTER OF OFFER.
18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS - NOT APPLICABLE.

THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 38 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 THIS DRAFT LETTER OF OFFER.

Caution

Disclaimer Statement from our Company and the Lead Manager

Our Company and the Lead Manager, namely, Vivro Financial Services Private Limited, accept no responsibility for statements made otherwise than in this DLOF or in the advertisement or any other material issued by or at the instance of our Company and that anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have been represented by 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 of our Company, and are relying on independent advice/evaluation as to their ability and quantum of investment in this Issue.

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this DLOF with SEBI.

No dealer, sales person or other person is authorized to give any information or to represent anything not contained in this DLOF. You must not rely on any unauthorized information or representations. This DLOF is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this DLOF is current only as of its date.

Applicants 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 the Rights Equity Shares and that they shall not issue, sell, pledge or transfer their Rights Entitlement or Rights Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Rights 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 any Rights Equity Shares.

The Lead Manager and its affiliates may engage in transactions with, and perform services for, our Company and our group entities or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company and our group entities or affiliates, for which they have received, and may in the future receive, compensation.

Disclaimer with respect to jurisdiction

This DLOF 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 Gujarat, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of this Issue will be the BSE.

Disclaimer Clause of the BSE

As required, a copy of this DLOF has been submitted to the BSE. The Disclaimer Clause as will be intimated by the BSE to us, post scrutiny of this DLOF, shall be included in the Letter of Offer prior to filing with the Stock Exchange.

Filing with SEBI

This DLOF has been filed with the Corporation Finance Department of SEBI, located at Unit No: 002, Ground Floor, SAKAR I, Near Gandhigram Railway Station, Opp. Nehru Bridge, Ashram Road, Ahmedabad - 380009,

Gujarat, India for its observations. After SEBI gives its observations, the Letter of Offer shall be filed with the Stock Exchange as per the provisions of the SEBI ICDR Regulations.

Selling Restrictions

The distribution of this DLOF and the issue of our 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 DLOF may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue of Rights Equity Shares to its Eligible Equity Shareholders and will dispatch the Letter of Offer and Composite Application Form (“CAF”) to the shareholders who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this DLOF has been filed with SEBI for observations. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and this DLOF may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this DLOF will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this DLOF must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this DLOF should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the same in or into the US or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this DLOF is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this DLOF.

Neither the delivery of this DLOF 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 at any time subsequent to this date.

We are making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer / Abridged Letter of Offer and CAFs to such shareholders who have provided an Indian address to our Company. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer/Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer / Abridged Letter of Offer and CAFs.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act, 1933, as amended (“**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 (“**United States**” or “**U.S.**”) or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act (“**Regulation S**”), except in a transaction exempt from the registration requirements of the Securities Act. The Rights Entitlements referred to in this DLOF are being offered in India, but not in the United States. The offering to which this DLOF, the Letter of Offer and Abridged Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights.

Accordingly, this DLOF / Letter of Offer / Abridged Letter of Offer and the 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 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 under this DLOF, no payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights 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 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 authorised to acquire the Rights Entitlement and the Rights 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 Rights Equity Shares or Rights Entitlement in respect of any such CAF.

The rights and the Rights Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Listing on the Stock Exchange

The existing Equity Shares of our Company are listed on the BSE. We have made an application to the BSE for obtaining 'in-principle' approval in respect of the Rights Equity Shares, and have received the same from the BSE by way of its letter dated [●]. We will apply to the BSE for listing and trading approvals in respect of the Rights Equity Shares.

If the permission to deal in and for an official quotation of the securities is not granted by the BSE, 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 Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 15 (fifteen) days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Consents

Consents in writing of the Directors, the Statutory Auditors, the Lead Manager, the Legal Advisor to the Issue, the Registrar to the Issue, the Registrar and Share Transfer Agent to the Company and the Banker(s) to the Company to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of this DLOF.

M/s G. S. Mathur & Co., Chartered Accountants, our Statutory Auditors, have given their written consent for the inclusion of their report appearing in this DLOF and such consent and report have not been withdrawn up to the date of this DLOF.

Expert Opinion

Our Company has received consent from the Statutory Auditors, M/s. G. S. Mathur & Co., Chartered Accountants to include their name as an "expert" under Section 2(38) read with Section 26 of the Companies Act in this DLOF in relation to (i) audit report dated May 29, 2018 on the audited financial statements of our Company for the financial year 2017-18 provided under chapter titled "*Financial Statements*" on page 56 of this DLOF and (iii) the Statement of Tax Benefits dated May 31, 2018 on page 92 of this DLOF. Further, this consent has not been withdrawn as of the date of this DLOF.

Issue Related Expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] Lakh. The expenses of the Issue include, among others, fees of the Lead Manager, fees of the Registrar to the Issue, fees of the other advisors, Banker(s) to the Issue, printing and stationery expenses, advertising, travelling and marketing expenses and other expenses. For further details, please see the section titled "*Objects of the Issue*" beginning on page 45 of this DLOF.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the SEBI Listing Regulations. Additionally, we have been registered with SCORES, as required by the SEBI Circular

number CIR/ OIAE/2/2011 dated June 3, 2011. Consequently, Investor grievances are tracked online by our Company.

Our Company has a Stakeholders' Relationship Committee which meets as and when required, to deal with and monitor redressal of complaints from shareholders. MCS Share Transfer Agent Limited is our Registrar and Share Transfer Agent. All investor grievances received by us are handled by our Company through the Compliance Officer and in case the complaints are received by the Registrar and Share Transfer Agent on our behalf, the same are handled by the Registrar and Share Transfer Agent in consultation with the Compliance Officer.

Investor Grievances arising out of the Issue

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue i.e. Link Intime India Private Limited. The agreement between the Company and the Registrar provides for a period for which records shall be retained by the Registrar in 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 or the SCSB in case of ASBA Applicants giving full details such as name, address of the applicant, contact number(s), e-mail ID of the first holder, folio number or demat account number, serial number of the CAF, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors 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 to the Issue for attending to routine grievances will be within 30 (thirty) days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavor of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner.

Investors may contact the Registrar to the Issue at:

Registrar to the Issue

Link Intime India Private Limited

C 101, 1st Floor, 247 Park, LBS Marg,
Vikhroli (West), Mumbai - 400083, Maharashtra, India.

Telephone: + 91-22-49186200;

Facsimile: +91-22-49186195;

Email: ishandyes.rights@linkintime.co.in

Website: www.linkintime.co.in

Investor Grievance Email: ishandyes.rights@linkintime.co.in;

Contact Person: Mr. Sumeet Deshpande

SEBI Registration Number: INR000004058

CIN: U67190MH1999PTC118368

Investors may 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 letter of allotment, credit of Rights Equity Shares, refund and such other matters. The contact details of the Compliance Officer are as follows:

Company Secretary and Compliance Officer

Ms. Ankita V. Shah

Ishan Dyes and Chemicals Limited

18, G.I.D.C Estate Phase – 1,
Vatva, Ahmedabad – 382445, Gujarat, India.

Telephone: 079-25832144/25893607;

Facsimile: 079-25833643;

Email: ishandyes@yahoo.com

Website: www.ishandyes.com

Status of Complaints

- a. Total number of complaints received during FY 2015-16: Nil
- b. Total number of complaints received during FY 2016-17: Nil
- c. Total number of complaints received during FY 2017-18: 1 complaint received and resolved
- d. Time normally taken for disposal of various types of investor complaints: 15 days
 - a. Share transfer process: Within 15 days after receiving full set of documents
 - b. Share transmission process: Within 15 days after receiving full set of documents
 - c. Other Complaints: Within 15 days from the receipt of the Complaint

Status of outstanding investor complaints

As on the date of this DLOF, there were no outstanding Investor complaints.

SECTION IX – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Rights Equity Shares proposed to be issued, are subject to the terms and conditions contained in this DLOF, the Letter of Offer, the Abridged Letter of Offer, including the CAF, the SAF, the Memorandum of Association and Articles of Association, the provisions of the Companies Act, the FEMA, applicable guidelines and regulations issued by SEBI, the guidelines, notifications and regulations for the issue of capital and for listing of Equity Shares issued by the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of Listing Agreements entered into by our Company with the Stock Exchange and terms and conditions as stipulated in the Allotment Advice or security certificate.

Please note that in terms of SEBI ICDR Regulations and the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB Investors, Non-Institutional Investors and other Applicants whose application amount exceeds ₹2,00,000, complying with the eligibility conditions prescribed under the SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process or the non ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must apply for Rights Equity Shares only through the non-ASBA process, irrespective of the application amounts.

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. Please see “*Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process*” on page 119. Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues/ Rights Issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights/obligations of the Eligible Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Authority for the Issue

The Issue has been authorised by a resolution passed by the Board of Directors under Section 62(1)(a) and other applicable provisions of the Companies Act, at their meeting held on March 20, 2018 and by the special resolution passed by the shareholders of our Company at their meeting held on April 23, 2018.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to those existing Eligible 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 in respect of the Equity Shares held in physical form at the close of business hours on the Record Date i.e. [●] fixed in consultation with BSE, i.e. Designated Stock Exchange.

Rights Entitlement

Eligible Equity Shareholder whose 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 as on the Record Date i.e. [●], are entitled to the number of Rights Equity Shares as set out in Part A of the CAF.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer/Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Company. The distribution of the Letter of Offer/Abridged 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. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer/Abridged Letter of Offer/CAF that such person is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements will not be, in any restricted jurisdiction.

PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹ 10 each.

Issue Price

Each Rights Equity Share shall be offered at an Issue Price of ₹ [●] for cash (including a premium of ₹ [●] per Rights Equity Share). The Issue Price has been arrived at after consultation between our Company and the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date.

Payment Method

The full amount of Issue Price ₹ [●] per Rights Equity Share is payable on Application.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to the existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Share(s) for every [●] Equity Share(s) held as on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Share(s) or is not in a multiple of [●] Equity Share(s), the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored will be given preference in the Allotment of one Additional Rights Equity Share each, if such Equity Shareholders have applied for Additional Rights Equity Shares over and above their Rights Entitlement, if any.

For example, if an Equity Shareholder holds [●] Equity Shares, he will be entitled to [●] Rights Equity Shares on a rights basis. He will also be given a preferential consideration for the Allotment of one Additional Rights Equity Share if he has applied for the same.

Also, those Equity Shareholders holding less than [●] Equity Shares and therefore entitled to 'Zero' Rights Equity Shares under this Issue shall be dispatched a CAF with 'Zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the Allotment of one Additional Rights Equity Share if, such Equity Shareholders have applied for the Additional Rights Equity Shares. However, they cannot renounce the same to third parties. **CAFs with zero entitlement will be non-negotiable/non-renounceable.**

For example, if an Eligible Equity Shareholder holds between one and [●] Equity Shares, he will be entitled to zero Rights Equity Shares on a rights basis. He will be given a preference for Allotment of one Additional Rights Equity Share if he has applied for the same.

Our Company may allot additional Rights Equity Shares, if required due to rounding off.

Ranking

The Rights Equity Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Rights Equity Shares issued under this Issue shall rank *pari passu*, in all respects including dividend, with our existing Equity Shares.

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: 531109 under the ISIN - INE561M01018).

Our Company has received "in-principle" approval for the listing of the Rights Equity Shares to be issued pursuant to the Issue in accordance with Regulation 110 of the SEBI Listing Regulations from BSE pursuant to letter no. [●], dated [●].

The listing and trading of the Rights Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule. Upon Allotment, the Equity Shares shall be traded on Stock Exchanges in the demat segment only.

The Rights Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares shall be taken within 7 (seven) Working Days of finalization Basis of Allotment.

If permissions to list, deal in and for an official quotation of the Rights Equity Shares are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Letter of Offer. If such money is not repaid beyond 8 (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 (fifteen) 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 8 (eight) days, be liable to repay the money, with interest as per applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, the Eligible Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared.
- Right to attend general meetings and exercise voting powers proportionate to the amount paid-up, unless prohibited by law;
- Right to vote on poll, either in person or proxy and exercise voting power, unless prohibited by law;
- Right to receive offers for Rights Equity 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 our Memorandum of Association and Articles of Association.

Subscription by Promoter and Promoter Group

For details of the intent and extent of the subscription by our Promoters and Promoter Group, please see the chapter titled "*Capital Structure*" beginning on page 39 of this DLOF.

General Terms and Conditions of the Issue for ASBA and Non-ASBA Investors

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for the Equity Shares in dematerialised mode is one. In case an Eligible Equity Shareholder holds Equity Shares in physical form, our Company would issue one certificate for the Rights Equity Shares allotted to each folio (the “**Consolidated Certificate**”). Such Consolidated Certificates may be split into smaller denominations at the request of the respective Eligible Equity Shareholder.

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 holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. CAF would be required to be signed by all the joint holders. In case of renunciation, joint holders will sign Part B of the CAF.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Eligible Equity Shareholders who are individuals, a sole Eligible Equity Shareholder or the first named Eligible Equity Shareholder, along with other joint Eligible 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 Rights Equity Shares by reason of the death of the original Eligible 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 Eligible 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. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at our Registered Office or such other person at such addresses as may be notified by us. In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014, any person who becomes a nominee 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.

If the person being a nominee, so becoming entitled, elects to be registered as holders of the Equity Shares himself or herself, he/she shall deliver to our Company a notice in writing signed by him stating that he/she so elects and such notice shall be accompanied with the death certificate of the deceased holder.

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 90 (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 us, no further nomination needs to be made for Rights Equity Shares that may be allotted in this Issue under the same folio.

In case the Allotment of Rights Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Rights 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 their respective DP.

Arrangements for Disposal of Odd Lots

Our Company's Equity Shares are traded in dematerialised form only and therefore the marketable lot is 1 (one) share and hence, no arrangements for disposal of odd lots are required.

Notices

All notices to the Eligible Equity Shareholder(s) required to be given by our Company shall be published in one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and regional language daily newspaper with wide circulation and/ or will be sent by ordinary post/ registered post/ speed post to the registered address of the Eligible Equity Shareholders in India or the Indian address provided by the Eligible Equity Shareholders, from time to time. However, the distribution of the Letter of Offer/Abridge Letter of Offer and the issue of Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue of the Rights Equity Shares being offered under the Issue, on an aggregate basis, our Company shall refund the entire subscription amount received within 15 (fifteen) days from the Issue Closing Date. If there is any delay in the refund of the subscription amount of more than 8 (eight) days after our Company becomes liable to pay the subscription amount (i.e. 15 (fifteen) days after the Issue Closing Date), our Company shall pay interest for the delayed period, at such rates as prescribed under the applicable laws.

In case the Rights Issue remains unsubscribed and/ or minimum subscription is not achieved, the Board of Directors may dispose of such unsubscribed portion in the best interest of the Company and the Equity Shareholders and in compliance with the applicable laws.

Underwriting to the Issue

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

Procedure for Application by Non-ASBA Investors

The CAF for Rights Equity Shares offered as a part of the Issue would be printed for all Eligible Equity Shareholders. In case the original CAFs are not received by the Eligible Equity Shareholders or is misplaced by the Eligible Equity Shareholders, the Eligible Equity Shareholders may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Eligible Equity Shareholder(s) does not match with the specimen registered with us, the application is liable to be rejected.

Please note that neither our Company nor the Registrar to the Issue 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 note that in terms of SEBI ICDR Regulations and the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB Investors, Non-Institutional Investors and other Applicants whose application amount exceeds ₹2,00,000, complying with the eligibility conditions prescribed under the SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process or the non ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must apply for Rights Equity Shares only through the non-ASBA process, irrespective of the application amounts.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, 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. Any Eligible Shareholder being an erstwhile OCB is required to obtain prior approval from RBI for applying in the Issue.

Composite Application Form (“CAF”)

The Registrar to the Issue will dispatch the CAF to Eligible Equity Shareholders as per their Rights Entitlement on the Record Date. The CAF will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. Applicants may also choose to accept the offer to participate in the Issue by making plain paper Applications. For more information on plain paper Applications, please see under this chapter “*Application on Plain Paper (Non-ASBA Process)*” on page 115 of this DLOF.

The CAF consists of four parts:

- Part A: Form for accepting the Rights Equity Shares offered as a part of this Issue, in full or in part, and for applying for Additional Rights Equity Shares;
- Part B: Form for renunciation of Rights Equity Shares;
- Part C: Form for application of Rights Equity Shares by Renouncee(s);
- Part D: Form for request for Split Application Forms.

Options available to the Equity Shareholders

The CAFs will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies for an investment in the Rights Equity Shares, then he/she can:

- Apply for his Rights Entitlement of Rights Equity Shares in full;
- Apply for his Rights Entitlement of Rights Equity Shares in part (without renouncing the other part);
- Apply for his Rights Entitlement of Rights Equity Shares in part and renounce the other part of the Rights Equity Shares;
- Apply for his Rights Entitlement in full and apply for Additional Rights Equity Shares;
- Renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Rights Equity Shares, either in full or in part without renouncing the balance by filling Part A of the CAFs and submit the same along with the Application Money payable to the Bankers to the Issue and any of the collection centers 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 in this regard. Investors at centres not covered by the collection branches of the Bankers to the Issue 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 / speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF, attributable to postal delays or if the CAF is misplaced in the transit. **Applications sent to anyone other than the Registrar to the Issue are liable to be rejected. Kindly note that Applications are to be sent to the Registrar to the Issue, i.e., Link Intime India Private Limited and not to the Registrar and Transfer Agent, i.e., MCS Share Transfer Agent Limited.** For further details on the mode of payment, please see the headings “*Mode of Payment for Resident Equity Shareholders / Applicants*” and “*Mode of Payment for Non-Resident Equity Shareholders/ Applicants*” on page 117 of this DLOF.

Additional Equity Shares

You are eligible to apply for Additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for Additional Rights 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 this chapter.

If you desire to apply for Additional Rights Equity Shares, please indicate your requirement in the place provided for Additional Rights Equity Shares in Part A of the CAF. The Renouncees applying for all the Equity

Shares renounced in their favour may also apply for Additional Rights Equity Shares. The application for Additional Rights Equity Shares from a person resident outside India shall be subject to provisions of FEMA Regulations.

Where the number of Additional Rights 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 BSE in the manner hereinafter disclosed.

Renunciation

This Issue includes a right exercisable by you to renounce the Rights 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 and Equity Shares in favour of the following Renouncees: (i) more than three persons (including joint holders), (ii) partnership firm(s) or their nominee(s), (iii) minors, (iv) HUF, or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860, as amended or the Indian Trust Act, 1882, as amended 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). Applications by HUFs will be treated at par with applications by natural persons. Additionally, the Eligible Equity Shareholders may not renounce in favour of persons or entities which would otherwise be prohibited from being offered or subscribing for Equity Share or Rights Entitlement under applicable securities or other laws. Eligible Equity Shareholders may also not renounce in favour of persons or entities in the United States.

The Renunciation from (i) resident Indian equity shareholder(s) to non-resident, or (ii) non-resident equity shareholder(s) to resident Indian(s), or (iii) from a non-resident equity shareholder(s) to other non-resident(s), shall be subject to provisions of FEMA Regulations and other circular, directions, or guidelines issued by RBI from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB.

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 Rights Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Rights Equity Shares offered to an Eligible Equity Shareholder in favour of one Renouncee

If you wish to renounce the Rights Entitlement 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 Part 'C' of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either (i) accept the Rights Entitlement in part and renounce the balance, or (ii) renounce the entire Rights Entitlement 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 as provided herein. 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 Eligible Equity Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with our Company/Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with Application Money in full.

Change and/or introduction of additional holders

If an Applicant wishes to apply Rights Equity Shares jointly with other person(s), not more than three, who is/are not already a joint holder with such person, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason therefore.

Instructions for Options

The summary of options available to the Eligible Equity Shareholders is presented below. Applicants may exercise any of the following options with regard to the Rights Equity Shares, using the enclosed CAF:

Sr. No.	Options Available	Action Required
1.	Accept whole or part of Rights Entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign in the same sequence)
2.	Accept Rights Entitlement in full and apply for Additional Rights Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to Additional Rights Equity Shares (All joint holders must sign in the same sequence)
3.	Accept a part of Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce Rights Entitlement of all the Equity Shares offered to more than one Renouncee.	Fill in and sign Part D (all joint holders must sign in the same sequence) requesting for SAFs. Send the CAF to the Registrars 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. On receipt of the SAF take action as indicated below i) For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A. ii) For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee(s). Each of the Renouncee should fill in and sign Part C for the Equity Shares accepted by them.
4.	Renunciation of Rights Entitlement in full to one person (Joint Renouncees are considered as one)	Fill in and sign Part B (all joint holders must sign in the same sequence) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (All joint Renouncees must sign)
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.

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 the Issue 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 Eligible Equity Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- Applicants must provide information in the CAF as to their account number and the name of the bank, to enable Registrar to the Issue to print the information on the refund orders where Equity Shares are held in physical form.
- Request for SAFs should be made for minimum of one Rights Equity Share or in multiples thereof and one SAF for balance Rights Equity Shares, if any.
- Request by the Applicant for the SAFs should reach the Registrar to the Issue on or before [●].
- Only the Eligible Equity Shareholder to whom the 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 Applicant(s) by post at the Applicant's risk.
- Eligible Equity Shareholders shall not renounce in favour of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.
- While applying for or renouncing their Rights Entitlement, joint Eligible Equity Shareholders must sign the CAF or SAF in the same order and as per specimen signatures recorded with our Company/ Depositories.
- Applicants must write their CAF numbers at the back of the cheque / demand draft.
- Application(s) received from NR/NRIs, or persons of Indian origin residing abroad shall 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, interest, export of share certifications, etc. In case a NR or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.
- The RBI has mandated that CTS 2010 standard non-compliant cheques can be presented in clearing only in reduced frequency, specifically once a week, on Mondays of every week from November 1, 2014 onwards. This would have an impact on timelines for the issuance of final certificates; hence the CAFs accompanied by non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the Applicant who should furnish the registered folio number/ DP and Client ID and his/ her full name and address to the Registrar to the Issue. Please also note that shareholder has an option to print the duplicate CAF from the website of the Registrar to the Issue, i.e., www.linkintime.co.in by providing his / her folio. no. / DP ID / Client ID to enable the shareholder to apply for the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue at least 7 (seven) days prior to 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 Applicant violates such requirements, he / she shall face the risk of rejection of either original CAF or both the applications. Neither our Company nor the Registrar to the Issue or the Lead Manager to the Issue will be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper (Non-ASBA Process)

An Eligible 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 an account payee cheque/ demand draft, net of bank and postal charges payable at Mumbai and the Investor should send the same by registered post directly to the Registrar to the Issue. For further details on the mode of payment, please see the headings "*Mode of Payment for Resident Equity Shareholders / Applicants*" and "*Mode of Payment for Non-Resident Equity Shareholders/ Applicants*" on page 117 of this DLOF. Applications on plain paper from any address outside India will not be accepted.

The envelope should be super-scribed "*Ishan Dyes and Chemicals Limited – Rights Issue*" and should be postmarked in India. The application on plain paper, duly signed by the Applicant(s) 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:

1. Name of the issuer being Ishan Dyes and Chemicals Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders;
3. Registered Folio Number/ DP and Client ID Number;
4. Number of Equity Shares held as on Record Date;
5. Share Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
6. Allotment option preferred – physical or demat form, if held in physical form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for;
9. Number of Additional Rights Equity Shares applied for, if any;
10. Total number of Rights Equity Shares applied for;
11. Total application amount paid at the rate of ₹ [●] per Rights Equity Share;
12. Particulars of cheque/ demand draft;
13. Savings/Current Account Number and name and address of the bank where the Applicant will be depositing the refund order. In case of Equity Shares held in dematerialized form, the Registrar shall obtain the bank account details from the information available with the Depositories.
14. Additionally, non-resident Applicants shall include the representation in writing that:

“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 (“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 (“United States”). I/ we understand the Rights 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 Rights 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 Rights 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 confirm that I/ we are not in the United States and understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is in the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised 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 Applicants in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We will not offer, sell or otherwise transfer any of the Rights 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 Rights 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 acknowledge that we, the Lead Manager, its 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 Eligible Equity Shareholders violates such requirements, he/she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Applicant without any interest thereon and no liability shall arise on part of our Company, Lead Manager and our Directors. In cases where multiple CAFs are submitted, including cases where an Applicant submits CAFs along with a plain paper application, such applications shall be liable to be rejected.

Last date for Application

The last date for submission of the duly filled in CAF or on plain paper application is [●]. The Board of Directors or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 (thirty) days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose the Rights Equity Shares hereby offered, as provided in this chapter under paragraph titled “*Basis of Allotment*” on page 128 of this DLOF.

Modes of Payment

Investors are advised to use CTS cheques or use the ASBA facility to make payment. Investors are cautioned that CAFs accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond 6 (six) Working Days from the Issue Closing Date.

Mode of payment for Resident Equity Shareholders / Applicants

1. All cheques / demand drafts accompanying the CAF should be drawn in favour of “***Ishan Dyes and Chemicals Limited – Rights Issue - R***” crossed ‘A/c Payee only’ and should be submitted along with the CAF to the Bankers to the Issue/ Collecting Bank or to the Registrar to the Issue on or before Issue Closing Date;
2. 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 an account payee cheque/ demand draft for the full Application Money, net of bank and postal charges drawn in favour of “***Ishan Dyes and Chemicals Limited – Rights Issue - R***”, crossed ‘A/c Payee only’ and 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 envelope should be super-scribed “***Ishan Dyes and Chemicals Limited – Rights Issue***”. Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any. Applications through mail should not be sent in any manner except as provided above. The CAF along with the application money must not be sent to our Company or the Lead Manager. Applicants as requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Equity Shareholders / Applicants

As regards the applications by non-resident Investor, the following conditions shall apply:

1. Individual non-resident Indian Applicants who are permitted to subscribe for securities by applicable local securities laws can obtain application forms from the following address:

Link Intime India Private Limited
C 101, 1st Floor, 247 Park, LBS Marg,
Vikhroli (West), Mumbai - 400083, Maharashtra, India.
Telephone: + 91-22-49186200;
Facsimile: +91-22-49186195;
Email: ishandyes.rights@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance Email: ishandyes.rights@linkintime.co.in;
Contact Person: Mr. Sumeet Deshpande
SEBI Registration Number: INR000004058
CIN: U67190MH1999PTC118368

- Applications will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- Non-resident investors applying from 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 drawn in favour of “**Ishan Dyes and Chemicals Limited – Rights Issue - NR**”, crossed ‘A/c Payee only’ 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 envelope should be super scribed “**Ishan Dyes and Chemicals Limited – Rights Issue**”. Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.
- Payment by non-residents must be made by demand draft payable at Mumbai / cheque 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 / bank drafts remitted through normal banking channel or out of funds in Non-Resident External Account (NRE) or FCNR Account maintained with banks authorised to deal in foreign currency in India, along with documentary evidence in support of remittance;
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable at Mumbai;
- FPIs registered with SEBI must utilise funds from special non-resident rupee account;
- Non-resident investors with repatriation benefits should draw the cheques/ demand drafts in favour of “**Ishan Dyes and Chemicals Limited – Rights Issue - NR**”, crossed “A/c Payee only” for the full Application Money, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue/collection centres or to the Registrar to the Issue;
- Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO account 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. In the absence of such an account debit certificate, 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 (“**NRO Account**”) maintained in Mumbai or Ahmedabad or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai or Ahmedabad. In such cases, the Allotment of Rights Equity Shares will be on non-repatriation basis.
- Non-resident investors without repatriation benefits should draw the cheques/demand drafts in favour

of “**Ishan Dyes and Chemicals Limited – Rights Issue - R**”, 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 Bankers to the Issue/collection centres or to the Registrar to the Issue;

- Applicants should note that where payment is made through 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. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.
- An Eligible Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

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 Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights 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 / Government of India as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (“ASBA”) PROCESS

This section is for the information of the ASBA Applicants 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 the Letter of Offer. Applicants 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.

Our Company, Lead Manager, our Directors, our employees, 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.

Please note that in terms of SEBI ICDR Regulations and the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB Investors, Non-Institutional Investors and other Applicants whose application amount exceeds ₹2,00,000, complying with the eligibility conditions prescribed under the SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process or the non ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must apply for Rights Equity Shares only through the non-ASBA process, irrespective of the application amounts.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

Self-Certified Syndicate Banks

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Rights Equity Shares in the Issue through the ASBA Process is only available to the Applicants of our Company on the Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or Additional Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee;
- are applying through a bank account maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Equity Shares in the Issue.

CAF

The Registrar to the Issue will dispatch the CAF to all Eligible Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Investors 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.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall submit the CAF to the Designated Branch of the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account. More than one ASBA Investor may apply using the same ASBA Account, provided that the 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 Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar to the Issue, selecting the ASBA process option in Part A of the CAF and submit the same to the Designated Branch of 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 in this regard.

Additional Rights Equity Shares

You are eligible to apply for Additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply for Rights Equity Shares under applicable law and you have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for Additional Rights 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 this chapter.

If you desire to apply for Additional Rights Equity Shares, please indicate your requirement in the place provided for Additional Rights Equity Shares in Part A of the CAF. The application for Additional Rights Equity Shares from a person resident outside India shall be subject to provisions of FEMA Regulations.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

Mode of payment

The 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 an ASBA Account.

After verifying that sufficient funds are available in the ASBA 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 to the Issue. Upon receipt of intimation from the Registrar to the Issue, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI ICDR Regulations, into a separate bank account maintained by our Company for the purpose of the Issue. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar, the Lead Manager to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Investor 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.

Please note that in terms of SEBI ICDR Regulations and the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB Investors, Non-Institutional Investors and other Applicants whose application amount exceeds ₹2,00,000, complying with the eligibility conditions prescribed under the SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process or the non ASBA process.

Options available to the Eligible Equity Shareholders applying under the ASBA Process

The summary of options available to the Eligible Equity Shareholders is presented below. You may exercise any of the following options with regard to the Rights Equity Shares, using the respective CAFs received from Registrar:

Option Available	Action Required
Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (All joint holders must sign)
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 Securities (All joint holders must sign)

The 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 Designated Branch of 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 Investor has selected to apply through the ASBA process option.

Application on Plain Paper (ASBA Process)

An Eligible 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. Eligible Equity Shareholders shall submit the plain paper application 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 said bank account maintained with the same SCSB. **Applications on plain paper from any address outside India will not be accepted.**

The envelope should be super-scribed “**Ishan Dyes and Chemicals Limited – Rights Issue - R**” or “**Ishan Dyes and Chemicals Limited – Rights Issue - NR**” as the case may be and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholders including joint holders, in the same order and as per the specimen recorded with our Company/ Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

1. Name of Issuer, being Ishan Dyes and Chemicals Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders;
3. Registered DP and Client ID No.;
4. Number of Equity Shares held as on Record Date in dematerialized form only;
5. Allotment option – only demat form;
6. Number of Rights Equity Shares entitled to;
7. Number of Rights Equity Shares applied for;
8. Number of Additional Rights Equity Shares applied for, if any;
9. Total number of Rights Equity Shares applied for;
10. Total amount paid at the rate of ₹ [●] per Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. 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;
13. Except for applications on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
14. Signature of the Eligible Equity Shareholders to appear in the same sequence and order as they appear in our records; and
15. Additionally, all such Eligible Equity Shareholders applying through ASBA 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 (“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 (“United States”). I/ we understand the Rights 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 Rights 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 Rights 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 confirm

that I/ we are not in the United States and understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is in the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised 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 Applicants in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We will not offer, sell or otherwise transfer any of the Rights 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 Rights 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 acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Option to receive Rights Equity Shares in Dematerialized Form

ELIGIBLE SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Eligible Equity Shareholders applying under the ASBA Process:

- a) Please read the instructions printed on the respective 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 the Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
- c) The CAF 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 Bankers to the Issue/Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to our Company or the Registrar or the Lead Manager to the Issue.
- d) All Eligible Equity Shareholders, and in the case of application in joint names, each of the joint Applicants, should mention his/her PAN allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or the 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 Eligible Equity Shareholders for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Eligible Equity Shareholders.
- e) All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/demand draft/pay order 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 Eligible 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/ Depositories. 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 Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers and CAF number.
- i) Only the person or persons to whom the Rights Equity Shares have been offered and not Renouncee(s) shall be eligible to participate under the ASBA process.
- j) Only persons outside the restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.
- k) Only the Eligible Equity Shareholders holding securities in demat are eligible to participate through the ASBA process.
- l) Eligible Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using the ASBA process.
- m) Please note that in terms of SEBI ICDR Regulations and the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB Investors, Non-Institutional Investors and other Applicants whose application amount exceeds ₹2,00,000, complying with the eligibility conditions prescribed under the SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process or the non ASBA process.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

- n) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under this chapter on page 122 of this DLOF.
- o) Investors are required to ensure that the number of Ordinary Shares applied for by them do not exceed the prescribed limits under the applicable law.

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 the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Rights Equity Shares will be allotted in the dematerialized form only.
- c) Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares as the case may be applied for} X {Issue Price of Rights Equity Shares, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.
- g) Except for CAFs submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Eligible Shareholder should mention their PAN allotted under the IT Act.
- h) 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.
- i) Ensure that the Demographic Details are updated, true and correct, in all respects.
- j) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

Don'ts:

- a) Do not apply if you are not eligible to participate in the 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, pay order or by postal order.
- d) Do not send your physical CAFs to the Lead Manager / Registrar / Escrow Collection Banks (assuming that such Escrow Collection 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 Eligible Shareholders.
- g) Do not apply through the ASBA Process if you are not an ASBA Eligible Shareholder.
- h) Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under “*Grounds for Technical Rejection for non-ASBA Investors*” on page 134 of this DLOF, applications under the ASBA Process are liable to be rejected on the following grounds:

- I. Application on a SAF (unless all the SAFs are used by the original shareholder).

- II. Application for Allotment of Rights Entitlements or Additional Rights Equity Shares which are in physical form.
- III. DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- IV. Sending an ASBA application on plain paper to person other than SCSB.
- V. Sending CAF to 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.
- VI. Renouncee applying under the ASBA Process.
- VII. Submission of more than five CAFs per ASBA Account.
- VIII. Insufficient funds are available with the SCSB for blocking the amount.
- IX. Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- X. Account holder not signing the CAF or declaration mentioned therein.
- XI. 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 any restricted jurisdiction and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- XII. CAFs which have evidence of being executed in/dispatched from any restricted jurisdiction.
- XIII. QIBs, Non-Institutional Investors and other Eligible Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹ 2,00,000 who hold Equity Shares in dematerialized form and is not a renouncer or a Renouncee not applying through the ASBA process.
- XIV. Application by an Eligible 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.
- XV. Multiple CAFs, including cases where an Eligible Shareholder submits CAFs along with a plain paper application.
- XVI. Submitting the GIR instead of the PAN.
- XVII. An Eligible Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- XVIII. Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- XIX. ASBA Bids by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- XX. Applications by Eligible Shareholders ineligible to make applications through the ASBA process, made through the ASBA process.
- XXI. Non-Institutional Investors who have a bank account with an SCSB providing ASBA facility in the location of the Non-Institutional Investors and the application by the Non-Institutional Investors is not made through that SCSB providing ASBA facility in such location.
- XXII. Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.

Depository account and bank details for Eligible Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS AS ON THE RECORD DATE. ALL ELIGIBLE 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. ELIGIBLE 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/PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Eligible Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository, demographic details of these Eligible Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("**Demographic Details**"). Hence, Eligible 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 Eligible Equity Shareholders including mailing of the letters intimating unblocking of bank account of the respective Eligible Equity Shareholder. The Demographic Details given by the Eligible Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Eligible Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, 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 Eligible Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Eligible Equity Shareholder. Eligible Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds 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 Eligible 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 Eligible Equity Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Eligible 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 Eligible 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

Issue Opening Date	[●]
Last date for receiving requests for SAFs	[●]
Issue Closing Date	[●]

The Board of Directors of our Company may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in this DLOF, Letter of Offer, the Articles of Association of our Company and the approval of the BSE, the Board will proceed to allot the Equity Shares in the following order of priority:

- a. Full Allotment to those Eligible 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 Rights Equity Shares renounced in their favour, in full or in part.
- b. Investor whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in Allotment of one Additional Equity Share each if they apply for Additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after Allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than number of Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the BSE and will not be a preferential allotment.
- c. Allotment to the Eligible Equity Shareholders who applied for all the Equity Shares offered to them as part of the Issue and has also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights 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 a Record Date, provided there is an under-subscribed portion after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board/Committee of Directors in consultation with the BSE, as a part of the Issue and will not be a preferential Allotment.
- d. Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be at the sole discretion of our Board/ Committee of Directors in consultation with the BSE, as a part of the Issue and not preferential Allotment.
- e. Allotment to any other person that our Board/Committee of Directors as it may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of the SEBI Takeover Regulations.

Upon approval of the Basis of Allotment by the BSE, the Registrar of the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by our 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.

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 (fifteen) days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centres where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("NACH") except where Investors have not provided the details required to send electronic refunds.

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 (fifteen) days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding Share Certificates will be kept ready within two month from the date of Allotment thereof or such extended time as may be approved by the National Company Law Tribunal 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 Investors.

Adequate funds would be made available to the Registrar to the Issue for this purpose. The letter of allotment / intimations would be sent by ordinary post.

In the case of non-resident Eligible Equity Shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of non-resident Eligible Equity Shareholders or Applicants who remit their Application Money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made net of bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The Share Certificate(s) will be sent by registered post to the address in India of the non-resident Eligible Equity Shareholders or Investors.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NACH– National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centers specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centers where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investor's 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. Our Company in consultation with the Lead Manager may decide to use NEFT as a mode of making refunds.
3. Direct Credit – Investors having bank accounts with the Bankers 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 ₹ 2,00,000, 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 Applicant's bank receiving the credit would be borne by the Investors.
5. For all other Investors the refund orders will be dispatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Applicant and payable at par.
6. Credit of refunds to Applicants in any other electronic manner permissible under the banking laws which is in force, and is permitted by the SEBI from time to time.

Refund payment to Non- residents

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 Applicant'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. Our Company 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 Applicant or respective beneficiary accounts within 15 (fifteen) days, from the Issue Closing Date. In case our Company issues Allotment Advice, the respective 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 Dematerialised Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Applicant. Our Company has signed tripartite agreements with NSDL and CDSL on March 31, 2015 and on March 10, 2015 respectively, which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the Investors 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. Investors 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 Investors 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. If such CAFs are made, the CAFs for physical Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Equity Shares sought in demat and balance, if any, will be allotted in physical Equity

Shares. Eligible Equity Shareholders of our Company holding Equity Shares in physical form may opt to receive Rights Equity Shares in the Issue in dematerialized form.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the electronic form is as under:

1. 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 Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. For Eligible Equity Shareholders already holding Equity Shares of our Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Rights Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of our Company are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Applicants and the names are in the same order as in the records of our Company/Depositories.
3. The responsibility for correctness of information (including Applicant's age and other details) filled in the CAF vis-à-vis such information with the Applicant's Depository Participant, would rest with the Applicant. Applicants should ensure that the names of the Applicants and the order in which they appear in CAF should be the same as registered with the Applicant's Depository Participant.
4. If incomplete / incorrect beneficiary account details are given in the CAF, the Investors will get Equity Shares in physical form.
5. The Rights 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.
6. 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.

General instructions for non-ASBA Applicants

- a) Please read the instructions printed on the enclosed CAF carefully.
- b) Application should be made on the printed CAF, provided by our Company except as mentioned under the paragraph titled "*Application on Plain Paper (Non-ASBA Process)*" under this chapter on page 115 of this DLOF 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 DLOF are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Applicants, details of occupation, address, father's / husband's name must be filled in block letters.

The CAF together with the cheque / demand draft should be sent to the Bankers to the Issue/Collecting Bank or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue or to Registrar and Share Transfer Agent to the Company. Applicants residing at places other than cities

where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at 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. Applications accompanied by cash, postal order or stock invest 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 Applicants, and in the case of application in joint names, each of the joint Investors should mention his / her PAN number allotted under the IT 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, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar 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 or demand draft only. 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 Investors 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 of Association and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar 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 or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.
- 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/Depositories. 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, as the case may be, 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, interest, export of Share Certificates, etc. In case an NR 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. Additionally, applications will not be accepted from NRs/NRIs in any jurisdiction where the offer or sale of the Rights Entitlements and issue of Equity Shares of our Company 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 Investors should be addressed to the Registrar prior to the Allotment Date 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 Investors, after the Allotment Date, should be sent to the Registrar and Transfer Agent 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 person or persons to whom Equity Shares have been offered 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. The Registrar will not accept payment against application if made in cash.
- p) No receipt will be issued for Application Money received. The Bankers to the Issue / Escrow Collection Banks/ 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 to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.
- r) Investors shall be given an option to get the Equity Shares in demat or physical form.
- s) Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's for non-ASBA Investors:

- a) Check if you are eligible to apply i.e. you are an Eligible 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 us and the Registrar and Transfer Agent, in case you hold the Equity Shares in physical form or the Depository Participant, in case you hold Equity Shares in dematerialised form.
- e) 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.
- f) Ensure that you receive an acknowledgement from the collection branch of the Bankers to the Issue for your submission of the CAF in physical form.
- g) Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and the State Governments, residents of the state of Sikkim and officials appointed by the courts.
- h) 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.

- i) 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 the Issue pursuant to the securities laws applicable to your jurisdiction.
- b) Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Bankers to the Issue.
- 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 Rejection for non-ASBA Investors

Applicants are advised to note that applications are liable to be rejected on technical ground, including the following:-

1. Amount does not tally with the amount payable;
2. Bank account details (for refund) are not provided or available with the depositories or Registrar to the Issue/Registrar and Share Transfer Agent, as the case maybe;
3. Age of Applicant(s) not given (in case of Renouncees);
4. 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;
5. PAN allotted under the IT Act has not been mentioned by the Applicant.
6. If the signature of the Applicant 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;
7. CAFs are not submitted by the Applicants within the time prescribed as per the CAF and the Letter of Offer;
8. CAFs not duly signed by the sole / joint Applicants;
9. CAFs/ SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue;
10. Submission of the CAFs to SCSBs;
11. Submission of plain paper Application to person other than Registrar;
12. CAFs accompanied by stock invest/ outstation cheques/ post-dated cheques/ money order/ postal order/outstation demand drafts;
13. In case no corresponding record is available with the depositories that match three parameters, namely, names of the Investors (including the order of names of joint holders), DP ID and Client ID;
14. CAFs that do not include the certifications set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in any restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and

regulations;

15. CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
16. CAFs by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where an Indian address has not been provided;
17. CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
18. In case the GIR number is submitted instead of the PAN;
19. Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories;
20. Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application;
21. Applications from QIBs, Non-Institutional Investors or Investors applying in this Issue for Equity Shares for an amount exceeding ₹ 2,00,000, not through ASBA process;
22. Application by an Eligible Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 2,00,000 but has applied separately through SAFs of less than ₹ 2,00,000 and has not been undertaken through the ASBA process.

Please read the Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are 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.

Investment by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Director followed by a special resolution passed by the shareholders of our Company. FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

In terms of FEMA Regulations, in case the total holding of an FPI increases to 10% or more of our post-Issue Equity Share capital, the total investment made by the FPI shall be re-classified as FDI by our Company subject to such conditions as may be specified by SEBI and RBI in this regard and the FPI and our Company shall be required to comply with reporting and other requirements specified under FEMA Regulations.

Investment by AIFs, FVCFs 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, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 (“**SEBI AIF Regulations**”) prescribe, among 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 / centres 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 NRIs

Investments by NRIs are governed by Regulation 5 of the FEMA Regulations. Applications will not be accepted from NRIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular no. CIR/CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹ 2,00,000 shall mandatorily make use of ASBA facility.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. Application made by asset management companies or custodian of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular no. CIR/CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹ 2,00,000 shall mandatorily make use of ASBA facility.

Impersonation

As a matter of abundant caution, attention of the Applicants is specifically drawn to the provisions of Section 38 of the Companies Act which is reproduced below:

“Any person who-

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- b) 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 for its securities; or*
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447”

Section 447 of the Companies Act further states that “

“Without prejudice to any liability including repayment of any debt under this Act or any other law for the time being in force, any person who is found to be guilty of fraud involving an amount of at least ten lakh rupees or one per cent. of the turnover of the company, whichever is lower shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud;

Provided that where the fraud in question involves public interest, the term of imprisonment shall not be less than three years;

Provided further that where the fraud involves an amount less than ten lakh rupees or one per cent. of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such

fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to twenty lakh rupees or with both."

Dematerialized dealing

Our Company has entered into agreements dated March 31, 2015 and March 10, 2015 with NSDL and CDSL, respectively, and our Equity Shares bear the ISIN - INE561M01018.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Disposal of application and Application Money

No acknowledgment will be issued for the Application Moneys received by our Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

Our Board of Directors reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the Application Money received will be refunded. Wherever an application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Applicant within a period of 15 (fifteen) days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the CAF carefully.

Utilizations of Issue Proceeds

Our Board of Directors declares that:

- a) All monies received out of this Issue shall be transferred to a separate bank account.
- b) Details of all monies utilized out of the Issue shall be disclosed and continue to be disclosed till the time any part of the Issue Proceeds remain unutilised under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies has been utilized.
- c) Details of all such unutilised 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 unutilised monies have been invested, and
- d) Our Company will utilize the funds collected in the Issue only once the Basis of Allotment is finalized by the BSE.

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 BSE, Stock Exchange where the Equity Shares are to be listed will be taken within 7 (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. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 (fifteen) 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.

Further, our Company confirms that:

1. Except as disclosed in chapter titled “*Capital Structure*” in this DLOF, no further issue of securities affecting our Company’s equity capital shall be made till the Equity Shares issued/ offered in the Issue are listed or till the Application Money are refunded on account of non-listing, under-subscription etc.
2. Our Company accepts full responsibility for the accuracy of information given in this DLOF 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 DLOF misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
3. At any given time there shall be only 1 (one) denomination for the Equity Shares of our Company.
4. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Important

Please read this DLOF carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

All enquiries in connection with this DLOF or CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and super scribed “**Ishan Dyes and Chemicals Limited - Rights Issue**” on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Link Intime India Private Limited

C 101, 1st Floor, 247 Park, LBS Marg,
Vikhroli (West), Mumbai - 400083, Maharashtra, India.

Telephone: + 91-22-49186200;

Facsimile: +91-22-49186195;

Email: ishandyes.rights@linkintime.co.in

Website: www.linkintime.co.in

Investor Grievance Email: ishandyes.rights@linkintime.co.in;

Contact Person: Mr. Sumeet Deshpande

SEBI Registration Number: INR000004058

CIN: U67190MH1999PTC118368

The Issue will remain open for a minimum 15 (fifteen) days. However, the Board of Directors will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

SECTION X – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this DLOF) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10:00 A.M. to 5:00 P.M. on all working days from the date of filing of Letter of Offer with stock exchange until the Issue Closing Date.

A. Material contracts for inspection:

1. Issue Agreement dated July 19, 2018 between our Company and Vivro Financial Services Private Limited;
2. Registrar Agreement dated March 29, 2018 between our Company and Link Intime India Private Limited;
3. Escrow Agreement dated [●] amongst our Company, the Lead Manager, the Registrar to the Issue and the Escrow Collection Banks;
4. Tripartite agreement dated March 31, 2015 between our Company, NSDL and MCS Share Transfer Agent Limited;
5. Tripartite agreement dated March 10, 2015 between our Company, CDSL and MCS Share Transfer Agent Limited.

B. Material documents for inspection:

1. Certified true copy of the Memorandum of Association and Articles of Association of our Company, as amended;
2. Certificate of Incorporation dated November 30, 1993 issued by Registrar of Companies, Gujarat Dadra & Nagar Haveli;
3. Fresh Certificate of Incorporation dated September 21, 1994 consequent upon change of name issued by Registrar of Companies, Gujarat Dadra & Nagar Haveli;
4. Resolution of the Board of Directors passed in its meeting dated March 20, 2018 and special resolution passed by the shareholders of our Company at their meeting held on April 23, 2018 in relation to this Issue and other related matters;
5. Copy of a resolution passed by our Board dated [●] finalizing the Issue Price, Record Date and the Rights Entitlement Ratio;
6. Consents of our Directors, our Company Secretary and Compliance Officer, Statutory Auditors, Lead Manager, Legal Advisor to the Issue, the Registrar to the Issue, the Registrar and Share Transfer Agent to the Company, Bankers to our Company and Banker to the Issue* to include their names in this DLOF and to act in their respective capacities;
**Will be updated at the time of filing of Letter of Offer*
7. Letter dated May 31, 2018 from the Statutory Auditors of our Company, M/s G.S. Mathur & Co., Chartered Accountants, confirming the Statement of Possible Tax Benefits available to our Company and its Shareholders as disclosed in this DLOF;
8. Annual Reports of our Company for the FYs 2016-17, 2015-16, 2014-15, 2013-14 and 2012-13;

9. Audited Financial Statements for the FY 2017-18 dated May 29, 2018 and auditors' report thereon;
10. Copy of Power of Attorney dated June 11, 2018 executed by Mr. Marutbhai D. Patel appointing Mr. Piyushbhai N. Patel and/or Mr. Shrinal P. Patel (jointly and severally) as his attorney/s;
11. Certified copy of Prospectus dated March 15, 1995 relating to initial public offer of the Company;
12. Due Diligence certificate dated July 19, 2018 from Vivro Financial Services Private Limited;
13. In-principle listing approval dated [●] from BSE;
14. Observation Letter No. [●] dated [●] issued by SEBI for the present Rights Issue.

Any of the contracts or documents mentioned in this DLOF 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.

SECTION XI - DECLARATION

We hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act or the rules made thereunder or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Mr. Piyushbhai N. Patel
(Chairman & Managing Director)

Mr. Shrinal P. Patel
(Whole-Time Director)

Ms. Anilaben P. Patel
(Non-Executive & Non-Independent Director)

Mr. Shrinal P. Patel
as an attorney of
Mr. Marutbhai D. Patel
(Non-Executive & Non-Independent Director)

Mr. Mayankkumar H. Patel
(Independent Director)

Mr. Ronak Y. Desai
(Independent Director)

Mr. Roopin A. Patel
(Independent Director)

Mr. Yatinbahi G. Patel
(Independent Director)

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Mr. Chintan P. Pancholi
(Chief Financial Officer)

Date: July 19, 2018
Place: Ahmedabad