JK TYRE & INDUSTRIES LTD.

JKTIL:SECTL:SE:2022

Date: 20th May 2022

BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001. Scrip Code: 530007	National Stock Exchange of India Ltd. Exchange Plaza, C -1, Block G, Bandra - Kurla Complex, Bandra (E), Mumbai –400 051. Scrip Code: JKTYRE

Dear Sir,

Re. **Re-classification from Promoters to Promoter Group**

(1) We have to inform that the Initial Public Offer (IPO) of JK Tyre & Industries Ltd. was made in the year 1975 and the prospectus dated 8th April 1975 for the purpose was filed with the Stock Exchange(s).

(2) In this prospectus, Straw Products Ltd. and J.K. Synthetics Ltd. were named as the 'Promoters' of the Company, as can be seen at Page No. 2 of the Prospectus, a certified copy of which is placed at Annexure – 'A'.

(3) J.K. Synthetics Ltd. is no longer associated with the Company, after mutual separation and accordingly, in the Offer Document prepared for the Rights Issue of the Company, which opened on 16th January 1993, only Straw Products Ltd. was disclosed as the 'Promoter' of the Company. Kindly see disclosure on page No. 11 of the Letter of Offer – a certified copy of which is placed at Annexure – 'B'.

(4) The investment portfolio of Straw Products Ltd. comprising of shareholdings in various group companies was transmitted to Ashim Investment Company Ltd., pursuant to a Scheme of Reconstruction, Arrangement and Demerger which became effective on 31st March 2006.

(5) Subsequently, Ashim Investment Company Ltd. was, *inter alia*, merged with Bengal & Assam Company Ltd. pursuant to a Scheme of Amalgamation which became effective on 11th November 2008.

JK TYRE & INDUSTRIES LTD.

Admin. Off.: 3, Bahadur Shah Zafar Marg, New Delhi-110 002, Fax: 91-11-23322059, Phone: 91-11-66001112, 66001122
Regd. Off.: Jaykaygram, PO - Tyre Factory, Kankroli - 313 342 (Rajasthan), Fax : 02952-232018, Ph. : 02952-233400 / 233000
Website : www.jktyre.com CIN : L67120RJ1951PLC045966

VIKRANT

(6) Bengal & Assam Company Ltd. therefore, *ipso facto* became Promoter of the Company effective 11th November 2008, after Ashim Investment Company Ltd. was merged with Bengal & Assam Company Ltd. through operation of law.

(7) However, in the Letter of Offer prepared for the Rights Issue of JK Tyre & Industries Ltd., which opened on 4th August 2008, the following were named as 'Promoters' of the Company:

1. Ashim Investment Company Ltd. (since merged with Bengal & Assam Company Ltd.)
2. Shri Hari Shankar Singhania - since deceased
3. Shri Bharat Hari Singhania
4. Dr. Raghupati Singhania
5. Shri Vikrampati Singhania – already classified from 'Promoter' to 'Promoter Group'.

(8) In view of the background as aforesaid, the Board at its meeting held today has decided to align the disclosure with respect to 'Promoter' and 'Promoter Group' of the Company with the disclosures made by the Company in the Prospectus (IPO document) dated 8th April 1975 (Annexure - A) and Letter of Offer for the Rights Issue dated 4th April 1993 (Annexure - B) and reclassified Shri Bharat Hari Singhania and Dr. Raghupati Singhania from 'Promoters' to 'Promoter Group' of the Company.

We may submit that the aggregate shareholding of the "Promoter and Promoter Group" of the Company will not undergo any change and the same remains at 56.26%, even after re-classification as above.

We request you to take note of the same.

Thanking you,

Yours faithfully,
For JK Tyre & Industries Ltd.

JK TYRE & INDUSTRIES LTD.

(PK Rustagi)
Vice President (Legal) & Company Secretary

Encl: As above

INSPECTION OF DOCUMENTS:

Copies of documents mentioned below may be inspected at the Registered Office of the Company at any time during the usual business hours from the date of issue of this prospectus till the date of closing of the subscription list.

1. Memorandum and Articles of Association.
2. Certificate of Incorporation of the Company dated 14th February, 1951.
3. Fresh Certificate of Incorporation dated 24th May, 1974 consequent on the conversion of the Company into a Public Limited Company.
4. Report of the Auditors dated 19th March, 1975 and audited accounts for 5 preceding years.
5. Consents of the Managers to the Issue, Bankers to the Company, Bankers to the Issue, Legal Advisers, Auditors, Issue House, Principal Brokers and Brokers to the Issue and Technical Consultants to act in their respective capacities.
6. Consent Order bearing No. R 269-CCI/74 dated 18th October, 1974 with amendment thereto dated 24th January, 1975 and Consent Order bearing No. R 269-CCI/74 dated 7th March, 1975 with amendment thereto dated 18th March, 1975, received from the Controller of Capital Issues, Government of India.
7. Letter No. 16(14)/72 LI(II) dated 18th October, 1972 from the Government of India, Ministry of Industrial Development, approving the basic terms of collaboration with General Tire International Company, Akron, U.S.A.
8. Letter No. 16(14)/72 LI(II) dated 23rd August, 1973 from the Government of India taking on record the Agreements with General Tire International Company, Akron, U.S.A.
9. Industrial Licence bearing No. C:IL:54(74) dated 25th February, 1974 issued by the Government of India, Ministry of Industrial Development.
10. Consent bearing No. R 269-CCI/74 dated 7th March, 1975 from the Controller of Capital Issues, Government of India, for creation of charge in favour of the Banks providing term loans.
11. Orders bearing No. 1/10/71-M(III) dated 21st February, 1972, 12th October, 1973, 28th November, 1974 and 28th January 1975 passed by the Central Government approving the Project under the Monopolies Restrictive Trade Practices Act, 1969.
12. Letter No. RSEB/SE/Comml/75/UC/56(73) D. 658 dated 28th February, 1975 and Letter No. RSEB/SE (Comml) UC/56(73)/D 878 dated 22-3-1975 from the Rajasthan State Electricity Board, regarding supply of Electric Power to the Company.
13. Letter No. F 4(1) Irr/74 dated 24-1-1974 from the Government of Rajasthan for supply of water.
14. Letter No. 7(7)CE/74 dated 5th December, 1974 from the Ministry of Finance (Department of Economic Affairs), Government of India, approving the terms of U.S. Dollar Loans from Export Import Bank of the United States and First National City Bank, U.S.A.
15. Import Licences—
    (i) No. P/CG/2068201 dated 18-12-1974 for a CIF value of Rs. 1,18,03,343 (DUTCH GUILDERS 38,63,300).
    (ii) No. P/CG/2068202 dated 18-12-1974 for a CIF value of Rs. 1,05,79,932 (F. FR. 92,21,000).
    (iii) No. P/CG/2068203 dated 18-12-1974 for a CIF value of Rs. 2,04,40,127 (U.S. $ 25,76,400).
    (iv) No. P/CG/2068204 dated 18-12-1974 for a CIF value of Rs. 1,53,23,553 (U.S. $ 19,32,300).
    (v) No. P/CG/2068205 dated 18-12-1974 for a CIF value of Rs. 1,53,23,553 (U.S. $ 19,32,300).
16. Letters No. 4/196/CL.IX/74 dated 16th January, 1975 and 18th March, 1975, from the Department of Company Affairs, Government of India, approving the appointment of Shri Raghupati Singhania as the Managing Director of the Company.
17. Letter No. 8/45/74-CL.VI dated 24th December, 1974 and letter of even number dated 24th March, 1975 from the Department of Company Affairs, Government of India, approving the Investment of Straw Products Limited in the Company under Section 372 of the Companies Act, 1956.
18. Letter No. 8/46/74-CL.VI dated 24th December, 1974, from the Department of Company Affairs, Government of India, approving the investment of J. K. Synthetics Ltd., in the Company under Section 372 of the Companies Act, 1956.
19. Letter No. JKS/JKI dated 3rd February, 1975 from J. K. Synthetics Ltd., agreeing to furnish necessary guarantee to Exim Bank.
20. Letter No. EC.DH.Imp/HD/9200/57(FCL)75 dated 4th February, 1975 of Reserve Bank of India, New Delhi, agreeing in principle to J. K. Synthetics Ltd. giving guarantee to the Exim Bank.
21. Resolutions passed by the Company under Sections 81(1-A), 81(3), 149(2A), 293(1)(a) and 293(1)(d) of the Companies Act, 1956.
22. Letters of Intent agreeing to grant Term Loans from the following:

	Name	*Letter No. & Date*
(i)	Export Import Bank of the United States	22nd October 1974 and 9th December, 1974.
(ii)	First National City Bank	21st November, 1974.
(iii)	Industrial Development Bank of India	3342/AP. 10(606)-73/74 dated 28th June, 1974 and 1303/OP. 18(230)-74/75 dated 28th February, 1975.
(iv)	The Industrial Credit & Investment Corporation of India Ltd.	PJ/16276 dated 29th April, 1974 and PJ/42248 dated 13th December, 1974.
(v)	Industrial Finance Corporation of India	C. IV. 57/75-1706 dated 1st February, 1975.
(vi)	Life Insurance Corporation of India	INV. RS: 2329 dated 25th February, 1975.
(vii)	Bank of India	LS:SDPS:0691 dated 10th February, 1975.
(viii)	Grindlays Bank Ltd.	C.B.D./A.M. 2 dated 8th March, 1975.
(ix)	Punjab National Bank	MTL/A/32799 dated 8th November, 1974.
(x)	State Bank of Bikaner & Jaipur	ADV/31/629 dated 6th March, 1975.
(xi)	Central Bank of India	CO/ADV/REF/75/1328 dated 24th February, 1975.
(xii)	Dena Bank	HO/ADV/IFS/62/75 dated 15th January, 1975.
(xiii)	United Commercial Bank	Dated 27th February, 1975.
(xiv)	The Bank of Rajasthan Ltd.	27/Cr/1759/75 dated 18th February, 1975.

23. Material Contracts and Agreements referred to above.

APPLICATION AND ALLOTMENT:

Applications may be made only by Residents in India.

Applications should be made for a minimum of 50 shares or multiple of 50 in the case of Equity Shares and 5 shares or multiple of 5 in the case of Preference Shares.

Applications must be made in single name only and not in joint names. Transfer to joint names will, however, be permissible subject to the approval of the Board of Directors after allotment is made. Applications should be made separately for Equity and Preference Shares in the prescribed forms accompanying this Prospectus.

Every applicant should submit only one application for the number of shares required; multiple applications and applications in joint names are liable to be rejected.

Application for shares must be made on the Application Form accompanying the Prospectus and must be in the names of individuals, Limited Companies, statutory Corporations or statutory Institutions and not in the names of minors, Trusts (unless the Trust is registered under the Societies Registration Act, and is authorised by its Memorandum and Rules to hold shares in a Company), partnership firms or non-residents or their nominees and must be completed in full in BLOCK LETTERS IN ENGLISH. Where applications are signed under a power of attorney or other authority, the power of attorney or a copy of other authority must be lodged with the Issue House, appointed by the Company for registration and return.

All application forms properly completed must be lodged together with amount payable on application on or before the close of the subscription list with any of the banks mentioned under Bankers to the Issue or their main branches at the Centres mentioned against the respective Banks on the reverse of the Application Form.

The remittances should be made in cash or by cheque or draft drawn on a scheduled bank including a State Co-operative Bank situated in the same town as the Bank to which application is submitted. Outstation cheques and Money Orders will not be accepted. A separate cheque or draft must accompany each application. Cheques or drafts should be drawn in favour of any of the Bankers to the Issue with whom the application is lodged and should bear the words "A/C. J. K. Industries Ltd.—Equity Issue" "A/C. J. K. Industries Ltd.—Preference Issue", as the case may be. Cheques or drafts should, for the applicant's protection, be crossed "A/C. Payee only".

The instructions contained in the Application Form are an integral part of the conditions of this offer and must be carefully followed, otherwise the application is liable to be rejected.

No receipt will be issued for the application money. However, the Bankers to the Issue will acknowledge receipt of the application by stamping and returning to the applicant the perforated acknowledgement slip at the bottom of such application form.

Copies of this Prospectus and application forms may be obtained from the Registered Office and Administrative Office of the Company, Underwriters, Brokers and Bankers to the Issue named hereinabove and any of their main branches as mentioned on the reverse of the application form.

ALLOTMENT:

The Directors reserve the full and unqualified right of accepting or rejecting any application in whole or in part and in either case without assigning any reason. Allotment will be notified within two months of the closing of the Subscription List or in unforeseen circumstances, within such extended period as may be approved by the Calcutta Stock Exchange by despatching of Letters of Allotment and/or Share Certificates or Letters of Regret together with Refund Pay Orders.

Where an application is rejected in full, the full application money received and where partial allotment is made the balance of the application money received after adjusting the amount due on allotment will be refunded within 2 months of the closing of the subscription list or in unforeseen circumstances, within such extended period as may be approved by the Calcutta Stock Exchange. Refund Pay Orders will be payable at par at all places where there are recognised Stock Exchanges. No interest will be paid in respect of money so refunded.

The Share Certificates will be ready for delivery in exchange of Letters of Allotment, if any issued, within five months from the date of allotment.

The Shares hereby issued are subject to the Memorandum and Articles of Association of the Company, the Application Form and the terms of this Prospectus. All Cheques, Pay Orders, Letters of Regret, Share Certificates etc. shall be despatched by post to the applicant at his risk.

SIGNED:

HARI SHANKAR SINGHANIA	ARVIND SINGH
L. M. THAPAR	NARESH CHANDRA
ARVIND NAROTTAM LALBHAI *(By his Constituted Attorney Hari Shankar Singhania)*	M. S. SADASIVAN
OM PRAKASH KHAITAN	PRATAP SINH NAVLAKHA
	RAGHUPATI SINGHANIA

Calcutta, the 8th April, 1975. *Directors*

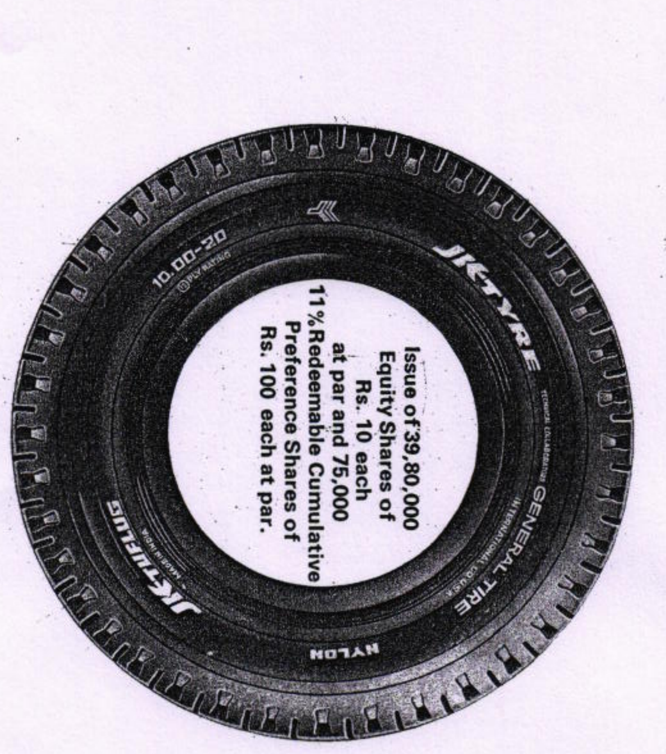
ANNEXURE 'A'

PROSPECTUS

J.K. INDUSTRIES LTD.

(Regd. Office: 7 Council House Street, Calcutta 700 001)

Administrative Office: Nehru House, 4 Bahadur Shah Zafar Marg, New Delhi 110 001



JK TYRE

Now a name ... soon a movement!

Managers to the Issue:

H. L. Financial Consultants and Management Services Pvt. Ltd.,

(FICOM)

MASS. DELHI

BANKERS TO THE COMPANY:

BANK OF INDIA,
4, Parliament Street, New Delhi-110 001.

STATE BANK OF BIKANER & JAIPUR,
Kankroli (Udaipur), Rajasthan.

FIRST NATIONAL CITY BANK,
Jeevan Vihar, Parliament Street,
New Delhi-110 001.

STATE BANK OF INDIA,
Indraprastha Estate, New Delhi-110 001.

CENTRAL BANK OF INDIA,
3, Netaji Subash Road, Calcutta-700 001.

ALLAHABAD BANK,
14, India Exchange Place, Calcutta-700 001.

HINDUSTAN COMMERCIAL BANK LTD.,
18, Netaji Subash Road, Calcutta-700 001.

BANK OF TOKYO LTD.
Brabourne Road, Calcutta-700 001.

ISSUE HOUSE:

MAS Services Private Ltd.,
A2/118, Safderjung Enclave,
New Delhi-110 016.

BANKERS TO THE ISSUE:

BANK OF INDIA,
4, Parliament Street,
New Delhi-110 001.

STATE BANK OF BIKANER & JAIPUR,
4/90, Connaught Circus, New Delhi-110 001.

FIRST NATIONAL CITY BANK,
Jeevan Vihar, Parliament Street,
New Delhi-110 001.

GRINDLAYS BANK LTD.,
Parliament Street, New Delhi-110 001.

PUNJAB NATIONAL BANK,
Parliament Street, New Delhi-110 001.

CENTRAL BANK OF INDIA,
Janpath, New Delhi-110 001.

UNION BANK OF INDIA,
F-14, Connaught Place,
New Delhi-110 001.

UNITED COMMERCIAL BANK,
Parliament Street, New Delhi-110 001.

DENA BANK,
M-Block, Connaught Circus, New Delhi-110 001.

THE BANK OF RAJASTHAN LTD.,
E-17, South Extension, Part II, New Delhi-110 049.

BANK OF MADURA LTD.,
A-3, South Extension, Part I, New Delhi-110 049.

MANAGERS TO THE ISSUE:

H.L. Financial Consultants & Management Services
Pvt. Ltd. (FICOM),
Stock Exchange Building,
Bombay Samachar Marg,
Bombay-400 023.

PRINCIPAL BROKERS:

BOMBAY

Harkisondass Lukhmidass, Stock Exchange Building, Bombay Samachar Marg, Bombay-400 023.
Merwanjee Bomanjee Dalal, Allahabad Bank Building, Bombay Samachar Marg, Bombay-400 023.

CALCUTTA

M. M. Murarka & Co., 1/B, Mandeville Gardens, Calcutta-700 019.

DELHI

Bharat Bhushan & Co., H/45, Connaught Place, New Delhi-110 001.

BROKERS TO THE ISSUE:

AHMEDABAD

Laxminarayan N. Gupta & Co.,
Anandji Kalyanji Bldg.,
Relief Road,
Ahmedabad-380 001.

Champaklal Bhailal Chokshi
Maneck Chowk,
Near Share Bazaar,
Ahmedabad-380 001.

Nareshchandra Lalbhai Parikh,
Maneck Chowk,
Near Share Bazaar,
Ahmedabad-380 001.

BANGALORE

M. Nanjappaiah Jahgirdar
205, Cavalry Road,
Bangalore-560 042.

Vijai & Co.,
9, Eleventh Main Road,
Malleswaram,
Bangalore-560 043.

BOMBAY

Valji Bhimji & Co.,
24, Stock Exchange Building,
Dalal Street,
Bombay-400 023.

Batlivala & Karani
Union Bank Building,
Dalal Street,
Bombay-400 023.

Jamnadas Morarjee and Co.
5/A, Hamam Street, 1st Floor,
Bombay-400 023.

Hiralal Liliadhar
5-A, Hamam Street,
Bombay-400 023.

Prabhudas Liliadher
5-A, Hamam Street,
Bombay-400 023.

Pankaj Ishwarlal Kapadia
Stock Exchange Building,
4th Floor, Room 35-36,
Hamam Street,
Fort, Bombay-400 023.

Bhupendra Champaklal Devidas
Bhupen Chambers,
Dalal Street,
Bombay-400 023.

Jasvantlal Chhaganlal
Bhupen Chambers,
Dalal Street,
Bombay-400 023.

D. S. Purbhoodas & Co.,
Stock Exchange Building,
Bombay Samachar Marg,
Bombay-400 023.

Jasvantlal Chhotalal & Co.,
Bhupen Chambers,
Dalal Street, Fort,
Bombay-400 023.

Virendra K. Patel
Bhupen Chambers,
Dalal Street, Bombay-400 023.

N. M. Parikh
11, Stock Exchange New Bldg.,
1st Floor,
Bombay Samachar Marg,
Bombay-400 023.

BOMBAY—*(Contd.)*

Nagindas Chhaganlal
68, Stock Exchange Bldg.,
Bombay Samachar Marg
Bombay-400 023.

Mangaldas Keshavlal,
Stock Exchange Building,
Bombay Samachar Marg,
Bombay-400 023.

Dalal & Broacha
Stock Exchange Building,
Dalal Street,
Fort, Bombay-400 023.

CALCUTTA

Brijnath Khandelwal & Co.,
13, India Exchange Place,
Calcutta-700 001.

Dayco
7, Lyons Range,
Calcutta-700 001.

Stewart & Co.,
14, India Exchange Place,
Calcutta-700 001.

Shyam Sunder Chiripal
7, Lyons Range,
Calcutta-700 001.

C. Mackertich
7, Lyons Range,
Calcutta-700 001.

Sajjan Kumar Saraf
7, Lyons Range,
Calcutta-700 001.

DELHI

Vinod Kumar & Co.,
A/6, Connaught Place
New Delhi-110 001.

Raja Ram Bhasin & Co.,
Jewan Mansion,
8/4, Desh Bandu Gupta Road,
New Delhi-110 055.

H. P. Mehta & Co.,
Surya Kiran, 3rd Floor,
Kasturba Gandhi Marg,
New Delhi-110 001.

Jalan & Co.,
Stock Exchange Building,
Asaf Ali Road,
New Delhi-110 001.

D. B. Malhotra & Co.,
13, Stock Exchange Building,
Asaf Ali Road,
New Delhi-110 001.

J. C. Mehta & Co.
44, Delhi Stock Exchange,
Asaf Ali Road,
New Delhi-110 001.

R. K. Ralan & Co.
United India Life Bldg.,
F, Connaught Place,
New Delhi-110 001.

Behari Lal & Co.,
Stock Exchange Bldg.,
Asaf Ali Road,
New Delhi-110 001.

DELHI—*(Contd.)*

Labh Chand Rode & Co.
3-Delhi Stock Exchange Bldg.,
Asaf Ali Road,
New Delhi-110 001.

S. B. Dewan & Co.
33, Stock Exchange Bldg.,
Asaf Ali Road,
New Delhi-110 001.

Ram Nath & Co.
35, Stock Exchange Bldg.,
Asaf Ali Road,
New Delhi-110 001.

Raj Kishore Chugh,
6/54, Stock Exchange Bldg.,
Asaf Ali Road,
New Delhi-110 001.

Mohanlal Gauba & Co.
6 & 47, Stock Exchange Bldg.,
Asaf Ali Road,
New Delhi-110 001.

Rameshwar Dass Jagdish Pershad,
2, Stock Exchange Bldg.,
Asaf Ali Road,
New Delhi-110 001.

B. K. Khullar & Co.
31, Stock Exchange Bldg.,
Asaf Ali Road,
New Delhi-110 001.

Matoo Ram Sharma & Co.
29, Stock Exchange Bldg.,
Asaf Ali Road,
New Delhi-110 001.

S. D. Kapur & Co.
59, Stock Exchange Bldg.,
Asaf Ali Road,
New Delhi-110 001.

J. S. Sahny & Co.
26, Stock Exchange Bldg.,
Asaf Ali Road,
New Delhi-110 001.

M. L. Dhuper & Co.
48, Stock Exchange Bldg.,
Asaf Ali Road,
New Delhi-110 001.

Surinder Rode & Co.
3, Stock Exchange Building,
Asaf Ali Road,
New Delhi-110 001.

HYDERABAD

P. B. Afzulpurkar
4-5-195, Sultan Bazar,
Hyderabad-500 001.

INDORE

Pushkarlal Ghudawala
44, Bada Sarafa,
Indore-452 002.

MADRAS

Subramaniam & Co.
13-14, Second Line Beach,
Madras-600 001.

Kothari & Sons
Kothari Buildings,
Nungambakkam High Road,
Madras-600 034.

UNDERWRITERS:

The entire issue of 39,80,000 Equity Shares of Rs. 10/- each and 75,000 11% Redeemable Cumulative Preference Shares of Rs. 100/- each offered to the public has been underwritten as under:

Name	*Equity Shares*	*Preference Shares*	*Date of Underwriting Letter*	*Date of Company's acceptance*
	(*Rs. in lacs*)			
(a) FINANCIAL INSTITUTIONS, INSURANCE COMPANIES AND BANKS :				
Industrial Development Bank of India, New India Centre, 17, Cooperage, Bombay-400 001	93.00	—	5-4-1975.	7-4-1975.
The Industrial Credit & Investment Corpn. of India Ltd., 163, Backbay Reclamation, Bombay-400 020	48.00	15.00	4-4-1975.	7-4-1975.
Life Insurance Corpn. of India, 'Yogakshema' Jeevan Bima Marg, Bombay-400 020	25.00	35.00	5-4-1975.	7-4-1975.
Industrial Finance Corpn. of India, Bank of Baroda Bldg., Parliament Street, New Delhi-110 001	35.00	—	5-4-1975.	5-4-1975.
Unit Trust of India, 45, Veer Nariman Road, Bombay-400 001	25.00	—	31-3-1975.	7-4-1975.
National Insurance Company Ltd., 3, Middleton Street, Calcutta-700 016	7.00	15.00	26-3-1975.	5-4-1975.
The New India Assurance Company Ltd., 87, Mahatma Gandhi Road, Fort, Bombay-400 001	7.00	10.00	19-3-1975.	27-3-1975.
The United India Fire & General Insurance Co. Ltd., Maker Bhavan 1, New Marine Lines, Bombay-400 020	6.00	—	27-3-1975.	28-3-1975.
Bank of India, Express Towers, Nariman Point, Bombay-400 021	10.00	—	27-3-1975.	28-3-1975.
United Commercial Bank, 10, Brabourne Road, Calcutta-700 001	10.00	—	29-3-1975.	5-4-1975.
Union Bank of India, Bombay Samachar Marg, Bombay-400 001	10.00	—	18-3-1975.	21-3-1975.
The Bank of Rajasthan Ltd., Johari Bazar, Jaipur-302 003	5.00	—	1-4-1975.	5-4-1975.
Bank of Madura Ltd., 81/83 East Avanimool Street, Madurai-652 001	5.00	—	26-3-1975.	5-4-1975.
(b) OTHERS :				
Harkisondass Lukhmidass	15.00	—	19-3-1975.	7-4-1975.
Merwanjee Bomanjee Dalal	10.50	—	19-3-1975.	,,
Bharat Bhushan & Co.	10.50	—	24-3-1975.	,,
M. M. Murarka & Co.	10.50	—	22-3-1975.	,,
Valji Bhimji & Co.	4.00	—	3-3-1975.	,,
Batlivala & Karani	4.00	—	18-3-1975.	,,
Raja Ram Bhasin & Co.	3.50	—	22-3-1975.	,,
Vinod Kumar & Co.	3.50	—	22-3-1975.	,,
Jamnadas Morarjee & Co.	3.00	—	1-3-1975.	,,
Hiralal Liliadhar	3.00	—	19-3-1975.	,,
Prabhudas Liliadher	2.50	—	16-3-1975.	,,
Brijnath Khandelwal & Co.	2.00	—	31-3-1975.	,,
H. P. Mehta & Co.	2.00	—	25-3-1975.	,,
Jalan & Co.	2.00	—	22-3-1975.	,,
D. B. Malhotra & Co.	2.00	—	24-3-1975.	,,
Stewart & Co.	2.00	—	18-2-1975.	,,
Dayco	2.00	—	31-3-1975.	,,
Laxminarayan N. Gupta & Co.	2.00	—	22-3-1975.	,,
Shyam Sunder Chiripal	2.00	—	1-4-1975.	,,
Pankaj Ishwarlal Kapadia	1.50	—	18-3-1975.	,,
Bhupendra Champaklal Devidas	1.50	—	24-2-1975.	,,
Jasvantlal Chhaganlal	1.50	—	18-3-1975.	,,
Champaklal Bhailal Chokshi	1.50	—	24-3-1975.	,,
J. C. Mehta & Co.	1.25	—	27-2-1975.	,,
D. S. Purbhoodas & Co.	1.00	—	19-3-1975.	,,
Virendra K. Patel	1.00	—	18-3-1975.	,,
Jasvantlal Chhotalal & Co.	1.00	—	18-3-1975.	,,
R. K. Ralan & Co.	1.00	—	25-3-1975.	,,
Surinder Rode & Co.	1.00	—	22-3-1975.	,,
M. Nanjappaiah Jahgirdar	1.00	—	27-3-1975.	,,
C. Mackertich	1.00	—	21-3-1975.	,,
Vijai & Co.	1.00	—	14-3-1975.	,,
N. M. Parikh	0.75	—	20-3-1975.	,,
Nagindas Chhaganlal	0.75	—	1-3-1975.	,,
Behari Lal & Co.	0.75	—	24-3-1975.	,,
S. B. Dewan & Co.	0.75	—	24-3-1975.	,,
Nareshchandra Lalbhai Parikh	0.75	—	24-3-1975.	,,
Mangaldas Keshavlal	0.50	—	13-3-1975.	,,
Dalal & Broacha	0.50	—	27-2-1975.	,,
Labh Chand Rode & Co.	0.50	—	24-3-1975.	,,
Ram Nath & Co.	0.50	—	25-3-1975.	,,
Raj Kishore Chugh	0.50	—	24-3-1975.	,,
Mohanlal Gauba & Co.	0.50	—	24-3-1975.	,,
Rameshwar Dass Jagdish Pershad	0.50	—	25-3-1975.	,,
B. K. Khullar & Co.	0.50	—	25-3-1975.	,,
Matoo Ram Sharma & Co.	0.50	—	24-3-1975.	,,
S. D. Kapur & Co.	0.50	—	25-3-1975.	,,
J. S. Sahny & Co.	0.50	—	22-3-1975.	,,
M. L. Dhuper & Co.	0.50	—	21-3-1975.	,,
Sajjan Kumar Saraf	0.50	—	1-4-1975.	,,
Subramaniam & Co.	0.50	—	24-3-1975.	,,
	398.00	75.00		

Addresses of 'OTHERS' have been incorporated under the heads 'Principal Brokers' and 'BROKERS' above.

In the opinion of the Directors, the resources of the Underwriters are sufficient to discharge their respective underwriting obligations.

BRIEF HISTORY AND BUSINESS:

The Company was incorporated as a private Company in the State of West Bengal on 14th February, 1951. Until 31st March, 1970 the Company was engaged in the Managing Agency business. Thereafter, the Company decided to undertake manufacturing activities and obtained a Letter of Intent No. 16/88/71/LI(III) dated 22nd February, 1972 from the Government of India for manufacture of Automobile Tyres and Tubes. The Company altered its Memorandum of Association to include the objects for manufacture of Tyres and Tubes and for other matters as set out therein. The immediate object of the Company is to set up a Plant for the manufacture of Automobile Tyres and Tubes. Commencement of this business was approved by a Special Resolution passed at the Extraordinary General Meeting of the Company held on 18th April, 1974 as required under Section 149 (2A) of the Companies Act, 1956.

The Letter of Intent, referred to above, was converted into an Industrial Licence No. C:IL.54(74), dated 25th February, 1974 by the Government of India for the establishment of a new Industrial Undertaking at Kankroli, District Udaipur in the State of Rajasthan for manufacture of 4 lakh numbers each of Automobile Tyres and Tubes per annum. The Company was converted into a Public Limited Company on 18th April, 1974 and a fresh Certificate of Incorporation of the Company as a 'Public Limited Company' in the name and style of 'J.K. Industries Limited' was issued by the Registrar of Companies, West Bengal on 24th May, 1974.

The Company has accordingly started setting up the Plant at Kankroli, District Udaipur in the State of Rajasthan for manufacture of Automobile Tyres and Tubes under the aforesaid Licence (hereinafter referred to as 'the project').

The project has been approved by the Central Government under the provisions of the Monopolies and Restrictive Trade Practices Act, 1969.

PROMOTERS:

The project is being promoted by Straw Products Limited and J. K. Synthetics Limited, members of J. K. Organisation. The Government of Rajasthan is also participating in this venture by contributing Rs. 70 lacs to the Equity Capital.

Founded in the 19th Century, J. K. Organisation now has a network of Industrial and Commercial Enterprises many of which have been the pioneers in the manufacture of industrial and consumer products in India. Over the years the Organisation has not only successfully brought into existence a number of new industrial units but has also developed its own know-how and technology in various fields.

The Promoters, namely, Straw Products Limited and J. K. Synthetics Limited have had a phenomenal growth and development with a proven record of increasing profitability, resulting in excellent returns and capital appreciation to the investors. The Tyre and Tube Project would be greatly benefited by the rich managerial and technical skills of the Promoters.

PROJECT:

The Project envisages installation of a Tyre and Tube Plant which will be most modern and sophisticated based on the latest developments in tyre technology. The Company is obtaining the technical know-how from **General Tire International Company of U.S.A.,** who are world renowned in the field of Automobile Tyres and Tubes. The proposed Plant is designed to manufacture 5 lakh numbers each of finished Tyres and Tubes per annum at its full rated capacity. The Company has got a licence to manufacture 4 lakh numbers each of Automobile Tyres and Tubes per annum. Under the licensing policy of the Government of India, additional production of 25% over and above the licensed capacity is permitted. By adopting latest technology and extensive quality control measures, the Company will be able to produce tyres and tubes of high quality and is confident that their products will meet international standards and will be well received both in the domestic and export markets. Under the Collaboration Agreement the Company has the right to use on its products the wordings "Made in collaboration with General Tire International Company, U.S.A."

The Plant will produce all types of automobile tyres including for Trucks, Passenger Cars, Tractors, Scooters, ADV etc. The Truck and Tractor tyres will constitute approximately 70% of the production. In addition to production of a high percentage of Nylon Corded tyres, the plant would be equipped with the latest technology for production of **Radial tyres** which would be produced by the Company for the first time in India. Radial Tyres built with Steel Tyre

Cord can give **twice the mileage** as that of **conventional tyres** with a **better road grip and riding comfort** along with **fuel saving upto 15%**. These **advantages** of **radial** tyres over conventional tyres have brought the radial technology to a world-wide adaptation. The radial tyres will be most useful in the Indian context especially for trucks. Production of radial tyres will also open new possibilities of exports as the world trend is shifting towards use of these tyres.

FOREIGN TECHNICAL COLLABORATION:

The Company has entered into technical collaboration with General Tire International Company, U.S.A., who have for many years been engaged and have acquired vast experience in the manufacture of different types of automobile tyres, tubes and flaps including Radial tyres. They possess latest technology and expertise for manufacture of the aforesaid products and other technical information relating to design, engineering, equipping, commissioning and operation and maintenance of plant and machinery. The General Tire International Company is a subsidiary of General Tire and Rubber Company, Akron, Ohio, U.S.A., who are continually engaged in the field of Research and Development of automobile tyres and tubes for improving their quality and reliability as well as the manufacturing techniques. The benefits and improvements arising out of such knowledge and experience acquired by the parent Company through Research and Development in rubber technology will also be available to the Company from time to time under the Collaboration Agreement.

General Tire along with their associates and affiliates are involved in nearly 40 operations in 26 countries besides U.S.A. They have earned a high reputation in the world for their advanced technology and high quality of products.

The terms of collaboration with M/s. General Tire International Company, Akron, Ohio (U.S.A.) as contained in (i) Agreement for Technical Services and (ii) Sales Agreement for supply of Technical Know-how, Engineering and Documentation for Operational facilities, have been approved by the Government of India vide their letter No. 16(14)/72 LI(II) dated 18th October, 1972 and the said agreements have also been taken on record by the Government of India vide their letter No. 16(14)/72 LI(II) dated 23rd August, 1973. The first Agreement will be effective for a period of five years from the date of commencement of commercial production provided the same is not delayed beyond three years from the effective date of Agreement *i.e.*, a maximum period of eight years. The second Agreement will be for a period of three years from the date of approval by the Government unless mutually extended and approved by the Government of India. The Company will approach the Government of India for its extension at the appropriate time, if necessary.

The scope of technical assistance provides for transfer of technology including training of manpower related to the manufacture of automobile tyres and tubes in India by senior personnel to be deputed by General Tire. The training programme also envisages training of Indian personnel at General Tire's Factories covering all aspects of production, development and testing and engineering services.

The Collaborators will be paid as follows:—

(*a*) 1. A lumpsum payment of U.S. $ 2,00,000 as initial disclosure fee for the technical know-how.

2. A further lumpsum payment of U.S. $ 2,50,000 as charges for Engineering and Documentation for operational facilities.

The above payment of U.S. $ 4,50,000 is to be made in six graduated instalments out of which three instalments aggregating U.S. $ 1,12,500 have already been paid by the Company with the approval of the Reserve Bank of India.

(*b*) Royalty for continued technical assistance shall be payable on the following basis:

1. 2% subject to tax on net sales of the first 3 lakh numbers of Automobile Tyres and 3 lakh numbers of Automobile Tubes per annum.

2. 1% subject to tax on net sales of the balance of sales upto 2 lakh numbers of Automobile Tyres and 2 lakh numbers of Automobile Tubes per annum.

3. 4% subject to tax on net export sales inclusive of royalty computed under 1 and 2 above. This royalty will be payable only on the exports over and above the obligatory exports of 10% of total production as provided in the Industrial Licence.

PLANT AND MACHINERY AND IMPORT LICENCE:

The foreign exchange required for the import of Plant and Machinery has been arranged as under:

Export Import Bank of the United States, Washington DC (Exim Bank)	US $	19,32,300
First National City Bank, New York (FNCB)	US $	19,32,300
The Industrial Credit & Investment Corporation of India Ltd. (ICICI)	US $	25,76,400
Government to Government Credits:		
French Credit	FF	62,21,000
Dutch Credit	HFL	38,83,300

The Company has received Import Licences for the import of the entire Plant and Machinery required for the Project against the loans from Exim Bank, FNCB and ICICI as well as against the French and Dutch Credits mentioned above.

Orders for the entire imported Plant and Machinery from U.S.A., France and Holland have been placed on firm prices with firm delivery periods. Necessary Down Payments have been remitted to the suppliers in U.S.A. Down Payments to suppliers in France and Holland are being remitted shortly. For a major part of indigenous machinery also orders have been placed and advances paid to the suppliers. The Plant and Machinery for this project have been specially selected to suit the high speed tyre technology of to-day and with provision for adaptability to new developments in the technology which may be in vogue in years to come.

PLANT LOCATION:

The proposed site is located at Kankroli, a notified backward area in District Udaipur in the State of Rajasthan. It is about 63 Kms. north of Udaipur and about 1 Km. from Kankroli Railway Station on Western Railway. The site is technically considered ideal since the area is dust and moisture free which is an important factor in the manufacture of quality tyres and tubes. The location of the Plant is also well suited from the point of view of principal marketing centres. This will be the first Tyre and Tube Plant in the State of Rajasthan. At present there is no Tyre and Tube Plant in the neighbouring States of Madhya Pradesh and Gujarat. Due to the location of the project in a notified backward area the Company will be eligible for certain fiscal concessions/incentives as hereinafter stated under the head Tax Benefits.

The Company has taken possession of land (freehold) measuring 77.96 Hectares after its acquisition by the State Government under the Rajasthan Land Acquisition Act (Act 24 of 1953) and after payment of Rs. 7,98,956.24 being the compensation for the said land as confirmed under their letter No. F.5(1) Ind/74Pt/II dated 20th February, 1975. The Company has also taken possession of 37.94 Hectares of Government land. The formal Lease Deed in respect of this land shall be executed for a period of 99 years in accordance with the Rajasthan Industrial Areas Allotment Rules, 1959 as confirmed under letter No. F.4(72)Ind/II/72 dated 15th March, 1975 from the Industries Department, Government of Rajasthan. Thus the Company is in possession of 115.90 Hectares (approximately 286.16 acres) of land in total which is considered adequate for the requirement of the project. The said land is fairly levelled and free of undulations.

LABOUR:

Rajasthan State is privileged to have a good record of industrial peace and harmonious labour relations which are congenial to the development and smooth running of the industries.

TRANSPORT:

The proposed site is well connected by rail. Kankroli Railway Station is only 1 kilometre away from the site. The site is also well connected with National Highway No. 8 between Delhi and Ahmedabad and with State Highway between Udaipur and Bhilwara. A Railway Siding is proposed to be provided from the Kankroli Railway Station and the matter is being pursued with the Railway authorities.

POWER AND WATER:

The average requirement of power during the full operation of the plant is estimated at 4.4 MVA, the maximum demand being 10.0 MVA. Rajasthan State Electricity Board vide its letters dated 26th February, 1975 and 22nd March, 1975 has agreed to supply the required power and to execute an Agreement in respect thereof. Rajasthan State is surplus in power.

Water requirement for the proposed plant is estimated at 95 cubic meters per hour. The Government of Rajasthan, Irrigation Department, vide its letter No. F.4(1)Irr/74 dated 24th January, 1974 has assured the Company to meet the Company's requirement of water from the nearby Raj Samand Lake.

RAW MATERIALS:

The main raw materials for the manufacture of automobile tyres and tubes are natural rubber, synthetic rubber reclaimed rubber, carbon black, Rayon/Nylon/Steel tyre-cord, Bead wire, rubber chemicals and pigments etc. The raw material position in the country is quite favourable since more than 90% of the required raw materials are available indigenously. Nylon tyre-cord, an important raw material in the production of tyres, is manufactured within the State by one of the Promoters, J. K. Synthetics Ltd. For the imported raw materials viz., Butyl rubber, synthetic latices, special chemicals etc., no difficulty is anticipated in obtaining import licences from the Government of India. In addition, import entitlements will be available to the Company on account of export obligation.

BUSINESS PROSPECTS AND PROFITABILITY:

In recent years, there has been a phenomenal growth in road transport and mechanised farming with more and more commercial vehicles and tractors being placed on road every year. The tyre industry is thus required to keep pace with the growth of the road transport and the needs of mechanised farming. The demand for automobile tyres and tubes in the country at present is far exceeding their supply resulting in shortage particularly of truck, bus and tractor tyres. To meet the increasing demand of automobile tyres, the Government had to allow imports of truck tyres during the year 1973-74. The projected demand and supply position of automobile tyres and tubes, according to the Technical Consultants of the Company, during the next five years is as under:

Year	*Estimated demand*	*Estimated supply*
	(Figures in 000)	
1975	6590	5490
1976	7224	6095
1977	7986	6830
1978	8645	7690
1979	9834	8600

The estimated supply figures given above are based on the capacity in the pipe line, the expansion schemes of the existing units and the new projects licensed which are likely to be implemented. Thus there would be a considerable gap between demand and supply in the years to come. The industry, therefore, stands a bright future.

Taking into consideration the presmt trend in demand for giant tyres required for buses, trucks and tractors, the Company has a programme to manufacture 70 per cent of its production in these tyres which are in great demand. The Company shall also export 10 per cent of its production as required under the Industrial Licence.

Prices of automobile tyres and tubes have been decontrolled by the Government enabling the industry to fix more realistic prices on the basis of prevailing manufacturing costs. The Directors are of the opinion that, barring unforeseen circumstances, the Company would earn sufficient profits to enable it to pay reasonable dividends to equity shareholders (after paying cumulative dividends to preference shareholders) within reasonable time after the plant goes into commercial production.

The Project has made considerable progress. Site preparation work has been completed and civil construction work has commenced. The Plant is expected to go into commercial production during the 3rd Quarter of 1976.

COST OF THE PROJECT:

The total cost of the Project is estimated at Rs. 25.50 crores as follows:

		Rs. in lacs
1.	Land and Site development	21.29
2.	Buildings	168.44
3.	Plant and Machinery both imported and indigenous (including foundation and installation)	1750.61
4.	Technical know-how fees	36.75
5.	Misc. fixed assets	24.50
6.	Preliminary and issue expenses	33.50
7.	Pre-operative expenses	246.50
8.	Contingencies	118.41
9.	Working Capital (Margin money)	150.00
		2550.00

SOURCE OF FINANCE:

The Project is proposed to be financed as follows:

	Rs. in lacs	*Rs. in lacs*
Equity Share Capital	775.00	
Preference Share Capital	75.00	
		850.00
Term Loans/Debentures from Financial Institutions, Commercial Banks, Exim Bank and FNCB		1690.00
Unsecured Loans/Deposits by Promoters		10.00
		2550.00

The subsidy amount, if any, received under the Central Outright Grant or Subsidy Scheme, 1971 applicable to Industrial units in notified Backward Areas shall be utilised for corresponding reduction/repayment of the Term Loans or for such other purposes as may be approved by the Financial Institutions.

The details of Term Loans/Debentures agreed to by the aforesaid Financial Institutions and Banks are as follows:

	Amount of Loan/ Debentures Rs. in lacs	*Rate of Interest*	*Commitment charges*	*Repayment*
FOREIGN CURRENCY LOANS:				
The Industrial Credit & Investment Corpn. of India Limited (ICICI) US $ 25,76,400 equivalent at Central Parity Rate to	187.60	10.50 per cent per annum or such other higher lending rate of the Corporation as may be ruling at the time of signing of the Heads of Agreement	1 per cent per annum on the undrawn amount of the loan	16 half-yearly instalments commencing from later half of 1979
First National City Bank, New York (FNCB) US $ 19,32,300 equivalent at Central Parity Rate to	140.70	1.25 per cent over FNCB, New York "Base" fully fluctuating	0.75 per cent per annum on the undrawn amount of the loan	8 semi-annual instalments commencing from 31st July, 1977
Export Import Bank of the United States (Exim Bank) US $ 19,32,300 equivalent at Central Parity Rate to	140.70	6.00 per cent per annum	1/2 per cent per annum on the undrawn amount of the loan	8 semi-annual instalments. Repayment to start after repayment to FNCB is completed
RUPEE LOANS:				
Industrial Development Bank of India (IDBI)	305.00	Lending rate of IDBI for direct loans prevailing on the date of coming into force of Loan Agreement with an additional charge of 1/2% by way of liquidated damages for defaults in payment of instalments of principal and/or interest	1 per cent per annum on the undrawn amount of the loan	As may be stipulated in consultation with participating institutions/banks
The Industrial Credit & Investment Corporation of India Limited (ICICI)	15.40	10.25 per cent per annum or such other higher lending rate of the Corporation as may be ruling at the time of signing of the Heads of Agreement	1 per cent per annum on the undrawn amount of the loan	16 half-yearly instalments commencing from later half of 1979
Industrial Finance Corporation of India (IFCI)	100.00	11.25 per cent per annum or such other higher rate prevailing on the date of the first disbursement subject to a rebate of 1 per cent for punctual payments	1 per cent per annum on the undrawn amount of the loan	In 20 half-yearly instalments according to a schedule as may be decided in consultation with other participating institutions
Life Insurance Corporation of India (LIC) (By way of privately placed Debentures)	175.00	11 per cent per annum or such higher rate as may be prevailing at the time of execution of the Trust Deed	1 per cent per annum on the amount of debentures agreed to be subscribed	The debentures shall be redeemed according to a schedule mutually agreed upon between LIC and the Company
Bank of India	175.00	Terms to be decided between Banks, IDBI and the Company		
Grindlays Bank Ltd.	125.00			
Punjab National Bank	100.00			
State Bank of Bikaner & Jaipur	95.60			
Central Bank of India	50.00			
Dena Bank	30.00			
United Commercial Bank	25.00			
The Bank of Rajasthan Ltd.	25.00			

A part of the term loans from IDBI, ICICI and IFCI aggregating Rs. 2.00 crores shall be available at a concessional rate of interest applicable to notified backward areas and the commitment charges thereon shall be paid @ 1/2 per cent per annum on the undrawn amount of the loan available on concessional terms.

U.S. DOLLAR LOANS FROM EXIM BANK AND FNCB:

As stated above, the Exim Bank has sanctioned to the Company a loan of U.S. $ 19,32,300. FNCB has also sanctioned a similar loan of U.S. $ 19,32,300 on the guarantee of the Exim Bank.

The repayment of the said U.S. Dollar loans of $ 38,64,600 from Exim Bank and FNCB and payment of interest thereon shall be secured by a guarantee to be given by J. K. Synthetics Limited in favour of the Exim Bank. The Reserve Bank of India vide its letter No. EC.DH-Imp/HD/9200/57(FCL)75 dated 4th February, 1975 has accorded its approval in principle for the said guarantee to be given by J. K. Synthetics Limited. J. K. Synthetics Limited who shall guarantee the U.S. Dollar Loans shall be secured either by a counter guarantee from Bank(s) or such security as may be approved by the Financial Institutions.

The terms of U.S. Dollar loans from Exim Bank and FNCB including the guarantee by J. K. Synthetics Ltd. to Exim Bank have been approved by the Ministry of Finance, Department of Economic Affairs, Government of India, vide their communication No. 7(7)-CE/74 dated 5th December, 1974.

SECURITY:

The Debentures to be privately placed with Life Insurance Corporation of India shall be secured by first legal mortgage of all the fixed assets of the Company, present and future, and a floating charge on the remaining assets of the Company, both present and future in favour of the Debenture Trustees subject to the prior charges on specified movables created and/or to be created in favour of the Company's bankers for securing facilities for working capital requirements.

The loans from IDBI, ICICI, IFCI and the Banks shall be secured by an equitable mortgage by deposit of title deeds on the immovable properties of the Company and by hypothecation of the movable properties of the Company, present and future, subject to the prior charges created and/or to be created on the specified movables in favour of the Company's bankers for securing facilities for working capital requirements.

The mortgage and charge in favour of the Debenture Trustees and the mortgages and charges in favour of IDBI, ICICI, IFCI and the Banks shall rank *pari passu inter se*.

CONVERSION OF LOANS/DEBENTURES INTO EQUITY:

Each of IDBI, IFCI, LIC and ICICI shall have the option to convert at par a portion not exceeding 20% of their rupee loans/debentures into Equity Shares of the Company, the option being exercisable on one or more occasions during the period from 1st July, 1981 to 30th June, 1983.

The Company has at its Extraordinary General Meeting held on 22nd March, 1975 passed a Special Resolution under Section 81(3) of the Companies Act, 1956 in respect of such conversion. The Company shall approach the Central Government for the requisite approval under the said Section.

OTHER TERMS:

The other terms and conditions of the Loans/Debentures are:

(i) The Company and its promoters *viz.*, Straw Products Limited and J. K. Synthetics Limited shall give a joint and several undertaking to the Financial Institutions to procure for the Company at the appropriate time and on terms acceptable to the Financial Institutions funds to meet shortfall, if any, in financing the capital cost of the project and/or working capital.

(ii) The Company shall not without obtaining prior consent in writing of the Financial Institutions during the currency of their loans/debentures declare and/or pay any dividend on its share capital if it fails to meet its obligations to pay interest and/or instalment or instalments and/or other moneys payable to the Financial Institutions under their respective Loan Agreements/Debenture Trust Deed and so long as it is in such default.

(iii) The Company shall give an undertaking to the Financial Institutions to organise a Research and Development set up soon after it has gone into production for development of indigenous technology for the manufacture of Automobile Tyres & Tubes.

(iv) The Company shall broadbase its Board of Directors to the satisfaction of the Financial Institutions.

(v) Each of the Financial Institutions shall have the right to appoint their nominee Director(s) on the Board of the Company during the currency of their loans/debentures and/or so long as they hold shares of the Company as a result of underwriting/subscription.

(vi) The Company shall not undertake any new project or expansion/diversification without the prior approval of the Financial Institutions during the currency of their loans/debentures and/or so long as they hold shares of the Company as a result of underwriting/subscription.

(vii) Selling arrangements, appointment/reappointment of the Sole Selling Agents, if any, and the terms of their appointment/reappointment shall be subject to the prior approval of the Financial Institutions.

PROSPECTUS

Consent of the Central Government has been obtained to this issue by an Order No. R. 269 CCI/74 dated 16th October, 1974 of the Controller of Capital Issues as amended by letter of even number dated 24th January, 1975 and by Order No. R. 269 CCI/74 dated 7th March, 1975 as amended by letter of even number dated 18th March, 1975 of which complete copies are open to public inspection at the Registered Office of the Company. It must be distinctly understood that in giving this Consent the Central Government do not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinions expressed with regard to them.

An Industrial Licence No. C:IL:54 (74) dated 25th February, 1974 has been obtained from the Central Government for the establishment of the new industrial undertaking at Kankroli, District Udaipur in the State of Rajasthan, for manufacture of Automobile Tyres and Tubes, of which a copy is open to public inspection at the Registered Office of the Company. It must be distinctly understood that in granting this licence the Government of India do not take any responsibility for the financial soundness of this undertaking or for the correctness of any of the statements made or opinions expressed in regard to it.

A copy of this Prospectus, having attached thereto the documents required to be filed under Section 60 of the Companies Act, 1956, has been delivered for registration to the Registrar of Companies, West Bengal, Calcutta.

Applications will be made to the Stock Exchanges at Calcutta, Delhi and Bombay for permission to deal in and for official quotations of the entire Equity and Preference Shares of the Company.

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON FRIDAY 9TH MAY 1975 AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON TUESDAY 20TH MAY 1975 OR EARLIER AT THE DISCRETION OF THE BOARD OF DIRECTORS BUT NOT BEFORE THE CLOSE OF BANKING HOURS ON MONDAY 12TH MAY 1975.

ATTENTION OF APPLICANTS IS SPECIFICALLY DRAWN TO SUB-SECTION (1) OF SECTION 68A OF THE COMPANIES ACT, 1956, WHICH IS REPRODUCED BELOW:—

"ANY PERSON WHO—

(a) MAKES IN A FICTITIOUS NAME AN APPLICATION TO A COMPANY FOR ACQUIRING, OR SUBSCRIBING FOR, ANY SHARES THEREIN, OR

(b) OTHERWISE INDUCES A COMPANY TO ALLOT, OR REGISTER ANY TRANSFER OF, SHARES THEREIN TO HIM OR ANY OTHER PERSON IN A FICTITIOUS NAME

SHALL BE PUNISHABLE WITH IMPRISONMENT FOR A TERM WHICH MAY EXTEND TO FIVE YEARS."

J. K. INDUSTRIES LIMITED

(Incorporated under the Indian Companies Act, 1913)

SHARE CAPITAL:

A. Authorised:

		Rs.
90,00,000	Equity Shares of Rs. 10/- each	9,00,00,000
75,000	11% Redeemable Cumulative Preference Shares of Rs. 100/- each	75,00,000
2,25,000	Preference Shares of Rs. 100/- each	2,25,00,000
		12,00,00,000

B. Issued, Subscribed and Paid up:

		Face Value Rs.	Paid up Rs.
1,20,000	Equity Shares of Rs. 10/- each fully paid up held by the existing members of the Company	12,00,000	12,00,000
9,00,000	Equity Shares of Rs. 10/- each subscribed by and allotted as fully paid up for cash at par to Straw Products Ltd.	90,00,000	90,00,000
1,00,000	Equity Shares of Rs. 10/- each subscribed by and allotted as fully paid up for cash at par to J. K. Synthetics Ltd.	10,00,000	10,00,000
7,00,000	Equity Shares of Rs. 10/- each subscribed by and allotted for cash at par to the Government of Rajasthan on which Rs. 5.00 per share are paid up	70,00,000	35,00,000
20,000	Equity Shares of Rs. 10/- each subscribed by and allotted for cash at par to the Directors, their relatives, friends and employees on which Rs. 5.00 per share are paid up	2,00,000	1,00,000
11,00,000	Equity Shares of Rs. 10/- each subscribed for cash at par by Straw Products Ltd. on which Rs. 2.50 per share are paid up	1,10,00,000	27,50,000
9,00,000	Equity Shares of Rs. 10/- each subscribed for cash at par by J. K. Synthetics Ltd. on which Rs. 2.50 per share are paid up	90,00,000	22,50,000
38,40,000		3,84,00,000	1,98,00,000

C. Present Issue for cash at par:

40,30,000	Equity Shares of Rs. 10/- each	4,03,00,000
75,000	11% Redeemable Cumulative Preference Shares of Rs. 100/- each free of Company's tax but subject to deduction of taxes at source at the prescribed rates and subject to the Companies (Temporary Restrictions on Dividends) Act, 1974	75,00,000
		4,78,00,000

D. Out of the Present Issue:

50,000	Equity Shares of Rs. 10/- each have been reserved for subscription by and firm allotment to Life Insurance Corporation of India for cash at par	5,00,000

E. Now offered to the Public for subscription for cash at par in terms of this Prospectus:

39,80,000	Equity Shares of Rs. 10/- each	3,98,00,000
75,000	11% Redeemable Cumulative Preference Shares of Rs. 100/- each free of Company's tax but subject to deduction of taxes at source at the prescribed rates and subject to the Companies (Temporary Restrictions on Dividends) Act, 1974	75,00,000
		4,73,00,000

NOTES:

1. On 11,00,000 Equity Shares subscribed by Straw Products Limited and on 9,00,000 Equity Shares subscribed by J. K. Synthetics Limited, Rs. 2.50 per share are paid up in cash. These promoter companies will pay further Rs. 2.50 per share before the allotment of the shares hereby offered is made to the public and the Financial Institutions. The balance amount of Rs. 5.00 per share in respect of these equity shares and the equity shares allotted to the Directors, their relatives, friends and employees and the Government of Rajasthan shall be payable in one or more calls alongwith the calls to be made on the shares now offered to the public.
2. 50,000 Equity Shares reserved for subscription by Life Insurance Corporation of India as mentioned above are being offered for subscription simultaneously with the Public Issue and allotments in respect of the same will be made before making allotments in respect of the Public Issue. No underwriting commission or brokerage is payable on these shares.
3. No underwriting commission or brokerage was paid or is payable in respect of the allotments already made or to be made to Straw Products Ltd., J. K. Synthetics Ltd., and the Government of Rajasthan as also in respect of the Shares allotted to the Directors, their relatives, friends and employees as mentioned above.
4. Straw Products Limited and J. K. Synthetics Limited have obtained approval of the Central Government under Section 372 of the Companies Act, 1956, for their investments in the Equity Shares of the Company as stated above.

AUTHORITY FOR THE PRESENT ISSUE:

Pursuant to Section 81(IA) of the Companies Act, 1956 the present issue has been approved by Special Resolution passed by the Company at an Extraordinary General Meeting held on 22nd March, 1975.

APPLICATION AND TERMS OF PAYMENT:

Application must be made for a minimum of fifty shares or multiple thereof in the case of Equity Shares and five shares or multiple thereof in the case of Preference Shares and amount payable shall be as under:

	Equity Shares Rs.	*Preference Shares Rs.*
(a) On Application	2.50 per share	25 per share
(b) On Allotment	2.50 per share	25 per share

(c) The balance of Rs. 5.00 per share in the case of Equity Shares and Rs. 50 per share in the case of Preference Shares shall be payable in one or more calls as may be decided by the Directors. There shall be an interval of not less than two months in between the calls and also between the allotment and the first call. Calls in respect of Equity Shares and Preference Shares shall be made simultaneously and proportionately.

Where no allotment is made, the application money will be returned in full and where partial allotment is made the unutilised balance will be adjusted towards the amount payable on allotment of shares actually allotted to the applicant concerned and balance thereafter, if any, will be returned to the applicant. No interest will be paid on application money.

Failure to pay the amount due on allotment or any call(s) will render the allottee liable to pay interest thereon at the rate of 12% per annum and also render the shares including the amount already paid thereon liable to forfeiture.

The Equity Shares now being issued shall rank *pari passu* with the existing Equity Shares of the Company (both fully and partly paid up) in all respects except that the holders of the Equity Shares now being offered will be entitled to any dividend which may be declared or paid on the Equity Shares in proportion to the amount paid up on Equity Shares now being offered and pro rata for the period during which such capital is paid up thereon.

DIRECTORS:

Name, Description, Address and Occupation	*Other Directorships*
1. SHRI HARI SHANKAR SINGHANIA (*Chairman*) S/o. Shri Lakshmipat Singhania 12, Alipore Road Calcutta-700 027 INDUSTRIALIST	*Director of:* Straw Products Ltd., *Mg. Director* J. K. Synthetics Ltd. Madhya Pradesh Industries Ltd. The Ganges Manufacturing Co. Ltd. J. K. Steel & Industries Ltd. J. K. Business Machines Ltd. Hoyle's Paints Ltd. J. K. Iron & Steel Co. Ltd. Jaykay Shipping (Pte.) Ltd.
2. SHRI L. M. THAPAR S/o. Late Karam Chand Thapar 40, Ratendon Road New Delhi-110 011 INDUSTRIALIST	*Director of:* The Ballarpur Paper & Straw Board Mills Ltd., *Mg. Director* Greaves Cotton & Co. Ltd. Hind Strip Mining Corpn. Ltd. The Orient Engineering & Commercial Co. Ltd. Bengal Ingot Co. Ltd. Jagatjit Cotton Textile Mills Ltd. English Indian Clays Ltd. The Oriental Bank of Commerce Ltd. United Collieries Ltd. The Bharat Carbon & Ribbon Manufacturing Co. Ltd. Crompton Greaves Ltd. The East India Hotels Ltd. Shree Sadul Textile Mills Ltd. Gogte Papers Ltd. Karam Chand Thapar & Bros. (P) Ltd.
3. SHRI ARVIND NAROTTAM LALBHAI S/o. Shri Narottam Lalbhai "Shalimar" Shahibagh Ahmedabad-380 004 INDUSTRIALIST	*Director of:* The Asoka Mills Ltd. The Saraspur Mills Ltd. Ahmedabad Shri Ramkrishna Mills Co. Ltd. Rohit Pulp & Paper Mills Ltd. Harsha Tractors Ltd. The Atul Products Ltd. Anil Starch Products Ltd. Anup Engineering Ltd. Shri Vallabh Glass Works Ltd. SLM-Maneklal Industries Ltd. Suessen Textiles Bearings Ltd Woolcombers of India Ltd. Universal Cables Ltd. Kothari (Madras) Ltd. Sirpur Paper Mills Ltd. Shri Digvijaya Woollen Mills Ltd. Arvind Mills Ltd. Lalbhai Exports Ltd. Orient Abrasives Ltd.
4. SHRI OM PRAKASH KHAITAN S/o. Late Srimohan Khaitan B-72, Himalaya House Kasturba Gandhi Marg New Delhi-110 001 SOLICITOR	*Director of:* The Pench Valley Coal Co. Ltd. Eastern Electronics (Delhi) Ltd. Jay Prestressed Products Ltd. Oriental Carpet Manufacturers (India) Ltd. Dalmia Dairy Industries Ltd. Mohta Alloy & Steels Ltd. Chemopulp Tissues Ltd. Rathi Gases Ltd. Continental Electronic Industries Ltd. Shambu Nath & Sons Ltd. Bharat Nidhi Ltd. Jay Transmission Pvt. Ltd. Punjab Mercantile & Traders Ltd. Dalmia Ceramic Industries Ltd. Maheshpur Holdings Ltd. Nandlal Bhandari Mills Ltd. Perfectpac Ltd. Gwalior Tools Ltd. Narayani Paper Products Ltd.
5. SHRI ARVIND SINGH S/o. Shri Bhagwat Singhji (Former Maharana of Udaipur) The Palace, Udaipur-313 001 BUSINESS	*Director of:* Lake Palace Hotels and Motels Private Ltd.
6. SHRI NARESH CHANDRA S/o. Late Ramakant Bungalow No. 1 Bhagat Singh Marg 'C' Scheme Jaipur-302 001 GOVERNMENT SERVICE (Secretary to the Government of Rajasthan, Industries and Mines Dept.)	*Chairman of:* Rajasthan State Industrial and Mineral Development Corpn. Ltd. Aravalli Svachalit Vahan Ltd. Jaipur Bottles & Containers Pvt. Ltd. *Director of:* Rajasthan Financial Corporation Ltd. Rajasthan Small Industries Development Corporation Ltd. Rajasthan State Mines & Minerals Ltd. Hindustan Zinc Ltd. Ganganagar Sugar Mills Ltd. Aditya Mills Ltd. Jaipur Udyog Ltd. Oriental Power Cables Ltd. Hindustan Copper Ltd. Machine Tools Corporation of India Ltd. Man Industrial Corporation Ltd. Man Structurals Pvt. Ltd. National Textile Corpn. (Delhi Punjab and Rajasthan) Pvt. Ltd. Member, Rajasthan Electricity Board
7. SHRI M. S. SADASIVAN S/o. Late M. K. Sitarama Iyer A/8, Gandhi Nagar Jaipur-302 004 GOVERNMENT SERVICE (Financial Commissioner, Government of Rajasthan)	*Director of:* Rajasthan State Industrial & Mineral Development Corpn. Ltd. Rajasthan Spinning & Weaving Mills Ltd. Ganganagar Sugar Mills Ltd Rajasthan State Mines & Minerals Ltd. Aravalli Svachalit Vahan Ltd. Man Industrial Corporation Ltd. Man Structurals Pvt. Ltd. Associated Cement Companies Ltd. Member, Rajasthan Housing Board
8. SHRI PRATAP SINH NAVLAKHA S/o. Late Lal Singh Navlakha A-5, Greater Kailash New Delhi-110 048 COMPANY EXECUTIVE	*Director of:* Madhya Pradesh Industries Ltd. J. K. Business Machines Ltd. Juggilal Kamlapat Udyog Ltd. Bhopal Udyog Ltd.
9. SHRI RAGHUPATI SINGHANIA (*Managing Director*) S/o. Shri Lakshmipat Singhania 12, Alipore Road, Calcutta-700 027 INDUSTRIALIST	*Director of:* Juggilal Kamlapat Udyog Ltd. J. K. Steel & Industries Ltd.

SECRETARY:

Shri L. P. Maitin, B.Com., F.C.S.,
4, Justice Dwarkanath Road, Calcutta-700 020.

REGISTERED OFFICE:

7, Council House Street, Calcutta-700 001.

ADMINISTRATIVE OFFICE:

Nehru House, 4, Bahadur Shah Zafar Marg, New Delhi-110 001.

AUDITORS:

Messrs. Lodha & Co.,
Chartered Accountants,
14, Government Place East, Calcutta-700 001.

FOREIGN TECHNICAL COLLABORATORS:

General Tire International Company,
Akron, Ohio, U.S.A.

INDIAN TECHNICAL CONSULTANTS:

Escon Consultants Private Limited,
7A, Elgin Road, Calcutta-700 020.

LEGAL ADVISERS:

J. B. Dadachanji & Co.,
Advocates,
"Jeevan Vihar", 3, Parliament Street,
New Delhi-110 001.

(viii) The Company shall make arrangements satisfactory to the Financial Institutions regarding full requirement of the power to be made available from Rajasthan State Electricity Board before availing of financial assistance from Institutions.

(ix) The promoters *viz.*, Straw Products Limited and J. K. Synthetics Limited and such other parties including the Government of Rajasthan as may be stipulated by the Financial Institutions shall furnish undertakings not to transfer or dispose of their equity shareholdings in the Company both present and future without the prior written consent of the Financial Institutions.

(x) The promoters shall bring in funds to the extent of Rs. 10.00 lacs for meeting a part of the project cost by way of unsecured loans/deposits on terms to be approved by the Financial Institutions.

The Company will make necessary arrangements to obtain cash credit facility from Commercial Banks for its requirements of Working Capital.

TAX BENEFITS:

The Directors of the Company are advised that under the current law and as per the amendments proposed in the Finance Bill, 1975, the following tax benefits will be available to the Company and its members:

(A) To the Company:

1. As proposed in the Finance Bill, 1975, the Company will be eligible for a deduction from its profits and gains at the rate of 7.5% of the capital employed for the first five years of the Company's operation under Section 80-J of the Income Tax Act, 1961. If there is any deficiency in the profits in relation to the amount of 7.5% of the capital employed in any of these five years then such deficiency can be carried forward for succeeding years upto the eighth year of commencement of production.

2. The Company will be entitled to a deduction of one-tenth of the specified expenditure, including the expenses incurred on the issue of shares, for a period of ten successive years under Section 35-D of the Income Tax Act, 1961.

3. The Company will be entitled to initial depreciation of 20% of the cost of Plant and Machinery installed after 31st May, 1974 under Section 32(I) (vi) of the Income Tax Act, 1961.

(B) To the Members of the Company:

1. As proposed in the Finance Bill, 1975, investments made in equity shares forming part of the initial issue made by any Company (after 28th day of February, 1975) for carrying on the business of manufacture or production of any one or more of the articles or things specified in the list in the Ninth Schedule to the Income Tax Act, 1961, are totally exempt from Wealth Tax for a period of 5 successive assessment years commencing with the assessment year next following the date on which such shares are first issued. As the proposed project for the manufacture of Tyres and Tubes satisfy the above criteria, investments made in the equity shares of the Company shall be totally exempt from Wealth Tax for a period of 5 years as stated above.

2. Members of the Company, who are themselves Companies will be entitled to total exemption from surtax on dividends received by them from the Company as also to the benefit of a deduction of 60% (65% in the case of a foreign Company) of the dividends received by them from the Company under Section 80-M of the Income Tax Act, 1961.

3. Members of the Company excluding Members who are Companies would be entitled to claim deduction from the total income to the extent of Rs. 3,000/- per year in respect of specified items including dividends received from the Company as provided in Section 80-L of the Income Tax Act, 1961.

4. Under Section 5 of the Wealth Tax Act, 1957, wealth-tax will not be payable by members of the Company on specified assets upto an aggregate amount of Rs. 1,50,000/- including shares in this Company.

SPECIAL INCENTIVES FOR SETTING UP PROJECT IN NOTIFIED BACKWARD AREA:

1. The Company will be entitled to a deduction of 20% from its profits and gains for a period of 10 years from the year in which the Company commences production under Section 80-HH of the Income Tax Act, 1961.

2. The Company is eligible to receive a subsidy of Rs. 15,00,000/- under the Central Outright Grant or Subsidy Scheme, 1971.

3. The Company will get the benefits of concessional rates of interest, commitment charge and underwriting commission on a part of the term loans from ICICI, IDBI, and IFCI as applicable to industrial units in notified backward areas.

RAJASTHAN GOVERNMENT INCENTIVES:

In accordance with the existing policy of Rajasthan Government, the following incentives/concessions shall be available to the Project:

(*a*) (i) Exemption from levy of Electricity Duty for a period of seven years.
(ii) Rebate of 15% on Electricity Tariff upto 31st March, 1984.

(*b*) Exemption from payment of Octroi Duty on—
(i) all Plant and Machinery, whether new or old,
(ii) construction and fabricating materials used in the establishment of the unit, and
(iii) Raw materials consumed.

(*c*) Exemption from payment of Sales-tax on Raw materials consumed for a period of 5 years.

(*d*) In the purchases of Rajasthan Government, the Company's products shall enjoy 3% price preference over the products manufactured by Industries located outside the State.

AUDITORS' REPORT

LODHA & COMPANY
Chartered Accountants

Calcutta, Bombay, New Delhi, Jaipur & Madras

Cables: "CERTIFIED"
Phones: 23-7102/1507/4572/3778
14, Government Place East
Calcutta-700 001

19th March, 1975.

The Directors,
J. K. INDUSTRIES LTD.,
7, Council House Street,
Calcutta-700 001.

Dear Sirs,

We have examined the books of accounts of J. K. Industries Ltd. for the five years ended 31st March, 1974 which have been audited by another firm of Chartered Accountants upto 31st March, 1973 and thereafter by us and we have also examined the statement of accounts for the period 1st April, 1974 to 28th February, 1975 and in accordance with the provisions of Clause 24(2)(*a*) of Part II of Schedule II of the Companies Act, 1956, we report that the profits/losses of the Company are as set out below.

The profits/losses have been arrived at after making such adjustments as are appropriate in our opinion. Adjustments may be necessary to make the accounts for the period 1st April, 1974 to 28th February, 1975 comply with the requirements of law relating to accounts to be laid before the Company in General Meeting, but at the date of signing this report, we are not aware of any material adjustments which would affect the results of the said Accounts.

J. K. INDUSTRIES LIMITED

(Year ending 31st March)	1969-70	1970-71	1971-72	1972-73	1973-74	1-4-74 to 28-2-75
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
INCOME						
Managing Agency Commission ..	2,68,285	16,760	—	—	—	—
Service Charges	—	1,51,200	1,51,200	1,42,200	1,39,200	1,22,953
Income from other Sources ..	98,230	2,23,204	1,19,846	1,97,062	1,18,276	58,511
	3,66,515	3,93,164	2,71,046	3,39,262	2,57,476	1,81,464
EXPENDITURE						
Administrative Expenses ..	5,04,213	1,65,394	1,43,630	1,38,829	1,54,438	1,00,645
Interest on Loans	1,12,542	1,18,930	92,540	80,373	68,569	1,00,336
Depreciation	25,557	23,603	20,328	18,751	17,600	19,263
	6,42,312	3,07,927	2,56,498	2,37,953	2,40,607	2,20,244
Profit/Loss before Tax	(—) 2,75,797	85,227	14,548	1,01,309	16,869	(—) 38,780
Income Tax	—	—	—	25,600	—	—
	(—) 2,75,797	85,227	14,548	75,709	16,869	(—) 38,780
Notes:—						
(1) Income from other sources includes Profit on sale of Assets/Investments	8,827	1,37,764	56,934	9,849	45	—
(2) Administrative Expenses include:						
(*a*) Managerial Remuneration including estimated costs of benefits and Directors' Fees	3,94,141	96,099	90,493	84,309	84,444	4,080
(*b*) Contribution to Jawan's Welfare fund	—	—	961	—	—	—
(*c*) Bad Debts written off ..	149	—	—	1,200	—	—

(3) Administrative Expenses from the year 1970-71 are net after adjusting recovery from the Companies to whom various services relating to Legal, Company Law, Share Transfer, Taxation, Industrial relations, Personnel and Employment, Publicity, Office Maintenance and Accommodation etc. have been rendered.

We further report that in accordance with the Provisions of Clause 24(2)(*b*) of Part II of Schedule II of the Companies Act, 1956, the Assets and Liabilities of J. K. Industries Ltd., as at 31st March, 1974 which is the last date to which the Company's Accounts were made up and audited by us prior to the date of this report and as at 28th February, 1975 which we have also examined are as set out below.

	31st March 1974 Rs.	Rs.	28th February 1975 Rs.	Rs.
FIXED ASSETS				
At Cost	3,50,677		5,75,118	
Less: Depreciation	2,25,082	1,25,595	2,75,235	2,99,883
TYRE AND TUBE PROJECT				
Land (Freehold)		—		8,60,355
Capital work-in-progress (including construction, stores, advances against purchase of machinery etc.)	3,13,590		77,07,621	
Expenditure during construction pending allocation	3,67,280	6,80,870	10,35,130	87,42,751
INVESTMENTS (at cost)				
Quoted	5,79,946		5,79,946	
Unquoted	4,39,211	10,19,157	4,49,211	10,29,157
(Market Value of Quoted Investments—31-3-74 Rs. 17,09,383; 28-2-75 Rs. 14,12,675)				
CURRENT ASSETS				
Dividend Accrued on Investments	886		375	
Sundry Debtors considered good	25,200		24,600	
Loans and Advances—considered good ..	8,32,213		7,50,605	
Cash and Bank Balances	63,187		3,18,221	
	9,21,486		10,93,801	
Less				
CURRENT LIABILITIES				
Sundry Creditors	1,29,358		50,490	
Other Liabilities	4,83,849		1,16,917	
Provision for Taxation	80,000		80,000	
	6,93,207		2,47,407	
NET CURRENT ASSETS	2,28,279	2,28,279	8,46,394	8,46,394
		20,53,881		1,17,76,540
Less SECURED LOAN FROM BANK		5,89,830		5,54,648
NET ASSETS		14,64,051		1,12,23,892
Add Preliminary/Share Issue Expenses		—		2,01,379
		14,64,051		1,14,25,271
REPRESENTED BY				
SHARE CAPITAL 11,20,000 Equity Shares of Rs. 10/- each fully paid up (as on 31-3-1974 12,000 Equity Shares of Rs. 100/- each were paid up)		12,00,000		1,12,00,000
GENERAL RESERVE		2,64,051		2,25,271
		14,64,051		1,14,25,271

Notes:—

(1) The Equity Share Capital of the Company was converted and reclassified from Rs. 100/- per Equity Share to Rs. 10/- per Equity Share on 18th April 1974.
(2) 9,00,000 Equity Shares were held as on 28-2-75 by M/s. Straw Products Ltd., the Holding Company.
(3) Of the total shares 60,000 Equity Shares of Rs. 10/- each were issued as bonus shares by way of Capitalisation of Reserves.
(4) No provision has been made in accounts in respect of gratuity payable to employees on retirement. Gratuity is accounted for on cash basis.
(5) Contingent Liability not provided for in respect of Income Tax pending appeal before High Court Rs. 64,284/-.
(6) Title Deeds of Land purchased are under execution.
(7) Estimated amount of contracts as on 28-2-75 remaining to be executed on capital account and not provided for Rs. 11,26,28,557.

DIVIDEND

We report that no dividends have been declared or paid in respect of Equity Shares for the five years ended 31st March, 1974 or thereafter to date.

Yours faithfully,
for LODHA & CO.
Chartered Accountants
RAJENDRA S. LODHA
Partner.

As on 28-2-1975 upto which period the Auditors have given their above Report, the Company was a subsidiary of Straw Products Limited as the latter were holding 9,00,000 Equity Shares out of the total 11,20,000 Equity Shares issued on that date. With further issue of Shares to others, the Company has ceased to be a subsidiary of Straw Products Limited.

OTHER STATUTORY AND GENERAL INFORMATION

MAIN OBJECTS:

The main objects of the Company are fully set out in the Memorandum of Association and include, *inter alia*, the business of manufacturers, fabricators, processors, producers, makers, importers, exporters, buyers, sellers, suppliers, stockists, agents, merchants, distributors and concessionaires of and dealers in Tyres, Tubes, Tyrecord and automobile parts and accessories.

OBJECT OF THE ISSUE:

The object of the present issue is to provide a part of the finance required for the establishment of the Project.

MINIMUM SUBSCRIPTION:

The Minimum Subscription in respect of the present Issue on which the Directors shall proceed to allot shares shall be Rs. 1,19,50,000/- being the aggregate of application moneys at the rate of Rs. 2.50 per Equity Share and Rs. 25/- per Preference Share in respect of the subscription of 40,30,000 Equity Shares of Rs. 10/- each and 75,000 11% Redeemable Cumulative Preference Shares of Rs. 100/- each respectively. The subscription of this amount is assured in view of the firm allotment and underwriting arrangements referred to above.

However, allotments in respect of the said shares will be made only after the Company has received a further amount of Rs. 2.50 per share on the 11,00,000 Equity Shares and 9,00,000 Equity Shares subscribed respectively by Straw Products Limited and J. K. Synthetics Limited.

EXPENSES OF THE ISSUE:

The expenses of the Issue including underwriting commission, brokerage, fees to the Managers to the Issue, printing and publication and Issue House expenses, legal charges, Auditors' fees and Bank charges etc., are estimated at Rs. 29.00 lacs and are payable by the Company.

UNDERWRITING COMMISSION, BROKERAGE:

Underwriting Commission at the rate of 2½% on the nominal value of the Equity Shares and Preference Shares underwritten is payable to the underwriters on the amounts respectively underwritten by them except that underwriting commission at a concessional rate of 1½% only applicable to notified backward areas, shall be payable to the IDBI, ICICI and IFCI on the nominal value of shares upto Rs. 1.00 crore underwritten by them.

Brokerage will be paid at the rate of 1% on the nominal value of the shares on the basis of allotments made against applications bearing the stamps of a member of any recognised Stock Exchange in India in the Broker's Column. Brokerage at the same rate will also be payable to the Brokers and Bankers to the Issue in respect of allotments made against applications procured by them, provided the relative forms of application bear their respective stamps in the Broker's Column.

FEES TO THE MANAGERS TO THE ISSUE:

The Managers to the Issue will be paid a fee of ½% on the amount of shares subscribed by the public excluding the amount of subscription made by the Institutions and shares devolving on/allotted to the Institutions out of the Public Issue and ½% on the shares subscribed by the Institutions and/or devolving on/allotted to them as a result of underwriting.

No seperate fee is payable to Principal Brokers over and above what is payable to them as normal brokerage as stated above.

CAPITALIZATION OF RESERVES:

In 1968 a sum of Rs. 6.00 lacs out of the Reserves was capitalised and applied in paying in full 6,000 Equity Shares of Rs. 100/- each as Bonus Shares. The Equity Shares of the Company have since been sub-divided into shares of Rs. 10/- each.

REVALUATION OF ASSETS:

There has been no revaluation of the assets of the Company since its incorporation.

CLASSES OF SHARES:

The shares of the Company consist of two classes, namely Equity Shares and Preference Shares.

RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL AND PROFITS:

The nature and extent of interest of shareholders in the property and profits of the Company are as provided in the Company's Articles of Association, this Prospectus and the Companies Act, 1956.

VOTING RIGHTS:

On a show of hands, every member present being a holder of Equity Shares shall have one vote. On a poll the voting rights of every member present in person or by proxy or by attorney shall be in proportion to his share of paid-up capital.

A holder of Preference Shares shall have no right to vote either in person or by proxy at any General Meeting by virtue of his holding Preference Shares, unless,

(*a*) any resolution is placed before the Company which directly affects the rights attached to the Preference Shares, or

(*b*) dividend on such Preference Shares or any part of such dividend has remained unpaid in respect of the aggregate period of not less than two years preceding the date of commencement of the meeting.

No member shall be entitled to exercise any voting right on any question either personally, or by proxy or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has or has exercised any right of lien.

RIGHTS OF REDEEMABLE CUMULATIVE PREFERENCE SHARES:

(i) The 75,000 11% Redeemable Cumulative Preference Shares, now being offered to the public for subscription by this Prospectus (hereinafter referred to as "11% Preference Shares") shall confer on the holders thereof the right to a fixed cumulative preference dividend at the rate of 11% p. a. (free of Company's tax but subject to deduction of taxes at source at the prescribed rates) on the Capital for the time being paid up or credited as paid up on such shares and in the event of winding up the right to repayment of capital and arrears of dividend, whether earned, declared or not, upto the commencement of the winding up in priority to the Equity Shares of the Company, but shall not confer any further rights to participate in the profits or the assets of the Company. In case of redemption all arrears of dividend whether earned, declared or not shall be payable by the Company.

(ii) In the event of the Company creating and/or issuing, any further Preference Shares in future ranking *pari passu* with or subordinate to the 11% Preference Shares, it would do so only with the consent in writing of the holders of not less than ¾ths of the Preference Shares then outstanding or with the sanction of a special resolution passed at a separate meeting of the holders of the 11% Preference Shares then outstanding. The Company shall not issue any further Preference Shares in future ranking in priority to 11% Preference Shares.

(iii) The Company may at its option after expiry of twelve years but not later than fifteen years from the date of allotment, from time to time, redeem at par the said 11% Preference Shares or so many of them as the Company may think fit, by giving not less than six months' notice of its intention to do so. If all the shares shall not be intended to be redeemed at one and the same time, the shares to be redeemed shall be determined by drawings. Notice of intention to redeem shall be given at such time and in such manner and drawings will be made in the presence of such person or persons and at such time and place as may be fixed by the Directors of the Company. Any 11% Preference Shares not so redeemed under the aforesaid option shall definitely be redeemed at the expiry of 15 years from the date of allotment thereof.

(iv) Subject to the preferential right of the holders of 11% Preference Shares attached by the terms of issue in respect of payment of dividends and repayment of capital in the event of winding up, the holders of Equity Shares shall be entitled to the whole of the residue of the profits that may be decided to be distributed as dividend and the amount of capital paid-up or treated as paid-up on such shares to be repaid and all surplus assets thereafter shall belong to the Equity Shares in proportion to the capital subscribed on such shares at the commencement of winding up.

OPTION TO SUBSCRIBE:

Except as stated in this Prospectus, the Company has not entered into any contract or arrangement and does not at present propose to enter into any contract or arrangement whereby any option or preferential right of any kind has been or is proposed to be given to any person to subscribe for any shares in the Company.

BORROWING POWER:

Subject to the provisions of Section 293 of the Act, the Board of Directors may, from time to time, at their discretion raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company as they think fit and may secure the repayment of any sum or sums of money so borrowed by creation of any mortgage or charge on the undertaking or the whole or any part of the property of the Company both present and future including its uncalled capital for the time being or by issue of bonds, debentures or debenture-stocks of the Company.

The Company has, by a resolution passed at the General Meeting held on 15th May, 1974 authorised the Board of Directors pursuant to Section 293(1)(d) of the Act to borrow moneys upto an amount not exceeding in the aggregate Rs. 25 crores on account of principal outstanding at any one time (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business). The Company has also by a resolution passed in the Extraordinary General Meeting held on 22nd March, 1975, authorised the Board of Directors under Section 293(1)(a) of the Act, for creating the mortgages and charges over the Company's immovable and movable properties both present and future.

RESTRICTION ON TRANSFER OF SHARES:

Subject to the provisions of Section 111 of the Act, or any statutory modification thereof, for the time being in force, the Directors may at their absolute discretion and without assigning any reason, decline to register any transfer of shares and in particular may so decline in any case in which the Company has a lien upon the shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Directors and such refusal shall not be affected by the fact that the proposed transferee is already a member. The registration of a transfer shall be conclusive evidence of the approval by the Directors of the transferee. Provided that the registration of a transfer shall not be refused on the ground that the transferor is either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on the Shares.

MODIFICATION OF RIGHTS:

Whenever the Capital (by reasons of the issue of Preference Shares or otherwise) is divided into different classes of shares, all or any of the rights and privileges attached to the shares of any class may, subject to the provisions of Sections 106 and 107 of the Act, be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of the special resolution passed at a separate meeting of the holders of the issued shares of that class and all the provisions as to general meetings contained in the Articles shall *mutatis mutandis* apply to every such meeting.

LIEN:

1. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share; Provided that the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

2. The Company's lien, if any, on a share shall extend to all dividends payable thereon.

3. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

DIRECTORS AND RESTRICTIONS ON THEIR POWERS:

Unless otherwise determined by the Company in General Meeting and subject to Section 252 of the Act, the number of Directors shall not be less than three nor more than fifteen.

Subject to the provisions of the Act, the Board of Directors shall be entitled to exercise all such powers, and to do all such acts and things, as the Company is authorised to exercise and do, and are not by the Company's Articles or by statute law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of any statute law and of the Articles and to any regulations not being inconsistent with the Articles from time to time made by the Company in general meeting, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid, if such regulation had not been made.

DIRECTORS' SHARE QUALIFICATIONS:

The Articles do not require the Directors to hold any share qualification.

DIRECTORS' REMUNERATION:

Unless otherwise determined by the Company in General Meeting, each Director shall be entitled to receive out of the funds of the Company by way of remuneration for his services in attending meetings of the Board or Committee of Directors the sum of Rs. 500 for every meeting of the Board or Committee of Directors attended by him or such other sum as may be determined by the Directors. At present a fee of Rs. 250 for every meeting of the Board and Rs. 150 for every meeting of Committee of Directors attended by each Director is payable.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, the Directors are also entitled to receive by way of remuneration a sum not exceeding one per cent of the annual net profits of the Company if the Company shall have Managing Director, otherwise not exceeding three per cent of such net profits and such remuneration shall be divided among the Directors in such proportion and manner as the Directors may mutually agree upon and in the absence of any such agreement, equally.

The Directors shall be entitled to be paid their reasonable travelling and other expenses incurred in consequence of their attending Board and Committee Meetings or otherwise incurred in the execution of their duties as Directors. If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a Committee of Directors, the Company may, subject to Sections 198, 309 and 310 of the Act, remunerate the Directors so doing either by way of salary or commission or by a percentage of profits or payment of a fixed sum of money as may be determined by the Directors and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.

MANAGING OR WHOLE-TIME DIRECTOR(S):

The Articles empower the Directors, subject to the provisions of the Act, and the Articles to appoint/re-appoint one or more of their body to be a Managing Director or Managing Directors (in which expression shall be included Joint or Deputy Managing Director) or a whole-time Director or Directors, for such term not exceeding five years at a time. The Directors are empowered to remove or dismiss the Managing or whole-time Directors from office and appoint other(s) in their place or places.

The Managing or whole-time Directors are not liable to retire by rotation during their term of office. Subject to the provisions of the Act, and of any contracts between them and the Company, the remuneration of Managing or whole-time Directors shall be from time to time fixed by the Directors subject to the approval of the Company in general meeting, and may be by way of fixed monthly payment or commission on profits of the Company or by any or all of these modes or any other mode not expressly prohibited by the Act. The appointment/re-appointment of the Chairman, Managing Director and/or any full time Director(s) and the terms of such appointment/re-appointment or any change therein shall be subject to the prior approval of the Financial Institutions.

The Directors may, subject to the provisions of the Act, entrust to and confer upon Managing or whole-time Directors for the time being such of the powers exercisable under the Articles by the Directors as they may think fit. Unless otherwise determined, a Managing/whole-time Director may exercise all the powers exercisable by the Directors save such powers as by the Act or by these Articles shall be exercisable by the Directors themselves.

Shri Raghupati Singhania has been appointed Managing Director for a term of five years from 1st April, 1975. The Government of India vide its letter No. 4/196/CLIX/74 dated 16th January, 1975 as amended by letter of even number dated 16th March, 1975, has given the approval to the said appointment on the following terms and conditions:—

(a) Salary of Rs. 5,500/- (Rupees five thousand and five hundred only) per month in the scale of Rs. 5,500- 500-7,500/-.

(b) One per cent commission on the net profits of the Company computed in the manner laid down in Section 309(5) of the Act subject, however, to a maximum of 50% of the annual salary.

Perquisites:

(i) Company's contribution towards Provident Fund: As per Rules of the Company but not exceeding 10% of the salary as laid down under the Income Tax Rules, 1962.

(ii) Company's contribution towards Superannuation Fund: As per Rules of the Company, but it shall not, together with the Company's contribution to the Provident Fund, exceed 25% of the salary, as laid down under the Income Tax Rules, 1962.

(iii) Gratuity: Not exceeding one-half month's salary for each completed year of service, subject to a maximum of Rs. 30,000/- or 20 months' salary, whichever is less.

(iv) Medical benefits for self and family: Reimbursement of expenses actually incurred, the total cost of which to the Company shall not exceed three months' salary, subject to a maximum of Rs. 15,000/- for a period of every three years of service.

(v) Leave Travel Concession: For self, wife and dependent children once a year to and from any place in India, subject to the condition that only actual fares, and no hotel expenses etc. will be allowed.

(vi) Leave: On full pay and allowances, as per rules of the Company, but not exceeding one month's leave for every completed year of service, subject to the further condition that leave accumulated but not availed of will not be allowed to be encashed.

Shri Raghupati Singhania, Managing Director shall also be entitled to the following perquisites, subject to the condition that any excess expenditure on the above perquisites beyond the limits specified against each of them together with the expenditure on the perquisites listed below, shall not exceed one-third of the salary/emoluments or Rs. 30,000/- per annum whichever is less:—

(vii) Furnished residential accommodation: The monetary value of which may be evaluated as per Rule 3(a) of the Income Tax Rules, 1962.

(viii) Use of Car with Driver: The monetary value of which may be evaluated as per the Income Tax Rules, 1962.

(ix) Personal Accident Insurance: Of an amount the annual premium of which does not exceed Rs. 1,000/-.

(x) Free telephone facility at residence.

(xi) Fees of clubs, subject to a maximum of two clubs.

Shri Raghupati Singhania, Managing Director shall also be entitled to the reimbursement of entertainment expenses actually and properly incurred for the business of the Company. A reasonable ceiling on such expenses may, however, be fixed by the Company itself.

The above remuneration and perquisites are subject to the limits of 5% and 10% of the net profits, as the case may be, as laid down in sub-section (3) of Section 309 of the Companies Act, 1956 and the overall limit of 11% of the net profits as laid down in sub-section (1) of Section 198 of the Act.

The Managing Director so long as he functions as such shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

The Managing Director shall give an undertaking to the Company that he shall not so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company in future without the prior approval of the Central Government.

The Central Government has also sanctioned to Shri Raghupati Singhania, minimum remuneration of Rs. 5,000/- per month and the perquisites referred to above, with the limit that the expenditure on the said perquisites should not exceed Rs. 12,000/- per annum, in the event of absence or inadequacy of profits in any year for a period of two years from the date of appointment. The aforesaid appointment of Shri Raghupati Singhania as the Managing Director and the terms of his appointment are subject to the approval of the Financial Institutions.

ISSUE OTHERWISE THAN FOR CASH:

No shares have been issued as fully or partly paid-up for consideration other than cash within two years preceding the date of this Prospectus. No debentures have been issued so far.

PRELIMINARY AND OTHER EXPENSES:

Preliminary expenses so far incurred amount to Rs. 2,01,379/- out of which an amount of Rs. 21,429/- incurred by Straw Products Limited, one of the Promoters has been reimbursed to that Company. Other expenditure amounting to Rs. 81,87,981/- incurred for the project by Straw Products Limited has also been reimbursed to them from time to time.

PAYMENT TO PROMOTERS:

Except as stated under the heading 'Preliminary and other Expenses', no amount has been paid within the two preceding years, to any promoter or promoters other than the normal remuneration. The promoters shall be paid interest on the unsecured loans/deposits of Rs. 10 lacs to be brought in by them as per the stipulation of the Financial Institutions for financing a part of the project cost at the rate to be decided by the Financial Institutions.

ISSUE AT A PREMIUM OR DISCOUNT:

No shares have been issued at a premium or discount within two years preceding the date of issue.

INTEREST OF DIRECTORS AND PROMOTERS:

All the Directors are interested to the extent of the fees as remuneration for attendance at the meetings of the Board or Committees thereof and travelling and other incidental expenses, if any, payable for such attendance. All the Directors would be further interested to the extent of shares subscribed, allotted or to be allotted to them in the Company.

The Directors of the Company are or may be regarded as interested in the shares subscribed or those that may be subscribed in the capital of the Company by the Companies in which they are interested as Directors and/or Members and by their relatives.

Shri Hari Shanker Singhania, Chairman, is also Managing Director of Straw Products Limited and he may be deemed to be interested to the extent of preliminary and other expenses incurred for the project by and reimbursed to that Company.

Shri Raghupati Singhania will be interested in the remuneration and perquisites payable to him as the Managing Director as hereinabove described.

Shri Hari Shanker Singhania being a relative of Shri Raghupati Singhania may be deemed to be interested in the remuneration and perquisites payable to Shri Raghupati Singhania as the Managing Director of the Company.

Straw Products Limited and J. K. Synthetics Limited are interested to the extent of the shares in the Capital of the Company allotted and to be allotted to them. Straw Products Limited may also be deemed to be interested to the extent of preliminary and other expenses as stated above which have since been reimbursed to them.

INDEMNITY:

Every Director, Managing Director or Officer of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditors shall be indemnified out of the funds of the Company against all liability, incurred by him as such Director, Managing Director, Officer or Auditor in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

CONSENTS:

Consents in writing of the Legal Advisers, Auditors, Managers to the Issue, Principal Brokers, Brokers to the Issue, Issue House, Technical Consultants, Bankers to the Company and Bankers to the Issue to act in their respective capacities have been obtained and filed with the Registrar of Companies, West Bengal, as required by the Companies Act, 1956 and none of such consents has been withdrawn till the date of the filing of this Prospectus.

M/s. Lodha & Co., Auditors of the Company have also given their written consent to the issue of this Prospectus with the inclusion therein of their Report in the form and context in which it appears in this Prospectus and such consent has not been withdrawn upto the date of filing of this Prospectus.

M/s. Escon Consultants Private Limited, Indian Technical Consultants of the project, have given their written consent to the inclusion of the estimated figures of demand and supply for Automobile Tyres & Tubes in India for the period 1975 to 1979 in the form and context in which they are included in the Prospectus and such consent has not been withdrawn upto the date of filing of this Prospectus.

PREVIOUS COMMISSION, BROKERAGE AND DISCOUNT ON SHARES:

Except for underwriting commission, Managers' fees and brokerage payable in respect of this issue and as mentioned in this Prospectus, no sums have been paid within two years preceding the date of this Prospectus or are payable as commission for subscribing for or for procuring or agreeing to procure subscription for any shares in the Company.

MATERIAL CONTRACTS AND AGREEMENTS:

The following Contracts (not being Contracts in the ordinary course of business) which are or may be deemed to be material have been entered into or proposed to be entered into by and on behalf of the Company:

(I) Agreement for Technical Services dated 15th May, 1973 with General Tire International Company, Akron, Ohio (U.S.A.).

(II) Sales Agreement for supply of technical know-how, engineering and documentation for operational facilities dated 10th May, 1973 with General Tire International Company, Akron, Ohio (U.S.A.).

(III) Heads of Agreement with The Industrial Credit and Investment Corporation of India Limited, Bombay dated 21st January, 1975 for foreign currency loan of U.S. $ 6,36,000, out of their total sanction of foreign currency loan to the extent of U.S. $ 25,76,400.

(IV) (*a*) Bank Guarantee dated 7th February, 1975 issued by the Bank of India, Bombay on behalf of the Company favouring The Industrial Credit & Investment Corporation of India Limited, Bombay for Rs. 67.70 lacs as security towards down payments to U.S. Machinery Suppliers.

(*b*) Counter Guarantee dated 7th February, 1975 given by the Company to Bank of India, Bombay for the above.

(V) Purchase Contracts for Plant & Machinery:

Name of Party		*Date of Contract*
Stewart Bolling & Co., Cleveland, USA.	..	9-9-1974 & 21-2-1975
NRM Corporation, Akron, USA.	..	3-9-1974 & 24-2-1975
C. A. Litzler Co. Inc., Cleveland, USA.	..	4-9-1974 & 21-2-1975
Akron Standard, Akron, USA.	..	3-9-1974, 10-9-1974, 21-2-1975 & 21-2-1975
McNeil Akron, Akron, USA.	..	3-9-1974 & 5-3-1975
National Standard Company, Michigan, USA.	..	31-10-1974 & 27-2-1975
Spadone Machine Co. Inc., Norwalk, Connecticut, USA.	..	5-9-1974 & 14-3-1975
Micro-Poise Engineering Company, Wixon, Michigan, USA.	..	5-9-1974 & 4-3-1975
RJS Corporation, Akron, USA.	..	3-9-1974 & 21-2-1975
Birch Bros. Southern Inc., North Carolina, USA.	..	12-9-1974 & 13-3-1975
Monsanto Co., Akron, USA.	..	4-9-1974
VMI-EPE-Holland, Holland B.V.	..	18-12-1974 & 13-1-1975
ETS Zeland Gazuit Chemin Chauveau-03108 Montlucon, France.	..	8-10-1974
ISGEC John Thompson, Calcutta.	..	3-9-1974
L & T—McNeil Limited, Bombay.	..	19-10-1974 & 3-4-1975
Siemens India Limited, New Delhi.	..	6-9-1974 & 3-1-1975
General Electric Company of India Limited, New Delhi.	..	9-12-1974
Crompton Greaves Limited, New Delhi.	..	21-3-1975
Parry & Co. Ltd., New Delhi.	..	21-3-1975
Richardson & Cruddas (1972) Ltd., Bombay.	..	27-1-1975
Oriental Machinery & Civil Construction Private Limited, Calcutta.	..	7-3-1975
Sohal Engineering Works, Bombay.	..	12-12-1974
New Allenberry Works, New Delhi.	..	1-3-1975
Bharat Heavy Electricals Limited, Bhopal.	..	15-11-1974
Consolidated Pneumatic Tool India Limited, New Delhi.	..	17-3-1975
Marshall Sons & Co. Mfg. Ltd., Madras.	..	19-11-1974
East India Transformer & Switchgear Pvt. Ltd., New Delhi.	..	21-10-1974

(VI) Agreement dated 17-10-1974 with Dalal Consultants & Engineers (P) Ltd., Bombay for architectural and civil engineering services.

(VII) Agreement dated 14-2-1975 with Escon Consultants Private Ltd., Calcutta for Technical Consultancy Services.

(VIII) Letter dated 17-3-1975 of H. L. Financial Consultants & Management Services (P) Ltd. (FICOM), Bombay, Managers to the Issue and Company's letter dated 5-4-1975.

(IX) Letter dated 18-3-1975 of MAS Services Private Ltd., New Delhi, Issue House and Company's letter dated 5-4-1975.

(X) Underwriting letters and Company's acceptance thereof as stated under the heading 'UNDERWRITERS'.

(XI) Letter No. F5(1)Ind/74Pt/II dated 20-2-1975 from the Industries Department, Government of Rajasthan regarding transfer of 77.98 Hectares of land.

(XII) Letter No. F. 4(72) Ind/II/72 dated 15-3-1975 from the Industries Department, Government of Rajasthan regarding lease of 37.94 Hectares of land.

Private & Confidential
For Equity Shareholders and Employees of the Company and the Management Group

CREDIT RATING : A+(CRISIL)

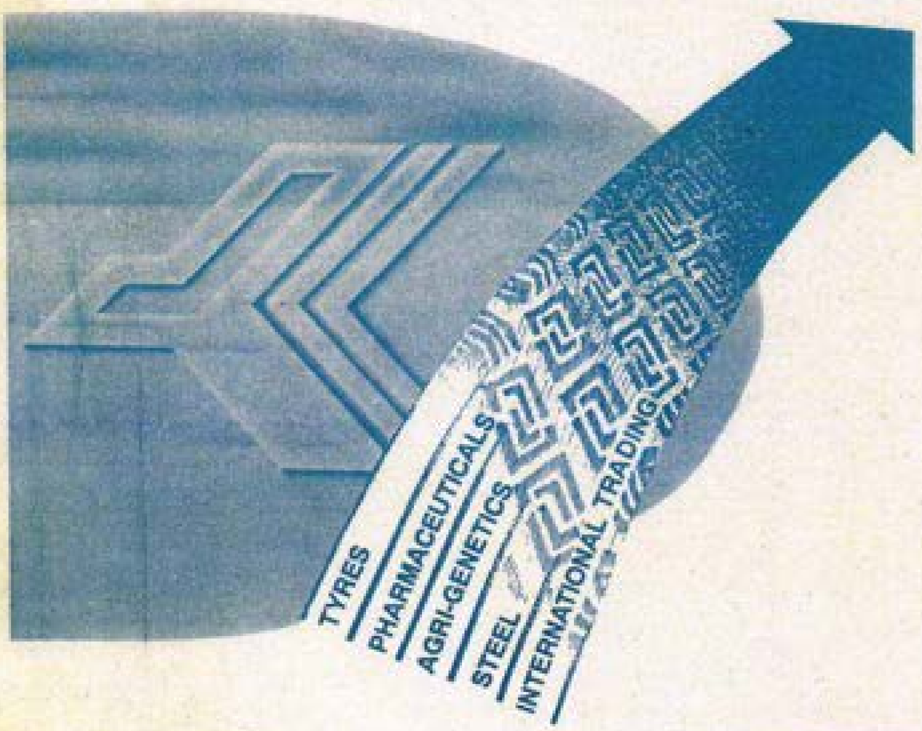
J. K. Industries Ltd.

Registered Office: 7 Council House Street, Calcutta - 700 001.
Admn. Office : Link House, 3 Bahadur Shah Zafar Marg, New Delhi - 110 002.

LETTER OF OFFER

Issue of Equity Shares and Secured Partly Convertible Debentures of the aggregate value of Rs. 257.66 Crores.

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUEST FOR SPLIT FORMS	ISSUE CLOSES ON
16th JAN. 1993	**30th JAN. 1993**	**16th FEB. 1993**



ISSUE HIGHLIGHTS

- One of the leading Tyre manufacturers in the country with a well established brand name '**JK TYRE**'.
- Leadership in Steel Radial Tyres being further consolidated by augmenting capacity.
- Capacity at new Automotive Tyre Plant at Banmore (near Gwalior) being expanded.
- Major Diversification Programme in Core Sector - Pharmaceuticals and Pig Iron.
- Continuous Dividend Paying Record. 30% Dividend for last 3 years. Earnings Per Share: Rs. 17.65 (1991-92).
- Khoka Buy-Back facility arranged.
- Easy Liquidity - Listing on Bombay, Calcutta, Delhi and Jaipur Stock Exchanges.

RISK FACTORS

• Although adequate provisions for contingencies have been made in the project costs, delays in implementation, inflation and factors beyond management's control could affect the project costs. • The performance of the Company is subject to the performance of user industries, fluctuations in raw material prices and sales realisations, change in Government policies and change in levies and taxes. • Rehabilitation of The Central Pulp Mills Ltd., a large Paper Unit, undertaken by the Company, may be subject to cost overrun, if any. Part of the proceeds of the Issue amounting to Rs. 50 Crores will be utilised towards the rehabilitation of this sick unit. An appeal filed against the order of BIFR, is pending with AAIFR. • The project costs and schemes of finance are as estimated by the Company and are subject to institutional appraisal. • Exchange rate fluctuations may affect cost of imported coking coal required for the Pig Iron Project.

Lead Managers to the Issue

Industrial Development Bank of India
Merchant Banking Division
IDBI Tower, Cuffe Parade
Bombay - 400 005.

CREDITCAPITAL
FINANCE CORPORATION LTD.
62, Basant Lok, Vasant Vihar
New Delhi - 110 057.

The Industrial Credit & Investment Corporation of India Ltd.
6th Floor, Tower-II,
Jeevan Bharati Building,
124, Connaught Circus,
New Delhi 110 001.

DSP Financial Consultants Limited
Tulsiani Chambers,
West Wing (11th Floor)
212 Backbay Reclamation
Bombay 400 021.

BOI Finance Limited
Vijaya Building
17, Barakhamba Road
New Delhi 110 001

Registrars to the Issue

Magnum Business Services Pvt. Ltd.
F-31, East of Kailash,
New Delhi 110 065.

JK TYRE AGRI-GENETICS PHARMACEUTICALS STEEL J.K. INTERNATIONAL

OFFER

		Rs.
To Equity Shareholders of the Company		
70,20,551	Equity Shares of Rs. 10 each for cash at a premium of Rs. 80 per Share	63,18,49,590
39,00,306	15% Secured Partly Convertible Debentures of Rs. 360 each for cash at par (PCDs)	140,41,10,160
To Employees and Directors		
3,51,100	Equity Shares of Rs. 10 each for cash at a premium of Rs. 80 per Share	3,15,99,000
To Management Group		
17,55,550	Equity Shares of Rs. 10 each for cash at a premium of Rs. 80 per Share	15,79,99,500
9,75,000	15% Secured Partly Convertible Debentures of Rs. 360 each for cash at par	35,10,00,000
		257,65,58,250

IMPORTANT

1. Please read this Letter of Offer and the instructions contained herein in the enclosed Composite Application Form (CAF) carefully before taking any action. The instructions contained in the CAF constitute an integral part of the conditions of this offer and must be carefully followed; otherwise, the Application is liable to be rejected.
2. All enquiries in connection with this Letter of Offer, the CAF and request for Split Forms should be addressed to the Registrars to the Issue viz., Magnum Business Services Pvt. Ltd. F31, East of Kailash, New-Delhi 110065 quoting the CAF No. and Folio No. as mentioned in the CAF.
3. **Arrangement for sale of non-convertible portion of PCD (Khoka) made. Please read the terms detailed under the head "Arrangement for Sale of Part 'B' (Khoka) of Partly Convertible Debentures" and sign the Specific Clause regarding Khoka Sale in the CAF**
4. The Company has made standby underwriting arrangements aggregating Rs. 40 Crores with Industrial Development Bank of India (IDBI) (Rs. 20 Crores) and Unit Trust of India (UTI) (Rs. 20 Crores) in respect of part of the Rights Issue of PCDs excluding entitlements of PCDs to the Management Group and Financial Institutions. No standby underwriting arrangement has been made in respect of Rights Issue of Equity Shares. The standby underwriting commission payable to the underwriters is - (i) @ 1.5% of the amount underwritten and subscribed to by shareholders and their renouncees and (ii) @ 2% of the amount underwritten and devolved upon and subscribed by IDBI/UTI.
5. If the Company does not receive 90% of the issue amount on Right Basis to the Shareholders, the Company shall refund the entire subscription to the applicants within 90 days from the date of closure of the Issue. If there is a delay in refund of such amount by more than 8 days, the Company will pay interest @ 15% per annum for the delayed period.

CO-MANAGERS TO THE ISSUE

P. N. Vijay Financial Services Pvt. Ltd.
D-35 1st Floor,
South Extension - Part II
New Delhi - 110 049.

Apple Industries Limited
Merchant Banking Division
B-4, Amarchand Mansion,
Madam Cama Road, Colaba,
Bombay - 400 039.

Infrastructure Leasing & Financial Services Ltd.,
Mahindra Tower,
Post Box No. 9910,
Worli, Bombay - 400 018.

The Hongkong and Shanghai Banking Corporation Limited
Merchant Banking Division
9th Floor, Mercantile House
15 Kasturba Gandhi Marg
New Delhi - 110 001.

ADVISORS TO THE ISSUE

Bajaj Capital Investment Centre (P) Ltd.
'F' Block, Connaught Place,
New Delhi 110 001.

TRUSTEES FOR THE DEBENTUREHOLDERS

Bank of India
Executor and Trustee Department
Bombay (Main) Branch,
70/80 Mahatma Gandhi Road,
Bombay 400 023.

BANKERS TO THE ISSUE

CITIBANK
Jeevan Vihar Building,
3, Sansad Marg
New Delhi 110 001.

Dear Sir(s)/Madam,

OFFER OF EQUITY SHARES AND PARTLY CONVERTIBLE DEBENTURES (PCDs) AGGREGATING Rs.257.66 CRORES.

The Board of Directors of the Company (hereinafter referred to as "the Board") has decided to offer Equity Shares and PCDs as detailed herein, pursuant to the Special Resolution passed under Section 81 of the Companies Act, 1956 (hereinafter referred to as "the Act") at the Extra-ordinary General Meeting of the Company held on 11th August, 1992.

I. GENERAL INFORMATION

The Administrative Office of the Company is situated at **Link House, 3 Bahadur Shah Zafar Marg, New Delhi - 110 002**

The Registered Office of the Company is situated at 7, Council House Street, Calcutta - 700 001.

LISTING:

The existing Equity Shares of the Company are listed on the Stock Exchanges at Bombay, Calcutta, Delhi and Jaipur. Applications will be made to these Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares and PCDs now being offered six weeks from the date of closing of the subscription list, and also of the Equity Shares to be allotted on conversion of the PCDs. In the case of PCDs, listing will be sought separately for the Convertible Portion (Part A) and for the Non-convertible Portion (Part B).

Issue Opens on	Last Date For Receiving Request for Split Forms	Issue Closes on
SATURDAY 16.01.1993	SATURDAY 30.01.1993	TUESDAY 16.02.1993

LEAD MANAGERS TO THE ISSUE

INDUSTRIAL DEVELOPMENT BANK OF INDIA
Merchant Banking Division
IDBI Tower, Cuffe Parade,
Bombay - 400 005

CREDITCAPITAL FINANCE CORPORATION LIMITED
62 Basant Lok, Vasant Vihar,
New Delhi - 110 057

THE INDUSTRIAL CREDIT & INVESTMENT CORPORATION OF INDIA LIMITED
6th Floor, Tower-II,
Jeevan Bharti Building,
124, Connaught Circus,
New Delhi - 110 001

DSP FINANCIAL CONSULTANTS LIMITED
Tulsiani Chambers, West Wing,
212, Backbay Reclamation,
Bombay - 400 021

BOI FINANCE LIMITED
Vijaya Building, 1st Floor,
17 Barakhamba Road
New Delhi - 110 001

CO-MANAGERS TO THE ISSUE

P.N. VIJAY FINANCIAL SERVICES PVT.LTD.
D-35 1st Floor, South Extension, Part - II
New Delhi - 110 049

APPLE INDUSTRIES LIMITED
Merchant Banking Division
B-4 Amarchand Mansion
Madam Cama Road, Colaba,
Bombay - 400 039.

INFRASTRUCTURE LEASING & FINANCIAL SERVICES LTD.,
Mahindra Tower, Post Box No.9910, Worli,
Bombay - 400 018.

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
Merchant Banking Division
9th Floor Mercantile House,
15 Kasturba Gandhi Marg,
New Delhi - 110 001.

TRUSTEES FOR THE DEBENTUREHOLDERS
BANK OF INDIA
Executor and Trustee Department
Bombay (Main) Branch
70/80 Mahatma Gandhi Road
BOMBAY - 400 023.

ADVISORS TO THE ISSUE
BAJAJ CAPITAL INVESTMENT CENTRE (P) LTD.,
'F' Block, Connaught Place,
New Delhi - 110 001

REGISTRARS TO THE ISSUE

MAGNUM BUSINESS SERVICES PVT. LTD.
F-31, EAST OF KAILASH
NEW DELHI - 110 065.

BANKERS TO THE ISSUE
CITIBANK N.A.
Jeevan Vihar Building
3 Sansad Marg
New Delhi 110 001

Note : Corporation Bank and Vijaya Bank, as Correspondent Bank(s) of Citibank N.A., will receive Applications at Collection Centres specified in the Composite Application Form.

CREDIT RATING:

The Credit Rating Information Services of India Limited (CRISIL) have assigned "A+" (pronounced "A plus") rating to the Company's issue of PCDs. This rating indicates adequate safety with regard to timely payment of interest and principal.

II. CAPITAL STRUCTURE OF THE COMPANY

SHARE CAPITAL

		NOMINAL VALUE Rs.
A. AUTHORISED		
9,50,00,000	Equity Shares of Rs.10 each	95,00,00,000
10,000	11% 'B' Cumulative Redeemable Preference Shares of Rs.100 each	10,00,000
2,00,000	14% Cumulative Redeemable Preference Shares of Rs.100 each	2,00,00,000
2,90,000	Preference shares (Previous Year 2,71,167) of Rs.100 each	2,90,00,000
		100,00,00,000
B. ISSUED SUBSCRIBED AND PAID UP		
1,40,41,101	Equity Shares of Rs.10 each	14,04,11,010
10,000	11% 'B' Cumulative Redeemable Preference Shares of Rs.100 each	10,00,000
2,00,000	14% Cumulative Redeemable Preference Shares of Rs.100 each	2,00,00,000
		16,14,11,010

C. PRESENT ISSUE

1. Rights Offer to the existing Equity Shareholders of the Company as on 22.12.1992, the Record Date:		Rs.
70,20,551	Equity Shares of the nominal value of Rs.10 each at a price of Rs.90 per Share for cash i.e. at a premium of Rs.80 per Share in the proportion of 1 (ONE) Equity Share for every 2 (TWO) Equity Shares held (Nominal Value : Rs.7,02,05,510)	63,18,49,590
39,00,306	15% Secured Partly Convertible Debentures of Rs.360 each for cash at par (hereinafter referred to as "PCDs") in the proportion of 5 (FIVE) PCDs for every 18 (EIGHT-EEN) Equity Shares held	140,41,10,160

2. Reservation for allotment to employees and directors (hereinafter referred to as "Employees"), on an equitable basis:

3,51,100	Equity Shares of the nominal value of Rs.10 each at a price of Rs.90 per Share for cash at a premium of Rs.80 per share (Nominal Value : Rs.35,11,000)	3,15,99,000

3. Preferential allotment over and above the Rights Offer to the management group:

17,55,550	Equity Shares of the nominal value of Rs.10 each at a price of Rs.90 per Share for cash at a premiumof Rs.80 per Share (Nominal Value : Rs.1,75,55,500)	15,79,99,500
9,75,000	PCD's of Rs.360 each for cash at par	35,10,00,000
	TOTAL :	257,65,58,250

D. PAID UP EQUITY CAPITAL AFTER THE ISSUE

Present Equity Capital	Rs.14.04 Crores
After the present issue of the Equity Shares (Share Premium Account Rs.73.02 Crores)	Rs.23.17 Crores
After conversion of PCDs (Accretion of Share Premium on conversion of PCDs Rs.39.00 Crores, increasing the Share Premium Account to Rs.112.02 Crores)	Rs.28.04 Crores

(The aforesaid figures are worked out assuming full allotment of Equity Shares and PCDs under all the aforesaid categories).

NOTES:

1. The securities offered on a preferential basis to the category in C.2 and C.3 above will be subject to the condition that the Equity Shares alloted thereunder shall not be transferable for three years from the respective dates of allotment thereof.
2. The number of permanent employees is approximately 3735. Allotment of Equity Shares under the category C.2 above shall not exceed 200 Shares per individual. The unsubcribed portion, if any, under C.2 above will be offered to JKI Employees Welfare Association Ltd.
3. The unsubscribed portion, if any, under C.1 above may be offered by the Board to any person(s) as the Board may, in its absolute discretion, deem fit in the best interests of the Company, whether they are existing Members of the Company or not.
4. The holding of the management group is/will be as under:

Particulars	No.of Shares	%
On 22.12.1992 (the Record Date)	52,87,226	37.66
After the allotment of Equity Shares in the present issue	96,86,389	41.81
After conversion of Part "A" of PCDs	1,21,30,063	43.25

The management group intends to subscribe to the aforesaid entitlements in full.

III. TERMS OF THE PRESENT ISSUE

AUTHORITY FOR THE ISSUE

The aforesaid issue of Equity Shares and PCDs has been duly authorised by a Special Resolution passed by the Shareholders of the Company at the Extraordinary General Meeting held on 11th August, 1992.

PROCEDURE & TIME SCHEDULE FOR ALLOTMENT AND ISSUE OF CERTIFICATES

LETTERS OF ALLOTMENT/DEBENTURE CERTIFICATES

Letters of Allotment/Share Certificates/Debenture Certificates will be despatched to the registered address of the first named allottee at the applicant's sole risk within six weeks from the date of closure of the Issue or within such extended time as may be permitted by the Stock Exchange at Calcutta without prejudice to the obligation of the Company to pay interest @ 15% p.a. for the delayed period. In case the Company issues Letters of Allotment, the relative Certificates will be ready for delivery within three months from the date of allotment of the Equity Shares/PCDs or such extended time as may be approved by the Company Law Board. The allottees are requested to preserve such Letters of Allotment to be exchanged later for Share/Debenture Certificates. In respect of Part 'A' of the PCDs, the Company shall be at liberty to issue a composite Certificate, namely a Letter of Allotment of Debentures/Debenture Certificate upto the date of conversion and which will automatically become Share Certificate effective from the date of conversion. The Debenture Certificate(s) will be delivered as per the provisions of Section 113 of the Companies Act, 1956, in exchange for the Letter(s) of Allotment of Debentures issued, if any. Letter of Allotment/Letter of Regret/Refund Order/Share Certificate(s)/Debenture Certificate(s) will be despatched by Registered Post at the applicant's sole risk. Adequate funds for the purpose of despatch of Refund Orders/Letter(s) of Allotment/Share and Debenture Certificate by Registered Post will be made available with Registrars to the Issue.

In case of Non-Resident applicants, the Letter(s) of Allotment/Share Certificate(s)/ Debenture Certificate(s) will be delivered subject to the approval of Reserve Bank of India.

PRINCIPAL TERMS

The Equity Shares and PCDs now being issued and the Equity Shares to be issued on conversion of PCDs are subject to the terms and conditions mentioned in this Letter of Offer, the Composite Application Form, the provisions of the Memorandum and Articles of Association of the Company, Debenture Trust Deed and agreement/document to be entered into with the Trustees, the provisions of the Act and such other terms and conditions as may be incorporated in the Letters of Allotment/Share/Debenture Certificates to be issued.

The principal terms and conditions of the Equity Shares and PCDs are :

(a) FACE VALUE AND ISSUE PRICE

Each Equity Share being offered has a face value of Rs.10. The Equity Shares are being offered at a price of Rs.90 per Share (i.e. at a premium of Rs.80 per Share).

Each PCD has a face value of Rs.360 comprising two parts:

(i) **Part A:** Convertible portion of Rs.90

(ii) **Part B:** Non-Convertible portion of Rs.270

(b) TERMS OF PAYMENT AND APPROPRIATION

The amounts payable on each Equity Share and PCD are as under :

	On the Equity Share	On the PCD
	Rs.	Rs.
On Application	22.50	83.50
On Allotment	22.50	276.50
On Call(s) (One or more)	45.00	-
	90.00	360.00

The sums received on Application in respect of the Issue will be kept in separate bank accounts and the Company will not utilise the funds unless approval of the Calcutta Stock Exchange is obtained for allotment and listing approval is received from all the Stock Exchanges where listing is sought.

The above amounts will be appropriated as under:

EQUITY SHARES	AMOUNT PAYABLE	APPROPRIATION	
		Face Value	Premium
	Rs.	Rs.	Rs.
On Application	22.50	2.50	20.00
On Allotment	22.50	2.50	20.00
On Call(s) (One or more)	45.00	5.00	40.00
	90.00	10.00	80.00

PCDs	AMOUNT PAYABLE	APPROPRIATION		
		PART A		PART B
		Face Value	Premium	
	Rs.	Rs.	Rs.	Rs.
On Application	83.50	2.50	20.00	61.00
On Allotment	276.50	7.50	60.00	209.00
	360.00	10.00	80.00	270.00

ARRANGEMENT FOR SALE OF PART B (KHOKA) OF PARTLY CONVERTIBLE DEBENTURES

For the convenience of resident shareholders who may not wish to retain Part B of the PCDs, the Company has finalised a scheme with The Hongkong & Shanghai Banking Corporation Limited (hereinafter referred to as HSBCL) for buying back of the non-convertible portion. This scheme is applicable only to resident shareholders and not to NRIs. The terms and conditions of the scheme are:

(i) Part B of the PCD of the face value of Rs.270 can be offered for sale to HSBCL **at a price of Rs.209** (inclusive of interest, if any). The above purchase price of Rs. 209 is no indication of the price at which the Part B of the PCD will be quoted and traded on the floor of the Stock Exchange.

(ii) The persons who will be exercising the option to sell Part B of the PCD will be doing so at an upfront discount of 22.59% of the issue price. The interest yield on buying this portion of the PCD works out to 19.38% (current yield) and 20.96% (yield to maturity) p.a. It would also imply that the investor will get 1 Equity Share of the company at Rs.151.00 each considering the amount of Rs.90.00 payable on Part A of the PCD.

(iii) Under the terms of the issue, amount payable on application is Rs. 83.50 per PCD of which Rs.61.00 is adjusted as application money against Part B of the PCD. On exercising the option to sell the said portion of the PCD to HSBCL, you will not have to pay any further amount on allotment **in respect of Part B of PCD.** In cases where excess application money has been paid by you in respect of Part B, the relevant amount will be refunded to you by the Company.

(iv) The transaction for sale of Part B of the PCD shall be executed on the basis of a spot delivery transaction in accordance with, and subject to, the provisions of Securities Contracts (Regulation) Act 1956 and rules made therein.

(v) Sale of Part B of the PCD should be indicated by you by signing the specific clause in the CAF. On such signing, each allottee shall be deemed to have authorised designated official(s) of the Company as notified to deliver the Allotment Letter/Debenture Certificate pertaining to this Part B to the Bank or its nominee(s) or assign(s) and to execute the same to the Bank or its nominee(s) or assign(s) and the allottee shall be deemed to have exercised this option for the entire holding of his Part B of the PCDs.

(vi) HSBCL shall have a warranty of title in respect of Part B of the PCD comprised in such sale and the same shall be free from claims, lien, charges, encumbrances of whatsoever nature (except to the extent provided in respect of partly paid-up PCDs under the terms of the issue), and if any defect is subsequently found, HSBCL or its nominee(s) shall have a right to be indemnified by the allottee for any loss or damage arising on account thereof.

However, investors are free to make any other arrangements they wish for disposal of Part B of the PCDs.

(c) FORFEITURE

Failure to pay the amount due on allotment or on calls, on or before the last dates fixed for such payment, will render the allottee liable to pay interest upto the date of such late payments @ 18% per annum and will also render the Debentures and/or Shares (including the amount already paid in respect thereof) liable to forfeiture. The provisions regarding forfeiture of Shares as contained in the Articles of Association of the Company shall apply mutatis mutandis to the forfeiture of the Debentures. No interest is payable on Debentures forfeited. The Board shall also be entitled, in its absolute discretion, not to convert the PCDs on which allotment/call moneys are outstanding on the date of conversion and not to consider them while deciding to confer any benefits to the holders of the PCDs which are fully paid-up.

(d) CONVERSION

Part 'A' of each fully paid up PCD shall be compulsorily and automatically converted without any further act or application by the holders of the PCDs into 1 (ONE) Equity Share of Rs.10 credited as fully paid up at a premium of Rs.80 per Share on the expiry of 6 (six) months from the date of allotment of the PCD. After such conversion, the face value of each PCD shall stand reduced to Rs.270.

(e) REDEMPTION

The Non-Convertible portion, Part 'B' of Rs.270 per PCD, would be redeemed at par in three equal annual instalments of Rs.90 each on the expiry of the 7th, 8th and 9th years respectively from the date of allotment of the PCDs.

However, the Board is authorised to redeem at par at any time prior to the due dates of redemption, the whole or part of Part B of the PCDs in such manner as they may decide by giving three months' notice to the holders thereof and to the Trustees for the Debenture-holders, without obtaining any further sanction by the holders of the PCDs.

(f) INTEREST

The PCDs shall carry interest at the rate of 15% per annum subject to deduction of income-tax at source at the applicable rates, on the paid up principal amount outstanding from time to time from the date of allotment to the date of redemption thereof. The interest shall be payable half yearly on 31st March and 30th September each year. However, the first payment of interest on the PCDs (Part B) from the date of allotment thereof upto 30th September 1993 will be made on 30th September 1993. Payment of interest on Part A of the PCD from the date of allotment to the date of conversion will also be made on the 30th September 1993. At the time of redemption, interest for the last period ending on the date of redemption of the PCDs (Part B) shall be paid proportionately. Interest will be paid to the registered holders and in case of joint holders, to the person whose name appears first in the Register of Debentureholders.

In case allotment money remains due and unpaid, interest warrants relating to such Debentures will not be mailed until the arrears of allotment money are paid in full together with overdue interest. No interest whatsoever will be payable on the Debentures forfeited.

(g) SECURITY

The principal amount of the PCDs, together with interest, Trustees' remuneration and other amounts payable in respect thereof would be secured by way of mortgage and/or charge as and by way of second and subservient charge, in such form and manner over such immovable and movable properties and assets of the Company, present and/or future, as the Board may determine in consultation with the Trustees for the PCDs and, if required by the participating Financial Institutions/Banks, without requiring the consent of the Debentureholders.

The security will be created by the Company as aforesaid in favour of the Trustees within 12 months from the date of allotment of PCDs on such of the assets for which the Company obtains, after all due diligence and efforts, requisite consents and permissions applicable under law or in accordance with conditions of holding of such assets to create the above mentioned mortgage/security. The implementation by the Company of this provision shall be sufficient compliance of the Company's obligation to create security. For the remaining assets, mortgage/security will be created within such extended period as may be agreed upon by the Trustees and pending such creation of mortgage/security the Company shall not, without the prior approval of the Trustees, create any further mortgage/security thereon. In the event, the Company is not able to create security on any of the assets within the prescribed time limit, the Company shall be liable to pay penal interest as prescribed by the Government/SEBI guidelines. The consent of the shareholders of the Company for mortgaging/charging the assets has been obtained under Section 293(1)(a) of the Companies Act 1956 at the Extraordinary General Meeting of the Company held on 11th August 1992.

If the security is not created even after 18 months, a meeting of the Debentureholders would be called within 21 days to explain the reasons thereof and the date on which the security would be created.

(h) TRUSTEES FOR THE HOLDERS OF PCDs

Bank of India, Executor and Trustee Department, Bombay (Main) Branch having its Office at 70/80 Mahatma Gandhi Road, Bombay 400 023, has vide its letter No. BO:LGL:CGN:0534 dated 29th September 1992 agreed to act as the Trustees for the holders of the PCDs (hereinafter referred to as "the Trustees"). The Company will enter into appropriate arrangements with the Trustees for setting out the terms and conditions of the Trust Deed subject to which the PCDs are issued. All the rights and remedies of the Debentureholders shall vest in and shall be exercised by the said Trustees without having it referred to the Debentureholders. The holders of the PCDs shall, by signing the CAF and without any further act or deed, be deemed to have irrevocably given their consent to and authorised the Trustees or any of their Agent or authorised officials to do inter alia all acts, deeds and things necessary in respect of or relating to the security to be created for securing the PCDs being offered in terms of this Letter of Offer.

(i) DEBENTURE REDEMPTION RESERVE

The Company shall create a Debenture Redemption Reserve to the extent and in the manner required under the guidelines as issued by the Central Government/SEBI in this behalf, as prevailing from time to time.

(j) FURTHER ISSUES/BORROWINGS

The Company shall be entitled, from time to time, to make further issue(s) of Debentures/Bonds and/or to raise further loans, advances and/or avail of further financial and/or guarantee facilities from Financial Institutions, Banks and/or any other person(s) on the security of the said properties or any part thereof and/or such other assets or properties as may be decided by the Company from time to time and having such ranking including ranking in priority to the securities to be created in favour of the Trustees and on such terms and conditions as may be agreed mutually by the Company and the Trustees and the participating Financial Institutions and Banks, without being required to obtain any further approval or consent of the holders of Debentures being offered in terms of this Letter of Offer.

(k) REPURCHASE OF PCDs

The Company shall at its option, have the right, after the allotment and issue of PCDs as aforesaid to repurchase some or all of such PCDs and to cancel or re-issue them at its discretion from time to time in accordance with Section 121 of the Companies Act 1956. The Company shall not, however, repurchase Part A of the PCDs.

(l) RIGHTS OF EQUITY SHAREHOLDERS

The Equity Shares now being issued and to be issued on conversion of PCDs shall rank pari passu in all respects with the then existing Equity Shares of the Company except that they will be entitled to pro-rata dividend which may be declared for the financial year in which they are alloted and shall be paid proportionately on such Shares on the paid-up amount thereon, from the respective dates of allotment/ conversion.

(m) RIGHTS OF THE DEBENTUREHOLDERS

(1) The PCDs shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations as in the case of the existing Equity Shares of the Company and the provisions relating to transfer and transmission in respect of Equity Shares in the Articles of Association of the Company shall apply mutatis mutandis to the PCDs.

(2) Except to the extent of the Shares that will be issued to the Debentureholders on conversion as aforesaid, the Debentureholders will not be entitled to any of the rights and/or privileges available to the Equity Shareholders of the Company.

(3) The PCDs shall not confer upon the Debentureholders the right to receive notices of or to attend and vote in person or by proxy at any General Meeting of the Equity Shareholders of the Company or to receive Annual Reports of the Company. If however, any resolution affecting the rights attached to the PCDs is placed before the meeting of the Equity Shareholders, such a resolution will first be placed before the meeting of the registered Debentureholders for their consideration.

(4) The rights, privileges and conditions attached to the PCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourth of the outstanding amount of the PCDs or with the sanction of a special resolution passed at the meeting of the Debentureholders provided however that nothing in such consent or resolution that is not acceptable to the Company shall be operative against the Company.

(5) The registered Debentureholder or in the case of joint holders, the one whose name stands first in the register of Debentureholders, shall be entitled to vote in respect of such PCDs either in person or by proxy at any meeting of the Debentureholders and every such holder shall be entitled to one vote on a show of hands and on a poll his voting right shall be in proportion to the outstanding nominal value of PCDs held by him on every resolution placed before such meeting of the Debentureholders. The quorum for such meeting shall be five Debentureholders present in person.

(6) The provisions contained in Annexure 'C' and/or 'D' of the Companies (Central Government's) General Rules and Forms 1956, as prevailing will apply to every meeting of the Debentureholders.

(7) A Register of holders of the PCDs (hereinafter referred to as 'the Register of Debentureholders') will be maintained in accordance with section 152 of the Companies Act 1956. The principal amount and the interest on the PCDs will be paid to the registered Debentureholders for the time being only; and in the case of joint holders, to the person whose name appears first in the Register of Debentureholders.

(8) The Debentureholders will be entitled to their PCDs free from equities and/or cross claims by the Company against the original or any intermediate holders thereof.

(9) The PCDs comprised in the present issue shall rank pari passu inter se without any preference or priority of one over the other or others of them and shall be subject to such terms and conditions as may be incorporated in the Debenture Trust Deed/Trustees Agreement and in the Debenture Certificates to be issued.

(10) The Trustees for the Debentureholders shall have the right to appoint a nominee Director on the Board of the Company who shall neither be liable to retire by rotation nor shall be required to hold any qualification shares. This Director shall cease to be a Director upon repayment/redemption of the PCDs. The right to appoint such a Director shall be exercised by the Trustees only in the event of default by the Company in the payment/ redemption of interest/principal amounts on the due dates.

(n) BONUS OR RIGHTS ISSUE

In the event of the Company making a bonus issue of Shares, in whatever proportion, prior to the allotment of Equity Shares on conversion of the PCDs the entitlement of the holders of the PCDs shall stand augmented in the same proportion in which the Equity Share Capital of the Company increases as a consequence of such bonus issue.

In the event of the Company making a Rights Issue of Equity Shares or of Fully or Partly Convertible Debentures to the then existing Shareholders, prior to the allotment of Equity Shares on conversion of the PCDs, the Company shall reserve such Rights offer for allotment to the holders of PCDs on such terms and conditions as may be decided by the Board.

(o) EVENTS OF DEFAULT

The Debenture Trustees will protect the interests of the Debentureholders in events of default by the Company which shall be set out in detail in a Trust Deed to be executed between the Company and the Debenture Trustees. The Trustees will take necessary action including enforcement of security on the happening of any events of default as set out in the Trust Deed which shall include -

(i) if default is made for a period of 90 days in payment of monies due and payable in respect of principal and interest owing upon the Debentures;

(ii) if a petition for winding up of the Company has been admitted or an order of a court of competent jurisdiction is made or an effective resolution is passed for the winding up of the Company otherwise than in pursuance of a scheme of amalgamation or reconstruction previously approved by the Trustees;

(iii) if the Company sells the assets mortgaged or to be mortgaged or any part thereof not in the ordinary course of business and except as a sale, transfer, disposition allowed by the Debenture Trustees;

(iv) if the Company ceases without the consent of the Debenture Trustees or threatens to cease to carry on its business or gives notice of its intention to do so;

(v) if the Company at any time fails to comply with any material covenant in spite of a notice to this effect having been given by the Debenture Trustees to the Company;

(vi) if the Company (except as hereinabove expressly provided) creates or attempts to create any charge or mortgage on the assets to be mortgaged or any part or parts thereof ranking in priority to or pari passu with the security to be created for the Debentures;

(vii) if the Company is unable for any reason whatsoever to create a mortgage and charge in favour of the Debenture Trustees in the manner as may be mutually agreed to between the Company and the Debenture Trustees.

Over and above the aforementioned principal terms and conditions of the said debentures, the same will be subject to other terms and conditons to be incorporated in the Debenture Trust Deed to be entered into with the Trustees and/or the Trustees Agreement and/or in the Debenture Certificates that may be issued.

(p) BASIS OF RIGHTS OFFER

The Equity Shares and PCDs now being offered for subscription on a Rights Basis to the existing Equity Shareholders whose names appear on the Register of Members of the Company at the close of business hours on 22.12.1992 (hereinafter referred to as the "Record Date") in the ratio as detailed under 'CAPITAL STRUCTURE OF THE COMPANY', with a right to renounce or to apply for additional Equity Shares and/or PCDs. Fractional entitlements of each security of less than 0.50 will be ignored and of 0.50 or above will be rounded off to the next higher number. In the event of a shareholder's entitlement becoming 'Nil' on account of fractional right being ignored, such shareholder would be entitled for preferential allotment of at least one Equity Share/PCD, if he applies for additional Equity Shares/PCDs.

(q) ENTITLEMENT

As an Equity Shareholder of the Company on the Record Date, you are entitled to the Rights Offer. The number of Equity Shares/PCDs to which you are entitled is shown in Column (2) of PART 'A' of the enclosed separate CAF.

(r) ACCEPTANCE OF OFFER

There are two separate CAFs enclosed, one for Equity Shares and one for PCDs.

You may renounce and/or accept and apply for the Equity Shares and/or PCDs hereby offered to you either wholly or in part by filling up the enclosed respective CAFs and submitting the same together with the application monies payable thereon, to the Bankers to the Issue, before the close of banking hours on or before the date on which the issue closes, otherwise, the offer contained in this Letter of Offer shall be deemed to have been declined.

The CAF should be completed in all respects as explained in the instructions contained herein and in the CAF(s). The completed CAF together with the necessary payments should be lodged with any of the Branches of the Bankers to the Issue mentioned on the reverse of the CAF before the closure of the Issue.

(s) ADDITIONAL EQUITY SHARES/PCDs

You are also eligible to apply for additional Equity Shares and/or PCDs over and above the number to which you are entitled, provided you apply for all the corresponding Equity Shares or PCDs respectively offered to you without renouncing them in whole or in part in favour of any other person(s). If you desire to apply for additional securities, please indicate your requirement by filling in the required number in Block II of PART 'A' of the respective CAFs. The allotment of the additional Equity Shares/ PCDs shall be at the absolute discretion of the Board of Directors and will be considered on an equitable basis with reference to Equity Shares held on the Record Date, and if necessary, in consultation with the Stock Exchange at Calcutta.

Allotment of additional Equity Shares to Non-Resident Shareholders will be made subject to the approval of the Reserve Bank of India.

(t) RENUNCIATION

You may renounce all or any of the Equity Shares/PCDs which you are entitled to in favour of any other person(s). Renouncee(s) need not be existing member(s) of the Company. Such renouncee(s) (not more than three persons as joint holders) can only be Indian Nationals, limited companies and statutory institutions, all being residents in India and Non-Resident Indians who as renouncees apply for the Equity Shares on non-repatriation basis or under portfolio management scheme. In other case of renunciation to Non-Resident Indians, the provisions and guidelines of the Reserve Bank of India will be applicable. However, renunciation in favour of Trusts (unless the Trust is registered under the Societies Registration Act of 1860 or under any other relevant law and is authorised under its constitution to hold Equity Shares/Debentures of a Company), foreign national (or the nominees of any of them), partnership firms, minors, etc. will not be accepted. Renunciation of entitlements by Non-Resident Equity Shareholders to residents or to other Non-Residents, or by resident Shareholders to Non-Residents, is subject to the Renouncer/Renouncee obtaining the necessary approval of the Reserve Bank of India and the said permission should be attached to the CAFs. However, in the case of NRIs renouncing in favour of other NRIs/residents without any consideration, no separate permission is required (such renunciation will be subject to gift tax, if any). In other case of renunciation to Non-Resident Indians, the provisions and guidelines of the Reserve Bank of India will be applicable. You can renounce your Rights entitlement of Equity Shares/PCDs by signing PART 'B' of the CAF. Renouncee(s) who have applied for all the Equity Shares/PCDs renounced in their favour, are also eligible to apply for additional Equity Shares/PCDs respectively. Application made by renouncee(s) for allotment of Equity Shares/PCDs shall be subject to the approval of Stock Exchange at Calcutta and the Board shall have the absolute and uncontrolled discretion to reject any such application without assigning any reason.

The renunciation by Shareholders to Non-Resident Indians will be governed by the Reserve Bank of India's directives/approvals.

If you wish to apply for Equity Shares/PCDs jointly with any person(s) who is/are not already joint holders with you or to delete the name(s) of existing joint-holder(s), it will tantamount to renunciation and the procedure for renunciation shall have to be followed.

PART 'A' of the CAF must not be used by any person in whose favour this offer has been renounced as this will render the Application invalid.

(I) Renunciation In Whole

If you do not wish to apply for any of the Equity Shares and/or PCDs offered to you and further wish to renounce these to one renouncee (who may apply in joint names up to three), you must fill in and sign the Form of Renunciation i.e; PART 'B' and hand over the relevant CAFs IN ITS ENTIRETY to the renouncee. In case of joint holding, all the joint holders must sign in the same order in which their name(s) appear in the Register of Members. The renouncees should fill in and sign PART 'C' of the CAF for the number of Equity shares/PCDs accepted and additional number desired, if any, and submit the Form IN ITS ENTIRETY together with appropriate remittance for the amount payable on application to any of the Bankers to the Issue at any of their main offices/branches at places mentioned on the reverse of the Form so as to reach them on or before the date on which the issue closes. In case of joint renouncee(s), all the renouncee(s) must sign PART 'C'.

Renouncees may apply for additional Equity Shares/PCDs if they have accepted all the Equity Shares/PCDs respectively renounced in their favour.

(II) Renunciation In Part And Splitting

If you wish to accept part of the Equity Shares and/or PCDs offered to you and renounce the balance in favour of two or more renouncees, fill in PART 'D' of the relevant CAF to obtain the Split Forms for the purpose and forward the entire Application Form to the Registrars to the Issue so as to reach not later than the 30th January 1993. Split Application Form cannot be re-split. On receiving the Split Application Forms, handover such form as you wish to renounce to your renouncees after signing PART 'B' and retain the Split Application Form you wish to use for accepting part of the offer. The renouncees should use the Split Application Form in the manner as explained above.

Each separate renouncee may apply in joint names not exceeding three. Only a person or persons to whom this Letter of Offer is addressed and not a renouncee shall be entitled to renounce and/or obtain Split Forms.

Split forms will be issued only in lots of 50 Equity Shares and/or 25 PCDs or in multiples thereof. Split forms cannot be re-split.

In case of renunciation submission of CAF(s) IN ITS ENTIRETY with PART 'B' duly completed and purporting to have been signed by you and Part 'C' duly completed and signed by the renouncee applicant to any of the Bankers to the Issue at any of the Offices/Branches mentioned in the Form shall be conclusive evidence of the title of the person(s) applying for the Equity Shares/PCDs in PART 'C' to receive allotment of such securities. PART 'A' MUST NOT BE USED BY THE RENOUNCEE(S) AS THIS WILL RENDER THE APPLICATION INVALID.

APPROVAL FOR ISSUE TO NON-RESIDENT INDIAN SHAREHOLDERS

The Company has vide letter No.JKI:SH:RI:RBI:1992 dated 28th December 1992 applied for "in-principle" approval from the Reserve Bank of India for offer of the Equity Shares/PCDs to the NRI Shareholders on repatriation basis. The allotment of Equity Shares/PCDs to Non-Resident shareholders including additional Equity Shares/PCDs if any, will be governed by and will be subject to the approval of the Reserve Bank of India. In case of Non-Residents who remit their application money from funds held in NRE/FCNR Accounts, refunds, payment of dividend and other disbursements, if any, shall be credited to such account, details of which should be furnished in the appropriate columns in the CAF. In case of Non-Residents who remit their application money through Indian Rupee drafts from abroad, refunds, payment of dividend and other disbursements, if any, will be made in U.S. Dollars at the rate of exchange prevailing at such time, subject to the permission of Reserve Bank of India. However, the Company will not, in any way, be responsible for any loss that might be caused due to fluctuations in the rates of exchange.

IV. MODE OF PAYMENT

(a) FOR RESIDENT SHAREHOLDERS

(i) Payment should be made in cash or by Cheque/Bank Draft/ Stockinvest drawn on any Bank (including a Co-operative Bank) which is situate at and is a member or sub-member of the Banker's Clearing House located at the centre where the application is accepted. A separate Cheque/Bank Draft/Stock-invest must accompany each Composite Application Form.

Outstation Cheques/Bank Drafts will not be accepted and Application Forms accompanied by such Cheques/Bank Drafts will be rejected. **MONEY ORDERS/POSTAL ORDERS WILL NOT BE ACCEPTED.**

(ii) All Cheques/Bank Drafts/Stockinvests accompanying the Application must be crossed **"A/c PAYEE ONLY"**. Cheques/ Bank Drafts/Stockinvests must be made payable to **"JKI RIGHTS ISSUE - EQUITY A/C"** in case of Application for Equity Shares; and **"JKI RIGHTS ISSUE - PCD A/C"** in case of Application for PCDs.

(iii) In case of payment by Stockinvest, the details regarding the manner of Application with Stockinvest are available with Banks operating the Stockinvest Scheme. The Application accompanied by Stockinvest will be listed and sent to the Registrars to the Issue by the accepting Bank. The Registrar will consider these Applications alongwith the other Applications accompanied by Cheques/Bank Drafts or Cash. The Stockinvests in respect of allottees will be forwarded to the issuing Bank for collection of proceeds.

(iv) No receipt will be issued for the application money received. However, the Bankers to the Issue receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgement slip provided in the Composite Application Form.

(v) No person shall make an Application for subscription to the Equity Shares/PCDs IN CASH if, on the date of making the Application, the applicant has any deposit or loan (including PCDs) whether originally paid in cash or otherwise remaining unpaid (whether payment has fallen due or not) which by itself taken together with the present application is Rs.20,000/- or more in terms of Section 269SS of the Income-tax Act 1961.

(vi) In terms of Section 269 of the Income-tax Act 1961, in the event of the Company at any time finding any applicant having contravened this section, the Company is required to return the application money without payment of any interest whatsoever and after deducting bank commission and other charges, if any.

(b) FOR NON-RESIDENT INDIANS (NRIs)

(i) In case the Equity Shares/PCDs are applied for on repatriation basis, payments by Non-Resident Indian Shareholders will be accepted by Rupee drafts purchased abroad or Cheques/Bank Drafts drawn on Non-Resident External Account (NRE A/c)/ Foreign Currency Non-Resident Account (FCNR A/c) maintained in India. In such cases, an Account Debit Certificate from the Bank issuing the draft confirming that the draft has been issued by debiting NRE/FCNR Account should also be enclosed. In case the Equity Shares/PCDs are applied for on a Non-Repatriation basis, payment may be made by Cheque drawn on Non-Resident (Ordinary) Account (NRO Account) or Rupee Draft purchased out of NRO Account maintained anywhere in India.

(ii) **All Cheques/Bank Drafts accompanying the Application must be crossed "A/c PAYEE ONLY". Cheques/Bank Drafts must** be made payable at Bombay only and should be marked as **"JKI RIGHTS ISSUE - EQUITY/PCDs - NRI A/C"**. For further details, please see the Composite Application Form.

(c) FOR EMPLOYEES

(i) Application shall be made on the separate Application Form with the title "For Employees Only"

(ii) All Cheques/Bank Drafts/Stockinvests accompanying the Application must be crossed **"A/c PAYEE ONLY"**, and drawn in the manner detailed in the Application Form meant for Employees.

(iii) For further instructions, please read the Application Form carefully.

(d) FOR COMPANIES/PERSONS OF THE MANAGEMENT GROUP

(i) Application shall be made on the separate Application Form with the title "For companies / persons of the management group only".

(ii) All Cheques/Bank Drafts/Stockinvests accompanying the application must be crossed **"A/c PAYEE ONLY"**. Cheques/ Bank Drafts/Stockinvests must be made payable to **"JKI RIGHTS ISSUE - PREFERENTIAL A/C"**

(iii) For further instructions, please read the Application form carefully.

V. STOCKINVEST SCHEME

The Applicant has the option to use Stockinvest for applying for the Equity Shares/ PCDs now offered in terms of this Letter of Offer, Stockinvest can be obtained from any Bank issuing such instruments in various denominations by making the necessary application and depositing the amounts with the respective Banks and/or complying with such other requirement the Bank may deem necessary. The applicant using the Stockinvest should submit the application form to any of the Bankers to the issue before closing of the Issue together with the Stockinvest after filling in the appropriate amount.

Wherever the applicant has made payment through Stockinvest, at the time of making the application, he will authorise the payment of the maximum sum payable towards application money for Shares/PCDs applied on the left hand side of the Stockinvest. Once the basis of allotment is fixed/ worked out by the Stock Exchange, the Company and the Registrar will fill up the right side of the Stockinvest form, indicating the entitlement of the investor on the basis of allotment. There are two possibilities here - (1) Full Allotment - in which the number of Shares/PCDs applied for on the left side of the Instrument will be the same as on the right side of the Instrument, (2) Partial allotment - when the entitlement will be less than the amount applied for. Registrar will arrange for the presentation of Stockinvest, together with the necessary endorsements to the branch of the controlling Bank of Rights Issue. The Stockinvest being guaranteed instruments, the collecting banker will credit the Company's account immediately. In case of full amount, when the number of Shares/PCDs applied for and allotted are equal the Company will claim full payment under the Stockinvest and in case of partial allotment, only relevant amount will be claimed. After the Company's account has been credited, the Registrar will proceed with the formal allotment.

In case of full and partial allotment, the Registrar will intimate the successful applicant through allotment advice as the prevalent practice. Registrars to the Issue have been authorised by the Company (through Resolution of the Directors passed on 4.1.1993) to sign on behalf of the Company to realise the proceeds of the Stockinvest from the Issuing Bank or to affix non-allotment advice on the instrument, or cancel the Stockinvest of the non-allottees or partially successful allottees who have enclosed more than one Stockinvest. Such cancelled Stockinvests shall be sent back by the Registrars directly to the investors.

VI. WHERE TO MAKE PAYMENTS

After completing the enclosed CAF(s) in the manner aforesaid, please submit the Application Form(s) together with necessary payment for the amount payable on application to any of the Bankers to the Issue to their branches as mentioned in the CAF.

VII. NO APPLICATION WILL BE ACCEPTED DIRECTLY BY THE COMPANY OR BY THE LEAD MANAGERS/ CO-MANAGERS/ REGISTRARS TO THE ISSUE.

VIII POSTAL APPLICATION

Shareholders/Renouncees who are unable to submit their application in person at the Collecting Bank or at their branches mentioned in the CAF may send the same by **Registered Post to the Company's Bombay Office: "J.K. Industries Ltd., Kasturi Building, (3rd Floor), Jamashedji Tata Road, Church Gate, Bombay-400 020"**, at their own risk accompanied by a MICR Bank Draft/Stockinvest payable at Bombay in favour of **"JKI RIGHTS ISSUE-EQUITY A/C" or "JKI RIGHTS ISSUE-PCD A/C"**, as the case may be.

In any case such application alongwith Bank Draft/Stockinvest should reach Company's Bombay Office before the close of banking hours on Tuesday 16th February 1993 the closing date of the Issue.

The Company would not be held liable for the postal delay/loss if any.

IX. LAST DATE FOR SUBMISSION OF APPLICATION FORM

The last date for receipt of the CAF(s) to the Bankers to the Issue as listed in the CAF together with the amount payable on Application is 16th Febuary 1993. The last date for submission of requests for Split forms is 30th January 1993. The Board of Directors will have the right to extend the same for such period as may be determined from time to time. However, the Rights Issue will not be kept open for more than 60 days. If the CAF together with the amount payable is not received by the Bankers to the Issue on or before the close of banking hours on 16th February 1993 or such extended date as may be determined by the Board, the offer contained in this letter shall be deemed to have been declined by y u and the Board of Directors shall be at liberty to dispose of the securities hereby offered as they deem fit.

X. UNSUBSCRIBED EQUITY SHARES/PCDs

If any portion of the Rights Offer remains unsubscribed, the Board may after considering applications for additional Equity Shares/PCDs, dispose of the same in such manner, to such persons and in such proportion as it deems fit in the best interest of the Company.

If any portion of the reservation for Employees remains unsubscribed, the Board may offer and allot the same to JKI Employees Welfare Association Ltd.

XI. INCOMPLETE APPLICATION

Applications which are found incomplete with regard to any of the particulars required to be given therein or which are not completed in conformity with the terms of the offer or the instructions contained herein and in the CAF, will be liable to rejection and the application money in respect thereof will be refunded without interest.

XII. BASIS OF ALLOTMENT

The Board will proceed to allot the Equity Shares/PCDs in the following order of priority:

(i) full allotment to the Shareholders who have applied for their Rights either in full or in part and also to the Renouncees who have applied for the Equity Shares/PCDs renounced in their favour in full or in part.

(ii) to the Shareholders who, having applied for all the Equity Shares/ PCDs offered to them as Rights, have also applied for additional Equity Shares/PCDs, respectively, subject to availability.

(iii) to the renouncees who have applied for all the Equity Shares/PCDs renounced in their favour and have also applied for additional Equity Shares/PCDs, provided there is a surplus after making full allotment under (i) and (ii) above.

(iv) to any other persons as the Directors may, in their absolute discretion deem fit, provided their is a surplus after making full allotment under (i), (ii) and (iii) above.

Allotment against additional Shares/PCDs applied for will be made on an equitable basis in consultation with the regional Stock Exchange at Calcutta.

Please note that the Company shall not consider any application for additional Equity Shares/PCDs from a holder of the Equity Shares who does not accept the corresponding Equity Shares/PCDs offered on a Rights basis in full or who renounces the relevant offer in whole or in part. Also, the allotment of additional Equity Shares/PCDs made by the Board shall be final, binding and conclusive and the Board will not entertain any objection(s) thereto from any applicant or enter into correspondence in that connection.

XIII. ALLOTMENT AND REFUNDS

Where an applicant who has paid the application money is allotted lesser number of Equity Shares/PCDs than he has applied for, the excess amount paid by him, will be adjusted towards the allotment money payable on the respective Equity Shares/PCDs allotted to him. If there is still an excess left after the adjustment aforesaid, such excess money will be refunded by the Company to the applicant without interest, within six weeks from the last date for submission of the application, or within such further period as may be approved by the Stock Exchange at Calcutta, without prejudice to the Company's liability to pay interest @ 15% p.a. for the delayed period.

Cheques or Pay Orders for refund will be payable at par at all centres where the applications are originally accepted and will be drawn in favour of the Sole/First applicant and sent by Registered post.

For Non-Resident Shareholders

Excess Application money, if any, received from the NRI Shareholders will be refunded by way of crediting the amount in Indian Rupees to NRE/ FCNR A/c of Sole/First applicant as per the mandate instruction or by way of U.S. Dollar Draft in case of repatriable basis or by Rupee Cheque in case of Non Repatriable Basis, where applicable.

XIV. TAX BENEFITS

The Company has been advised by M/s Lodha & Co., New Delhi, Chartered Accountants, Auditors of the Company that according to the current provisions of the Income-tax Act 1961 and other applicable direct tax laws, the following tax benefits and deduction shall be available to the Company and its members after conversion:

(A) TO THE COMPANY:

1. In accordance with, and subject to the conditions specified in Section 80-IA, of the Income-tax Act 1961, the Company will be entitled to a deduction of 30% of the profits and gains derived from a new industrial undertaking, for a period of 10 assessment years, beginning with the assessment year relevant to the previous year in which the said undertaking commences production.
2. In accordance with and subject to the conditions specified in Section 80-HHC of the Income-tax Act, the Company would be entitled to deduction of the profits derived from the export of goods or merchandise subject to the provisions of the said section.
3. Under Section 80-M of the Income-tax Act, the Company is entitled to a deduction in respect of the dividends received from domestic companies not exceeding the amount of dividend

distributed by the Company to its members before the due date of filing the return of income as provided under the said section.

4. The Company will continue to get Sections 80-HH and 80-I benefits under the Income - tax Act, 1961 in respect of some of its units.

5. Under Section 35-D of the Income-tax Act 1961 the Company will be entitled to a deduction equal to one tenth of the expenditure of the nature specified in the said section over a period of 10 years subject to the overall limits prescribed under that section.

6. In accordance with and subject to the provisions of Section 35(1)(iv) of the Income-tax Act, the Company will be eligible for deduction of entire capital expenditure (other than on acquisition of land) incurred in connection with scientific research related to business carried on by the Company in the year in which such expenditure is incurred. The Company shall also be eligible for deduction of any sum paid to a scientific research association which has as its object the undertaking of scientific research under the provisions of Section 35(1)(ii) of the Income-tax Act 1961.

(B) TO THE RESIDENT MEMBERS OF THE COMPANY

1. Members being individuals, Hindu Undivided Families, Association of Persons or body of individuals of specified categories will be entitled to deduction under Section 80-L of the Income-tax Act, from the gross total income of an amount upto a maximum of Rs.7,000 in the aggregate per year including dividends received from the Company, subject to the provisions of the said secton.

2. A domestic company which is a member of the Company will be entitled to a deduction under Section 80-M of the Income-tax Act of an amount equal to :

   (i) in case of scheduled banks, public financial institutions, state financial corporations or state industrial investment corporation or a company registered under Section 25 of the Companies Act 1956, 60% of the dividend income from the Company;

   (ii) in case of any other domestic company, to the extent that the net income by way of dividends received by it from the Company does not exceed the dividend distributed by it before the due date for furnishing its return.

3. All mutual funds set up by public sector banks or public financial institutions or mutual funds authorised by the Securities and Exchange Board of India will be exempt from income-tax on all their income, including income from investment in shares of the Company.

4. The members of the Company being individuals will be entitled to recieve dividends without deduction of income tax at source, provided:

   (i) Pursuant to Section 194 of the Income tax Act, the amount of such dividend paid during any financial year by the Company to the member does not exceed Rs.2,500/ or

   (ii) Pursuant to Section 197-A of the Income tax Act, the member furnishes a declaration in writing in duplicate to the Company in the prescribed form and verified in the prescribed manner to the effect that his estimated total income of the previous year will be less than the minumum liable to income-tax.

5. Under Section 48 of the Income-tax Act, the long term capital gains arising out of sale of shares will be computed after indexing the cost of acquisition/ improvement. Long term capital gains would be charged to tax at flat rates subject to other provisions of the Income-tax Act.

6. The members of the Company will not be liable to Wealth tax on the value of shares of the Company held by them

(C) TO THE DEBENTUREHOLDERS:

1. No income-tax will be deducted at source from interest received from the Company in case of Debentureholder being a resident individual:

   (i) if the aggregate of the amounts of such interest paid or payable during the financial year by the Company to Debentureholder does not exceed Rs.2,500/-;

   (ii) if the interest on the Debentures exceeds Rs.2,500/- and the Debentureholder furnishes to the Company a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the tax on his estimated total income of the previous year in which such interest income is to be included in computation of his total income will be Nil;

   (iii) if the Debentureholder furnishes a certificate from the assessing officer under Section 197 of the Income-tax Act.

2. Under the provisions of Section 47(x) of the Income-tax Act 1961, conversion of Debentures into Shares will not be regarded as transfer for capital gains.

3. The Debentureholders will not be liable to wealth tax on the value of Debentures held by them.

(D) TO THE NON-RESIDENT MEMBERS/DEBENTURE HOLDERS OF THE COMPANY :

1. A Non-resident Indian has an option to be governed by the provisions of Chapter XII-A of the Income-tax Act, according to which :

   (a) Under Section 115-E of the Income-tax Act, the investment income, including interest on Debentures of the Company and dividends on shares of the Company acquired by them out of convertible foreign exchange and long term capital gains of a Non-Resident Indian, shall be taxed to income tax at the rate of 20% subject to other provisions of the Act.

   (b) The long term capital gains as referred to above shall be exempted from income tax entirely/proportionately, if he invests all or a portion of the net consideration in specified assets within six months of the date of transfer in accordance with Section 115-F. The amount so exempted shall be chargeable to tax if the new assets are transferred or converted within three years from the date of the acquisition of the specified assets.

   (c) Under Section 115-G, a Non-Resident is not obliged to file a return of income under Section 139(1) where his total income consists only of investment and/or long term capital gains, and tax deductible at source is deducted therefrom.

2. If the member opts to be governed by the normal provisions of Income-tax Act, according to section 48 of the Income-tax Act, capital gains arising from the transfer of capital asset being Shares in or Debenture of the Company shall be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and full value of the consideration into the same foreign currency as was initially utilised in the purchase of the Shares or Debentures and the capital gain so computed in such foreign currency shall be reconverted into rupees. Further he will also be entitled to tax benefits as mentioned in B(1).

3. Under Section 115-H of the Income-tax Act, where a Non-Resident Indian in any previous year becomes assessable as resident in India in respect of the total income of any subsequent year he may furnish to the Assessing Officer a declaration in writing along with his return of income under Section 139 for the assessmet year for which he is so assessable to the effect that the provisions of Chapter XII-A of the Income-tax Act, shall continue to apply to him in relation

to the investment income derived from any foreign exchange asset being an asset of the nature referred to in Clause (ii) to (v) of Clause (f) of Section 115-C and if he does so the provisions of the said Chapter shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

4. The members/debentureholders will not be liable to wealth tax on the value of shares/debentures held by them.

5. In accordance with and subject to the provisions of Section 5 (1)(iid) of the Gift Tax Act, 1958, gifts made by citizens of India or persons of Indian origin who are non-resident in India, to any of their relatives in India in the form of shares/debentures acquired or purchased by them in convertible foreign exchange will be wholly exempt from gift tax.

XV. PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The present issue is being made to:

(i) part finance the cost of Radial Tyre Capacity Expansion Project at Jaykaygram, Kankroli;

(ii) part finance the cost of Balancing/Expansion Scheme of Banmore Tyre Plant;

(iii) part finance the cost of 7 ADCA, Semi-Synthetic Cephalosporins and their Formulations Project;

(iv) part finance the cost of Pig Iron Project;

(v) part finance the cost of take-over and rehabilitation of Central Pulp Mills Ltd.;

(vi) raise resources for investment in J.K. Pharmachem Ltd.;

(vii) meet the normal Capital Expenditure;

(viii) meet the Long Term Working Capital requirements of the Company; and

(ix) meet the expenses of this Issue.

PROJECT COST

The cost of the various projects being undertaken by the Company as estimated on the dates shown under the respective projects are as under:

A. PROJECTS

Rs. In Crores

Sl. No.	PARTICULARS	Radial Tyre Capacity Expansion at Jaykaygram, Kankroli	Balancing/ Expansion Scheme at Banmore Tyre Plant	7 ADCA, Semi-Synthetic Cephalosporins & their formulations Project	Pig Iron Project	Total
1.	Land & Site Development	-	-	2.45	5.00	7.45
2.	Buildings	-	4.50	5.92	7.00	17.42
3.	Plant & Machinery	19.97	40.45	17.87	245.00	323.29
4.	Misc. Fixed Assets	0.25	0.20	0.50	-	0.95
5.	Technical Knowhow Fee/ Consultants Fee/Expenses on Technicians	-	-	4.62	13.00	17.62
6.	Preliminary & Pre-operative Expenses	2.96	3.05	6.55	70.00	82.58
7.	Contingencies & Escalation Provision	2.30	4.80	6.14	60.00	73.24
8.	Margin Money for Working Capital	4.50	9.50	3.95	10.00	27.95
	Total (A)	30.00	62.50	48.00	410.00	550.50
	Dates of Project Cost Estimates	17.6.92	29.7.92	30.9.92	7.5.92	

B. INVESTMENTS

(a) Investment in take-over and rehabilitation of Central Pulp Mills Ltd.	50.00
(b) Investment in J.K.Pharmachem Ltd.	20.00

C. OTHERS

(a) Normal Capital Expenditure	13.50
(b) Augmentation of Long Term Resources for Working Capital	9.00
(c) Issue Expenses	7.00
TOTAL (A+B+C)	650.00

Industrial Development Bank of India vide its letter No. HO.PFD.29.B.18(253)/539 and No.HO.PFD.29.B.18(253)/5447 dated 16th April 1992 and 19th August 1992 respectively has approved in principle undertaking of the aforesaid Projects by the Company. The cost of Projects and the Schemes of Finance as detailed hereunder are as estimated by the Company and have not yet been appraised by the Financial Institutions.

MEANS OF FINANCING

The capital cost of the Projects under implementation is proposed to be financed as follows:

Rs. in Crores

1. Radial Tyres Capacity Expansion Project at Jaykaygram, Kankroli Plant		
- From the present Issue	10.00	
- Term Loans from Financial Institutions	20.00	30.00
2. Balancing/Expansion Scheme of Banmore Plant		
- From the present Issue	40.00	
- Term Loans from Financial Institutions	22.50	62.50
3. Pig Iron Project		
- From the present Issue	98.00	
- Term Loans resources to be raised as may be approved by the Financial Institutions	312.00	410.00
4. 7 ADCA and Semi-Synthetic Cephalosporins & their Formulations Project		
- From the present Issue	10.50	
- Internal Accruals/Term Loans from Financial Institutions	37.50	48.00
5. Rehabilitation of The Central Pulp Mills Ltd. (From the present issue)		50.00
6. Investment in J.K. Pharmachem Ltd. (From the present Issue)		20.00
7. Normal Capital Expenditure (From the present Issue)		13.50
8. Augmentation of Long Term Resources for Working Capital (From the present Issue)		9.00
9. Issue Expenses (From the present Issue)		7.00
Total		650.00

The Company has already submitted its application to the Financial Institutions for grant of financial assistance for the 7-ADCA and Semi-Synthetic Cephalosporins & their Formulations Project and shall be submitting the application for the grant of financial assistance in respect of other Projects shortly.

Keeping in view the funds requirement of the Company for various Projects the Issue size has been set at the present level of Rs.257.65 crores which has been approved in principle by IDBI vide its letter No.PFD.29.B.16(253)/5447 dated 19.8.92 and the shareholders at the Extra-Ordinary General Meeting held on 11.8.1992.

XVI. COMPANY, MANAGEMENT AND PROJECT

HISTORY AND PRESENT BUSINESS OF THE COMPANY

Incorporated as a private limited company on 14th February 1951, the Company was engaged in managing agency business until managing agency system was abolished on 31st March 1970. In 1974, the Company converted itself into a public limited company.

Under an Industrial Licence issued by the Government of India, the Company had set up during 1975-76 a most modern and sophisticated Tyre Plant at Jaykaygram, Kankroli,Rajasthan with an installed capacity for manufacture of 5 lac nos. Automotive Tyres and Tubes each per annum in technical collaboration with the world-renowned GENERAL TIRE INTERNATIONAL CO., USA.

The installed capacity at the Jaykaygram Tyre Plant has been increased in phases to its present level of 13.92 lacs Tyres and 11.05 lac Tubes per annum. The Company produces all types of Automotive Tyres for Trucks, Buses, Passenger Cars, Jeeps, Light Commercial Vehicles, Tractors, ADV etc. The Company manufactures and sells Tyres and Tubes under the name 'JK TYRE' in all market segments, viz. OE, Replacement Market, STUs, Defence and fleet accounts. In addition, the Company exports JK Tyres to various countries including USA, Canada, Middle East, Afghanistan, Bangladesh and African countries as also to South America.

The Company has pioneered Steel Radial Technology into India and continues to enjoy "NUMBER ONE STEEL BELTED RADIAL TYRE MANUFACTURER" status in India, with the widest range and largest market share in this segment. J.K. Industries Ltd. is the only Company manufacturing Steel Belted Radial Tyres for all types of indigenous and imported Cars and Light Commercial Vehicles as also Trucks and Buses. To meet the growing demand for the Company's products, a most modern and sophisticated new Tyre Plant with an initial installed capacity of 5.69 lac Tyres per annum has been set up at Banmore near Gwalior, Madhya Pradesh, at a cost of Rs.157crores. The commercial production at this Plant commmenced in end 1991 and the impact of its full production is expected during the current year. The parent equipment installed at this plant is sufficient to attain production levels of about 1.5 million Tyres per annum by installation of certain balancing equipment.

Recognising the vast growth potential in the area of Hybird and High Yielding Seeds in India with its agriculture-oriented economy, the Company set up JK AGRI-GENETICS DIVISION in the State of Andhra Pradesh for production, processing and distribution of Hybrid and High Yielding Seeds of Cereals, Oil Seeds, Pulses, etc. The Hybrid and High Yielding Seeds developed and produced by this Division are comparable to the best available in the country. 'JK SEEDS', the brand name under which the seeds produced by this Division are marketed, has already established itself as brand leader in many areas.

In addition to the increasing export business, the Company has also set up, during the year, a separate Division "J K INTERNATIONAL" for International Trading. The activities of this Division which have recently commenced are expected to grow to a sizable extent during years to come. The Company is now undertaking major expansion of its Tyre Plant at Banmore (Madhya Pradesh) and diversification projects in Pharmaceutical and Steel as detailed under the head 'PROJECTS'. The Company is fast growing into a multi-product conglomerate with its Plants located in different States. The Company is also globalising its activities through increasing export of its products as also enlarging its international trading operations.

SUBSIDIARIES

The Company has four subsidiary investment companies in India viz., Hansdeep Investment Ltd., Hidrive Finance Ltd., Panchanan Investment Ltd. and Radial Finance Ltd. The Company has also two wholly-owned subsidiaries viz., J.K. International Ltd. in U.K. and J.K. Asia Pacific Ltd. in Hong Kong. The main business of the foreign subsidiary companies is International Trading.

OBJECTS OF THE COMPANY

The main objects being pursued by the Company are manufacture, processing, producing, importing, selling, exporting, distributing, etc. inter alia of-

(i) Tyre, Tubes and accessories;

(ii) Seeds --- Hybrid, high yielding, tissue cultured or otherwise, of foodgrains, pulses, oilseeds, fruits, vegetables, spices, flowers and flora and vegetation;

(iii) Chemicals and Pharmaceuticals - both bulk drugs and formulations;

(iv) Steel, non-ferrous and other metals and their products;

(v) To purchase or otherwise acquire and undertake the whole or any part of the business, property, rights, liabilities of any company and purchase, acquire, sell and deal in shares stocks, debentures and debenture stocks of such company;

(vi) To act as merchant exporter or export house for export of products or services manufactured or rendered by other companies, organisation, firms, etc.

DIRECTORS AND MANAGEMENT

Shri Hari Shankar Singhania, B.Sc., Fellow of British Institute of Management, London, Fellow of Institute of Directors, London, is the Chairman of the Company. It is through his farsightedness and dynamic leadership that the Company has reached its present position of eminence in the industry. Shri Hari Shankar Singhania is the President of the International Chamber of Commerce, Paris, and also held several eminent positions in public bodies in India including that of President of the Federation of Indian Chamber of Commerce & Industry, Director on the Board of Industrial Development Bank of India, Shipping Corporation of India Ltd., etc. Shri Hari Shankar Singhania is the Chairman of Straw Products Ltd., who are promoters of this Company. He is also on the Boards of several other companies.

The Company is managed by Shri Raghupati Singhania, Managing Director, subject to the superintendence, control and direction of the Board of Directors of the Company.

Shri Raghupati Singhania, B.Sc., Fellow of British Institute of Management, London, Fellow of Institute of Directors, London has been the Managing Director of the Company from the year 1975. Under his able leadership, not only was the sophisticated Tyre Plant established at Jaykaygram, Kankroli, Rajasthan, with an initial installed capacity of 5 lakh nos. of Tyres and Tubes per annum which has been increased to 13.92 lakh nos. of Tyres and 11.05 lakh nos. of Tubes per annum, but a most modern and sophisticated Tyre Plant with an initial manufacturing capacity of 5.69 lakh nos. of Tyres per annum has also been established at Banmore (near Gwalior), District Morena, Madhya Pradesh. The Company has also diversified itself into various areas including Hybrid Seeds, Pharmaceuticals, Steel and International Trading. He is the past President of PHD Chamber of Commerce & Industry, Chairman of Indian Wire Rope Manufacturers Association and Deputy President of ASSOCHAM. Shri Singhania is presently the Chairman of Automotive Tyre Manufacturers' Association and is also in the Boards of several other companies.

The Company is managed on sound professional lines with a high degree of delegation of authority and accountability. The Company is manned with highly professional and efficient personnel. The Company has always attracted best professional talent in the country and has a multi-disciplinary professional and experienced staff comprising Engineers, Chartered Accountants, MBAs, Doctorates in Science and Technology, etc. Each Division of the Company is looked after by a Chief Executive with ample administrative delegation. As part of HRD, the Company lays great emphasis on development of people at all levels through training programmes, seminars and workshops to enhance the skills of employees in the areas of their functions and also through encouragement of Quality Circles. The Company has a good record of providing housing, educational, medical and recreation facilities at the Plant site.

The present Board of Directors comprising eminent personalities drawn from diverse fields, is as follows -

1. **Shri Hari Shankar Singhania** — **Chairman**
2. **Shri Raghupati Singhania** — **Managing Director**
3. **Shri Arvind Narottam Lalbhai**
4. **Shri Arvind Singh**
5. **Shri Bharat Hari Singhania**
6. **Shri Bakul Jain**
7. **Shri D.C. Samant** — **Nominee of Govt. of Rajasthan**
8. **Shri Inderjit Khanna** — **Nominee of Govt. of Rajasthan**
9. **Shri Lalit Mohan Thapar**
10. **Shri Om Prakash Khaitan**
11. **Shri Pratap Sinh Naviakha**
12. **Shri P.V. Narasimham** — **Nominee of IDBI**
13. **Shri R. Narayanan** — **Nominee of LIC**

PROJECTS

1. Radial Tyre Capacity Expansion: at Jaykaygram, Kankroli (Rajasthan)

To meet the increasing demand and to maintain the Company's leadership in the Steel Belted Radial Tyres, the Company is implementing a project for expanding the Radial Tyre manufacturing capacity from 2.06 lakh Tyres per annum to 4.89 lakh Tyres per annum.

2. Balancing/Expansion Scheme of the new Tyre Plant at Banmore (M.P.):

With a view to optimise the utilisation of the parent equipment installed at this Tyre Plant, various equipments are being installed in the first phase under a Balancing/Expansion Scheme to increase the capacity from 5.69 lakh Tyres to 9.76 lakh Tyres per annum.

3. 7-ADCA & Semi-Synthetics Cephalosporins & their formulations at Gajraula (U.P) :

The Company has set up a Pharmaceutical Division and is implementing a Project for the manufacture of 7-ADCA and Semi-Synthetic Cephalosporins and their Formulations at Gajraula in Uttar Pradesh with technical know-how from M/s International Chemical Industry and M/s Finchimica of ITALY.

4. Pig Iron Project at Siltara, Raipur (M.P.) :

The Company is setting up an Integrated Steel Plant for manufacture of 0.5 million tpa of Finished Steel at Siltara, District Raipur, Madhya Pradesh. The Project is being implemented in phases and the first phase for manufacture of 2.33 tonnes of PIG IRON has now been taken up for implementation at an estimated cost of Rs.410 crores.

5. Investment in J.K. Pharmachem Ltd., Cuddalore (Tamil Nadu)

The Company is implementing jointly with Tamil Nadu Industrial Development Corporation Ltd., in the assisted sector, a Project for the manufacture of 1250 MMU per annum of Penicillin-G, an essential basic drug for a number of latest generation antibiotics, in a new Company J.K. PHARMACHEM LTD., incorporated for the purpose. Estimated to cost Rs.162 crores, this Project is being set up at Cuddalore in Tamilnadu. Technical know-how for this Project is being provided by M/s ICN GALENIKA, Yugoslavia, one of the pioneers in manufacture of Penicillin-G, with 40 years of manufacturing experience and strong R & D facilities. As part of promoters contribution, the Company is proposing to invest Rs.20 crore in the equity capital of JK Pharmachem Ltd.

6. The Central Pulp Mills Ltd., Songarh (Gujarat)

The Company has taken over the management and rehabilitation of the Central Pulp Mills Ltd. (CPM), at an estimated cost of Rs.133.50 crores which is to be financed as under :

		(Rs. in Crores)
- Share Capital	20.00	
- Unsecured Loans	61.00	81.00 *
- Suppliers Deferred Credit		21.00
- Sales Tax Loan (upto 1994-95)		8.30
- Excise Loan (upto 1994-95)		7.90 *
Internal Accruals		15.30
		133.50

* The BIFR order provides that in the event of the excise loan not being available, the new promoters shall bring in additional funds to that extent which has been provided for. Thus, it is estimated that the new promoters will have to bring in about Rs.90 crores (Rs.20 Crores by way of Equity Capital and Rs.70 Crores by way of interest-free unsecured loans).

The Company will invest Rs.50 crores in CPM (Rs.10 crores by way of Equity and Rs.40 crores by way of unsecured loan). The balance of Rs.40 crores would be provided by M/s Straw Products Ltd. (Rs.10 crores by way of Equity and Rs.30 crores by way of unsecured loan).

J.K. Industries Ltd. and Straw Products Ltd. have also to provide guarantee upto Rs.20 crores each to Financial Institutions/Banks for repayment of their outstanding dues from CPM to be paid over a period of 3 years.

CPM with an installed capacity for manufacture of 40,000 tpa of Paper and Pulp was referred to BIFR in October 1987 under the provisions of the Sick Industrial Companies (Special Provisions) Act 1985. BIFR vide its Order dated 13th May 1992 sanctioned a Scheme for Rehabilitation of CPM which envisages transfer of the shareholdings of the private promoters and their associates to J.K. Industries Limited and their Associates and take-over of the management of CPM by them. Straw Products Ltd. (SPL), manufacturers of the renowned 'JK Paper' have joined hands with the Company, participating in the Scheme both financially and by providing necessary technical knowhow.

Pursuant to the Order of BIFR, change of management of CPM has since been completed. The Directors representing the old promoters have resigned and Directors representing the new promoters have been inducted on the Board of CPM. In addition to the acquisition of substantial part of shares held by the old promoters, the Company and Straw Products Ltd., the new promoters, have provided to CPM Equity Capital of Rs.5 crores each, aggregating Rs.10 crores. Settle-ment has been arrived at with the Workers' Union of CPM and payments as per the settlement for past wages to the extent of Rs.2.70 crores have already been made. A number of experienced technical and commercial personnel have been posted at CPM.

Implementation of the Rehabilitation Scheme is in full swing. One of the Paper Machines has already been commissioned in November 1992 after necessary repairs and overhauling. Orders for some plant and equipment required for rehabilitation have already been placed and the Second Paper Machine is expected to be fully operational in the second half of 1993. An appeal has been field by M/s Duncun Agro Industries Limited against the Order of BIFR and is pending with Appellate Authority for Industrial and Financial Reconstruction (AAIFR).

DETAILS OF THE PROJECTS

1. EXPANSION OF TYRE PLANTS

The Company is presently producing Automotive Tyres & Tubes at its two Tyre Plants at Jaykaygram, Kankroli (Rajasthan) and Banmore, Madhya Pradesh.

The manufacturing capacity at Jaykaygram, Kankroli and Banmore Tyre Plant is being increased through Schemes of Expansion/Balancing as under:

	Present Capacity	Additional Capacity being created
	(Nos./lacs)	(Nos./lacs)
Jaykaygram, Kankroli	13.92	2.63 *
Banmore	5.69	4.07

* Capacity increase for manufacture of Radial Tyres is by conversion of equivalent capacity from the existing bias tyre manufacturing capacity.

Details of the installed capacity and production for the past 5 years are as under:

Year		(Nos/Lacs) Installed Capacity		(Nos/Lacs) Production	
		Jaykaygram Kankroli	Banmore	Jaykaygram Kankroli	Banmore
1987-88	(Tyres)	12.64	-	7.33	-
	(Tubes)	11.05	-	6.42	-
1988-89	(Tyres)	12.64	-	9.09	-
	(Tubes)	11.05	-	8.36	-
1989-90	(Tyres)	13.92	-	9.95	-
	(Tubes)	11.05	-	8.95	-
1990-91	(Tyres)	13.92	-	9.24	-
	(Tubes)	11.05	-	8.76	-
1991-92	(Tyres)	13.92	5.69	8.66*	1.31 @
	(Tubes)	11.05	-	6.63	-

Notes:- (1) The Automotive Tyre Industry has now been delicensed.

(2) * Production at Jaykaygram, Kankroli Tyre Plant was affected due to an illegal strike of 53 days

(3)@ Banmore Tyre Plant started production in end 1991.

(a) Radial Tyre Capacity Expansion at Jaykaygram, Kankroli Tyre Plant

Pioneers in the field of Steel Belted Radials in India, the Company continues to be the leader and is the only manufacturer of wide range of Steel Radials for Indian as well as imported Cars, Light Commercial Vehicles, Trucks and Buses. The Steel Radials have proven their superiority over the bias and other radial tyres in terms of **higher mileage, better riding comfort, proven fuel efficiency and better road grip.** Consumers in India are becoming increasingly aware of these advantages of Steel Radials and are fast changing their preference towards the Steel Belted Radials. In fact, 97% of the world Passenger Car population rides on Steel Belted Radials. With a view to meeting the fast increasing demands for these Tyres, the Company is implementing a Project for increasing its Radial Tyre manufacturing capacity from 2.06 lacs Tyres to 4.89 lacs Tyres per annum at Jaykaygram, Kankroli Tyre Plant.

The details of the Project are as under:

Location: Existing site at Jaykaygram, Kankroli, Distt. Rajsamand, Rajasthan.

Collaboration: The Company has an ongoing collaboration with M/s GENERAL TIRE INTERNATIONAL CO., USA.

Manufacturing Process and Technology: The manufacturing process is based on the technology provided by Collaborators M/s. General Tire International Co., USA, and is detailed hereinbelow:-
The Tyres are produced through a highly controlled process of preparation of compound by mixing of raw rubber with various rubber chemicals, carbon black, etc., preparation of radial tyre components, different extrudates and special bead preparation. The various components of Tyre are then assembled in Tyre Building Machine in two stages. The Green Radial Tyres thus obtained are then loaded inside the Curing Presses and subjected to controlled heat and pressure treatment. The final Cured Tyres are subjected to quality control/ x-rays/uniformity and balancing tests and are warehoused for despatch.

Plant & Machinery: The Scheme envisages installation of Plant & Machinery comprising Tyre Curing Presses, Wire Cutter, Tyre Building Machines for enhancing the capacity for Radial Tyres.

Raw Materials: The raw materials for manufacture of Tyres are mainly natural rubber, synthetic rubber, carbon black, tyre cord fabric, steel tyre cord, rubber chemicals, bead wire etc. Raw materials are generally available indigenously except for Steel Tyre Cord which is presently being imported. In case of shortage of any particular raw material, import facilities are available.

Infrastructural facilities/utilities: Expansion Programme will require minimal additional water and power supply. However, adequate supply of power and water is already available at the Plant site.

Manpower: No additional manpower is envisaged for this scheme.

Schedule of Implementation: The additional equipment envisaged are being installed in three phases, each phase resulting in increased capacity and additional production.

The first phase shall be completed by middle of 1993 and shall result in the Radial Tyre manufacturing capacity increasing from 2.06 lacs tyres p.a. to 2.49 lacs tyres p.a. The second phase, scheduled to be completed by mid 1994 increases the Radial Tyre Manufacturing capacity to 3.62 lacs Tyres p.a. and the third phase is expected to be completed by mid 1995 and shall take the total Radial Tyre Manufacturing Capacity to 4.89 lakh Tyres p.a.

The Project being within the existing Jaykaygram Plant does not require any additional land. The orders for the equipment under the first phase are being placed and the same are expected to arrive at the site in the first quarter of 1993 and erection is expected to be completed in second quarter of 1993. Orders for the second and the third phases will be placed in 1993.

(b) Balancing/Expansion of the new Tyre Plant at Banmore, Madhya Pradesh

Banmore Tyre Plant which was commissioned in 1991 has been designed for an ultimate capacity of 1.5 million Tyres per annum. The present installed capacity is 5.69 lacs Tyres per annum. To optimise the utilisation of the parent equipment, a Balancing Scheme is being implemented at the Plant which will increase the capacity from 5.69 lac tyres per annum to 9.76 lac tyres per annum.

The details of the Project are given hereunder:

Location : Existing site at Banmore Industrial Area, District Morena, Madhya Pradesh.

Manufacturing Process and Technology : The technology provided for the Project is as detailed hereunder:

The Tyres are produced through the conventional process of preparation of compound by mixing of raw rubber with various rubber chemicals, carbon black, etc., preparation of tyre components, different extrudates and bead preparation. The various components of Tyre are then assembled in Tyre Building Machine. Green Tyres thus obtained are then loaded in the Curing Presses and subjected to controlled heat and pressure treatment. The final Cured Tyres are subjected to quality control/balancing tests and are warehoused for despatch.

Plant & Machinery : The Scheme involves installation of Plant & Machinery comprising of additional Tyre Building Machines, Tyre Curing Presses, Bias Cutters, Filtering/Flipping Machine, Moulds, Drums, Boilers and DM Plant etc.

Collaboration : The Company has an ongoing Collaboration with M/s General Tire International Co., USA.

Raw Materials : The raw materials mainly include natural rubber, synthetic rubber tyre cord, carbon black, rubber chemicals etc. which are generally available indegenously. Import facilities are available in case of any shortages of any particular material.

Infrastructural facilities/utilities : The Balancing Scheme will require certain additional water and power supply. Adequate supply of power and water is already available at the Plant site.

Manpower : The additional manpower requirement for the Expansion Project has been estimated at 212 for which recruitment is being made as required.

Schedule of Implementation : The Balancing/Expansion Scheme is within the New Tyre Plant at Banmore and does not require any additional land. The Orders for the long delivery equipment are expected to be placed by first quarter of 1993 for deliveries during the fourth quarter of 1993. The erection is expected to be completed by first quarter of 1994 and trial runs to begin in the second quarter of 1994. The full Scheme is likely to be completed by middle of 1994.

Demand/Supply Scenario for Tyres : The present capacity of the industry is 25 million Tyres and the production during 1990 was 20 million tyres. With an average annual demand growth of 8% over the Eighth Five Year Plan, the estimated demand for Tyres is likely to be 39 million tyres by 1994-95. The production of Tyres in the country is slated to go up from 20 million Tyres to 30 million Tyres leaving a gap of 9 million Tyres (Source: Demand Projections of Automotive Tyres (1989-90 to 1994-95), July '91 of ATMA).

Market Set-Up And Selling Arrangements : The Company has a well established market network with 57 District Sales Offices/ Depots/C&F Agents and over 3000 Dealers spread all over the country. The Company's products are sold in all market segments viz. Replacement Market, OEMs, State Transport Undertakings, Defence etc. Besides, the Company has made a dent into the extremely competitive international market. Over the last 5 years, the Exports of the Company including non-tyre exports have increased manifold as detailed hereunder:

Years	For Value of Exports (Rs./Crores)
1987-88	7.05
1988-89	14.89
1989-90	52.63
1990-91	71.37
1991-92	58.33

Substantial increase in exports is planned during the coming years. The Company does not foresee any problem in marketing its additional production.

2. PIG IRON PROJECT

In the first phase of its plan to establish an Integrated Steel Plant, the Company is implementing a Project for manufacture of 2.33 lakh tpa of Pig Iron. The Complex will consist of a blast furnace along with Sinter Plant & Coke Oven Battery of matching size and a captive power plant.

Pig Iron is a basic raw material for the Foundry Industry which caters to needs of castings of a host of industries such as Engineering, Automobiles, Agriculture, Textile Machinery, Machine Tools, etc.

The details of the Project are as under:-

Location: Siltara Industrial Area, Raipur, Madhya Pradesh

Plant & Machinery : Plant & Machinery consists of Raw Material Handling System, Blast Furnace Complex including auxiliary units, Coke-Oven and By-Product Plant, Sinter Plant, Captive Power Plant etc.

Collaboration : The Blast Furnace technology is well established in the country and no foreign collaboration is needed as such. However, the parties who offer Blast Furnace design and the manufacturers of Blast Furnace equipment in India have their own back-up collaboration.

M/s M N Dastur & Co. Ltd., an Engineering Consultancy firm of international repute in the field of Iron and Steel have been retained for providing engineering consultancy services for the Project.

Raw Materials

IRON ORE : Lumps and Fines will be initially acquired from private mine owners in Orissa. In the meantime applications are being made for obtaining mining leases in Orissa and Madhya Pradesh.

COKING COAL : The entire quantity of coking coal is proposed to be imported as good quality coking coal is not available in the country. Simultaneously, action has already been initiated to obtain linkage of suitable indigenous coking coal as a fall-back arrangement.

LIMESTONE AND DOLOMITE : Limestone & Dolomite will be procured from nearby areas in Madhya Pradesh where these are available in abundance.

Infrastructtural Facilities/Utilities

Power : The maximum demand of power for the Project is 6 MW. The Project envisages setting up of a Captive Power Plant to utilise the surplus Coke Oven and Blast Furnace gas that can cater to the total requirement of power. However, supply for Power from Madhya Pradesh Electricity Board would also be contracted to meet the power requirements during statutory shut-down/ maintenance and break down. M P Govt. have assured the supply of power for the project vide its letter No.A/6/89/XIB dated 17th December, 1990.

Water : Requisite Water (3-MGD) will be obtained from M.P. Audyogik Kendra Vikas Nigam, Raipur Ltd., a State Government undertaking. Availability of enough Water has been assured by the State Government vide their letter No.29/16/90 Madhyam 31 dated 8th April, 1992.

Steam : Adequate number of Boilers would be installed to produce steam required for the power plant, for running the blowers of Blast Furnace and for meeting requirement of process steam.

Manpower : A total of about 600 personnel of all categories would be required for running the Plant. A number of senior metallurgical and engineering personnel from the Steel Industry are already working on the Project for more than a year now.

Demand/Supply Scenario : Pig Iron has been in short supply in the country for the past many years. Large quantities are imported every year.

The Working Group on Iron and Steel has estimated the demand of Pig Iron in the country at 3 million tonnes in 1994-95 and 4 million tonnes by 1999-2000. The present supply is only about 1.5 million tonnes. Even after the commissioning of the new Projects in the pipeline, only 5 lakh tonnes will be added to the present supply. Thus, there will be a large gap between demand and supply.

Schedule Of Implementation : The Government of Madhya Pradesh have agreed to provide necessary land for the Project vide its letter No. AKVN/R/DEV/3016 dated 20th August, 1992 After completing the requisite formalities, the possession of Land is expected to be handed over to the Company in early 1993.Site development is likely to be completed by the first quarter of 1993. Civil Construction is scheduled to start in the second quarter of 1993. Orders for long delivery items would be placed by the second quarter of 1993 and the Equipment are expected to arrive at the site by the second quarter of 1994. Erection is scheduled to be completed by second quarter of 1995. Trial runs are scheduled for the third quarter of 1995 and the Project is likely to go on stream during the last quarter of 1995.

3. 7-ADCA and Semi-Synthetic Cephalosporins & their formulations Project

Capacity:

7-ADCA		45.00 TPA
Semi-Synthetic Cephalosporins		
-CEPHALEXIN	38.75 TPA }	
-CEFADROXIL	6.88 TPA }	
-CEPHRADINE	6.88 TPA }	52.50 TPA (COMBINED)

Location : UPSIDC Industrial Area, Gajraula, Distt. Moradabad, Uttar Pradesh.

Manufacturing Process & Technology:

7-ADCA (7-Amino Desacetoxy Cephalosporanic Acid)

The manufacturing process is based on the enzymatic route and consists of the following steps:

Penicillin-G crude salt is converted into Penicillin-G Sulfoxide by maintaining low temperature. The Penicillin-G Sulfoxide is crystallized, centrifuged and then dried. Penicillin-G Sulfoxide is dehydrated and carboxy group is protected. Thereafter, the rearrangement is achieved to get Ceph G. which is hydrolised in a suitable medium using Penicillin-G amidaze enzme. The product is then crystallised, centrifuged, washed and dried to get 7-ADCA.

Semi-Synthetic Cephalosporins:- Cephalexin, Cefadroxil And Cephradine

The key raw material for all these products is 7-ADCA. The manufacturing process consists of the following steps:

7-ADCA is dehydrated using a solvent and is then silylated to get Silyl Ester. Silyl Ester is then condensed by using different derivatives of phenyl glycine to produce Cephalexin, Cafadroxil and Cephradine. The condensed products are then hydrolised, carbon treated, crystallized, purified and then finally dried to get the finished product.

Cephradine - Sterile

Cephradine oral as obtained from 7-ADCA is subjected to microfiltration under sterile conditions and thereafter crystallized to obtain the sterile grade. The product so obtained is dried under similar sterile conditions to obtain product in the powder form.

The above processes are based on the technologies provided by the Collaborators.

Collaboration

7-ADCA

M/s International Chemical Industry s.p.a., Italy.

Semi-Synthetic Cephalosporins: Cephalexin, Cefadroxil and Cephradine

M/s Finchimica s.p.a., Italy.

Plant & Machinery

7-ADCA

Plant & Machinery consists mainly of Reactors, Centrifuges, Dryers, Solvent Recovery System, Purification System, Laboratory Instruments and Effluent Treatment Plant.

Cephalexin, Cefadroxil And Cephradine Plant

The plant and machinery mainly comprises Reactor, Solvent Recovery System Centrufuges, Dryers Plant and Machinery for Formulations, namely, Injectibles, Dry Syrup, capsules, and tablets including their packing equipment.

Raw Materials

7-ADCA

The main raw material for 7 ADCA is Penicillin-G, Trimethyl Chlorosilane, Enzyme Amidase, Various Organic Compound, Solvents etc. Methylene Chloride, Ammonia, Activated Carbon, Toluene and Urea. Most of the m are available indigenously and import facilities are available wherever required.

Cephalexin, Cefadroxil And Cephradine (CC&C) :

The main raw material for CC&C is 7 ADCA which is proposed to be manufactured for captive consumption.

Infrastructural Facilities

Power: The maximum load requirement of 1600 KW will be met by power supply from Uttar Pradesh State Electricity Board. It is proposed to install a 1500 KVA capacity DG Set for running critical operations during power cuts.

Water : The total water requirement is of the order of 600 cu. m. per day which will be met through bore wells.

Steam : 2 Nos. of 6T/Kw Capacity oil- fired boilers would be installed.

Compressed Air : The total requirement of compressed air is 200 cu.m/hr. which will be met through installation of air compressor.

Manpower : The total manpower requirement is 466 comprising of 284 people at Works and 182 for administration, marketing and commercial functions.

Schedule Of Implementation : 67.3 acres of land has already been allotted by UPSIDC and the possession of the same was taken in January 1992. Site development work has since been completed. Civil construction is expected to begin by February 1993. The The Government of India has already approved the Foreign Collaboration arrangements with the Collaborators. TATA Consulting Engineers have been retained as

Detailed Engineering Consultants. Orders for the Equipment will be placed by first quarter of 1993 for delivery by October-November 1993. Erection will be completed by January-February 1994. Trial runs are scheduled during February 1994 and commercial production during March 1994.

Products

7-ADCA

Aspect	:	White or off-white crystalline powder.
Assay	:	Not less than 98.50% on dry basis.
		Absorbance at 425 nm: Not more than 0.425
Specific rotation	:	Within + 150 degree and + 170 degree
CEPHALEXIN :		The specification will conform to the USP XXI, BP 88 and IP 85 with addendum (I).
CEFADROXIL :		The specifications will conform to the USP XXII
CEPHRADINE :		The specifications will conform to the USP XXII and BP 88.

Demand And Supply Scenario

The production of Cephalexin was started in India in 1987-88. There are only 2-3 major producers besides a number of small producers. Most of the units, as yet, do not have facilities/technologies to produce 7-ADCA and it is not economical to produce Cephalexin with imported 7-ADCA. 7-ADCA to be produced shall be captively used for production of Semi-synthetic Cephalosporins. Taking into consideration the additional capacities likely to be added in the near future, production potential is estimated at 245 MT by the year 1994-95 and 265 MT by 1999-2000.

The combined demand of Cephalexin and other Semi-Synthetic Cephalosporins is likely to be 307 MT, comprising domestic demand of 242 MT and export demand of 65 MT by 1994-95. The demand is estimated at 633 MT by the year 1999-2000. Thus, there will be a large gap between demand and supply and the Company's products will find ready market. (Source: Market Survey 1991 conducted by M/s. Tata Economic Consultancy Services Ltd.).

4. INVESTMENT IN J.K.PHARMACHEM LTD.

JK PHARMACHEM LTD. has been promoted jointly by J.K. Industries Ltd. and Tamilnadu Industrial Development Corporation Ltd.(TIDCO) for implementing a project, in the assisted sector, for the manufacture of 1250 MMU of Penicillin-G. The Project is located at SIPCOT Industrial Complex, Cuddalore, South Arcot in Tamil Nadu.

The technology for this Project is being supplied by M/s ICN GALENIKA of Yogoslavia who have over 40 years experience in the manufacture of Penicillin-G and a strong R & D set-up.

Penicillin-G is a key raw material for the manufacture of Semi-Synthetic Penicillins and Semi-Synthetic Cephalosporins through the production of drug intermediates viz.6 APA and 7-ADCA. The market survey indicates sufficient demand-supply gap.

The Project is estimated to cost Rs.162 crores. It is proposed to invest Rs.20 crores in the Equity Capital of JK Pharmachem Ltd. to provide part of the promoters' contribution required for the Project.

The Project is scheduled to be completed by middle of 1994.

REQUIREMENTS OF FUNDS

The planned deployment of funds for the implementation of various projects being undertaken by the Company is estimated to be as under:

(Rs. in Crores)

	July 92 to June 93	July 93 to June 94	July 94 to June 95	July 95 to Dec. 95	Total
1. Radial Tyres Capacity Expansion Project at Jaykaygram, Kankroli Plant					
- From the present issue	2.00	8.00	-	-	10.00
- Term Loans from Financial Institutions	4.75	8.75	6.50	-	20.00
2. Balancing/Expansion Scheme of Banmore Plant					
- From the present issue	16.00	24.00	-	-	40.00
- Term Loans from Financial Institutions	7.00	15.50	-	-	22.50
3. Pig Iron Project					
- From the present issue	20.00	78.00	-	-	98.00
- Term Loans/Other means as may as may be approved by the Financial Institutions	50.00	120.00	100.00	42.00	312.00
4. 7 ADCA and Semi-Synthetic Cephalosporins & their Formulations Project					
- From the present issue	6.00	4.50	-	-	10.50
- Internal Accruals/Term Loans from Financial Institutions	17.50	20.00	-	-	37.50
5. Rehabilitation of The CPM Ltd.					
- From the present issue	20.00	30.00	-	-	50.00
6. Investment in J.K. Pharmachem Ltd.					
- From the present issue	10.00	10.00	-	-	20.00
7. Normal Capital Expenditure					
- From the present issue	6.50	7.00	-	-	13.50
8. Augmentation of Long Term Resources for Working Capital					
- From the present issue	9.00	-	-	-	9.00
9. Issue Expenses					
- From the present issue	7.00	-	-	-	7.00
TOTAL	175.75	325.75	106.50	42.00	650.00

The proceeds of the Issue will be utilised to the extent of Rs.96.50 crores during 1992-93 and the balance during 1993-94.

FUTURE PROSPECTS AND PROFITABILITY

The increase in the capacity of Tyres at Jaykaygram and Banmore Tyre Plants will further strengthen the Company's position in the tyre business. The Company is also diversifying into Drugs & Pharmaceuticals and Pig Iron Projects. The Drug & Pharmaceutical Industry is poised for rapid growth with Government's determination to achieve "HEALTH FOR ALL" by the year 2000. The Pig Iron Project will pave way to the Company's ultimate plan of setting up an Integrated Steel Plant. These diversification Projects will enable the Company to widen its product range and improve its turnover and profitability in the coming years.

The financial performance as estimated by the Company for the next 5 years is as under:-

(Rs./Lacs)

	1992-93	1993-94	1994-95	1995-96	1996-97
Sales & Other Income	61913	69407	86545	97018	110039
Raw Material Cost	25754	28903	38227	43060	48620
PBIDT	9756	12291	14437	17684	22989
Interest	5601	6463	7903	11174	14470
Depreciation/Write off	2050	2217	3144	4842	6489
Profit after Tax	2105	3611	3390	1668	2030
Net Cash Accruals	4155	5828	6534	6510	8519
Earnings Per Share(EPS)	Rs. 8.96 @	12.78 *	11.99	5.85 **	7.14
Cash Earnings Per Share	Rs. 17.81	20.68	23.20	23.11	30.28
Book Value (excluding Revaluation	Rs. 78.99	91.00	100.24	103.34	107.73

@ EPS during 1992-93 has been calculated on the Equity Capital as increased by the issue of additional Equity Share Capital to the extent of Rs.912.72 lacs.

* EPS during 1993-94 has been calculated on the Equity Capital as further increased by conversion of Part A of PCDs into Equity Shares to the extent of Rs.487.53 lacs.

** EPS during 1995-96 has been calculated after considering the impact of additional interest and depreciation of Pig Iron Project which shall go into commercial production during 1995-96.

Assumptions for Profitability Estimates:

(a) Commencement of Commercial Production for New Projects.

- Radial Tyre Capacity Expansion at Jaykaygram, Kankroli Plant	- 3rd Quarter of 1993
- Balancing/Expansion Scheme at Banmore Plant	- 3rd Quarter of 1994
- 7 ADCA, Semi-Synthetic Cephalosporins & its Formulations Project	- 2nd Quarter of 1994
- Pig Iron Project	- 4th Quarter of 1995

(b) Capacity Utilisation:

(i) Existing Operations

- Jaykaygram, Kankroli Plant		- 90%
- Banmore Plant	1992-93	- 60%
-	1993-94 onwards	- 90%

(ii) Expansion/New Projects :	1st Year	2nd Year	3rd Year
- Radial Tyre Capacity Expansion at Jaykaygram, Kankroli Plant	80%	90%	90%
- Balancing/Expansion Scheme at Banmore Plant	75%	83%	90%
- 7-ADCA - Formulations	55%(3 Mths)	55%	85%
- Bulk Drugs	70%(3 Mths)	70%	80%
- Pig Iron	80%(6 Mths)	100%	100%

As a matter of abundant caution, investors may note that the above mentioned projections are indicative and may be subject to change.

The Company has been paying dividends regularly since 1985-86 - 30% for the last three years (1989-90, 1990-91 and 1991-92). Barring any unforeseen circumstances, the Board of Directors are of the opinion that the Company will be able to declare reasonable dividend in future also.

FINANCIAL PERFORMANCE OF THE COMPANY

(a) The performance of the Company has shown continuous growth over the years which is evident from the financial highlights as per audited accounts given below:

(Rs. in Lacs)

	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
Balance Sheet Data						
Equity Share Capital	1376	1376	1404	1404	1404	1404
Preference Capital	104	104	104	104	229	210
Reserves (Including Revaluation)	5016	5944	7043	7963	22625	23405
Reserves (Without Revaluation)	325	1567	2978	4209	5649	7721
Secured Loans	5390	4055	3639	4970	12571	17477
Gross Fixed Assets	17808	18287	19051	21051	44910	49755
Net Fixed Assets (Incl. W.I.P.) (Including Revaluation)	11006	9877	9080	9703	32117	34351
Net Fixed Assets (Incl. W.I.P.) (Excluding Revaluation)	6315	5500	5016	5949	15141	18667
Book Value (Rs.) (Excluding Revaluation)	12.36	21.38	31.21	39.98	50.23	64.99
Profit & Loss Data						
Sales & Other Income	21902	22695	28772	33211	37879	42191
Gross Operating Profit (before Interest, Depreciation & Tax)	2943	3534	3952	3550	4626	6347
Interest	471	373	492	725	907	2519
Depreciation	2165	1302	1256	1072	1102	1319
Profit before Tax	307	1858	2204	1753	2617	2509
Provision for Tax	-	330	430	90	725	-
Profit after Tax	307	1528	1774	1663	1892	2509
Earnings Per Share (Rs.)	2.15	11.02	12.55	11.77	13.25	17.65
Cash Earnings per Share (Rs.)	17.88	20.48	21.50	19.40	21.10	27.05
Dividend on						
- Equity Capital - Total	206	275	351	421	421	421
- %	15%	20%	25%	30%	30%	30%
- Per Share (Rs.)	1.50	2.00	2.50	3.00	3.00	3.00

(b) Plant & Machinery, Factory and Service Buildings of the Company Tyre Plant at Kankroli were revalued during 1985 and 1991 to the extent of Rs.54.72 crores and Rs.139.16 crores respectively in order to correctly reflect their values as on the date of revaluation. The revaluation reserve as on 30th June 1992 was Rs.156.84 crores. There is no change in accounting policy during the last three years.

Stock market data for market price of Equity Shares on Bombay Stock Exchange:

Month/Year		High Rs.	Low Rs.
November	1992	260.00	153.75 (ex-right)
October	1992	262.50	245.00
September	1992	270.00	227.50
August	1992	232.50	190.00
July	1992	231.25	180.00
June	1992	231.25	180.00
May	1992	290.00	180.00
April	1992	375.00	260.00
	1991	182.50	142.50
	1990	88.75	50.00

The Equity Share of the Company was quoted at Rs. 160 (ex-right) on Bombay Stock Exchange on 23-12-92

JUSTIFICATION OF ISSUE PRICE

A. ACTUALS

The Company's performance over the years is one of cosistent and continuous growth of turnover and profitability. The major financial performance indicators of the Company over the last 5 years are as under:

Rs./Lacs

Particulars	1987-88	1988-89	1989-90	1990-91	1991-92
Equity Capital	1376	1404	1404	1404	1404
Free Reserves	1567	2978	4209	5649	7721
(Without Revaluation Reserve)					
Equity Shareholders Fund (1+2)	2943	4383	5613	7053	9125
Book Value per Share	21.38	31.21	39.98	50.23	64.99
(Without Revaluation Reserves)					
Gross Income	22695	28772	33211	37879	42191
Net Profit after Tax	1528	1774	1663	1892	2509
Earnings Per Share(EPS) (Rs.)	11.02	12.55	11.77	13.25	17.85
Cash Earnings Per Share (Rs.)	20.48	21.50	19.40	21.10	27.05
Dividend:					
- %	20%	25%	30%	30%	30%
- Per Share (Rs.)	2.00	2.50	3.00	3.00	3.00

There are no material changes or commitments affecting the financial position of the Company since the last accounting year ended 30th June 1992.

B. PROJECTIONS:

Estimates by the Company for the next three years:

Rs./Lacs

	Particulars	1992-93	1993-94	1994-95
1.	Equity Capital	2317	2804	2804
2.	Free Reserves	15963	22715	25306
	(Without Revaluation Reserve)			
3.	Net Profit after Tax	2105	3611	3390
4.	Net Asset Value per Share (Rs.)	78.99	91.00	100.24
	(Excluding Revaluation Reserves)			
5.	Earnings Per Share (EPS) (Rs.)	8.96 *	12.78 **	11.99
6.	Cash Earnings Per Share (Rs.)	17.61	20.68	23.20

* EPS during 1992-93 has been calculated on the Equity Capital as increased by the issue of additional Equity Share Capital to the extent of Rs.912.72 lacs.

** EPS during 1993-94 has been calculated on the Equity Capital as further increased by conversion of Part A of PCDs into Equity Shares to the extent of Rs.487.53 lacs.

The average market price of the Equity Share on BSE in the last six months (May-October 1992) was about Rs. 226.67

The ex-right price as on 23.12.1992 was Rs.160 (BSE). The issue price of Rs.90 per share is considered reasonable on the basis of past performance, projections and potential of the Company as demonstrated above and the prices of the Equity Shares on the Stock Exchange.

The price would also provide scope for capital appreciation to the investors.

The Issue price has been decided by the Company in consultation with the Lead Manager and has also been approved by the Shareholders at the Extraordinary General Meeting of the Company held on 11th August 1992.

XVII. All Payments, Refunds, Debentures, Fixed Deposits, Interest On Fixed Deposits, Debenture Interest and Institutional dues have been paid up to date

XVIII. Outstanding Litigation

There are no outstanding litigations pertaining to matters likely to affect the operations and finances of the Company inasmuch as adequate provision in respect thereof has been made in the books of account.

XIX. Particulars In regard To The Company And Other Listed companies Under The same Management Which Made Any Capital Issue During The Last Three Years

The Company has not made any capital issue during the last three years. There is no Company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.

GENERAL INFORMATION AND INSTRUCTIONS

(a) The CAF(s) should be made only on the printed CAFs provided by the Company and should be complete in all respects. Applications which are not complete or are not accompanied by the remittance of proper amount calculated as aforesaid, are liable to be rejected and the application money received in respect thereof will be refunded.

(b) Application Forms must be filled in BLOCK LETTERS IN ENGLISH and in case of applicants in Part 'C' (Form of Application by Renouncee(s)) the relevant details of father's/husband's name(s), occupation(s) and the address must be filled in BLOCK LETTERS IN ENGLISH.

(c) Signatures in languages other than in English, Hindi, or thumb impressions must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/her official seal.

(d) CAF (s) which are found incomplete with regard to any of the particulars required to be given therein or which are not completed in conformity with the terms of this Letter of Offer contained herein will be liable to be rejected and the application moneys received in respect thereof will be liable to be refunded, without interest.

(e) In case of joint holders, all joint holders must sign the CAF(s) at the appropriate places in the same order as recorded in the relevant Registers of the Company.

(f) In case of applications under Power of Attorney or by Limited Companies or bodies Corporate or societies, such Power of Attorney together with the true copies thereof or Certified copies of the Board Resolutions or authority/ies to make the applications, as the case may be, alongwith a copy of the Memorandum and Articles of Association and/or Bye-laws, as the case may be, of the Company/Society must be attached to the CAF (s) at the time of making the application or lodged, for scrutiny, separately, quoting the reference of CAF (s) No. at the office of the Registrars to the Issue. The original(s) will be returned after retaining the certified copy/ies thereof. In case the Power of Attorney is already registered with the company, the serial number of the Registration must be quoted alongside the signature of the applicant.

(g) Equity Shares/Debentures cannot be allotted in the name of minor (unless the application is made through guardian), partnership firm or trust (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable Trust Laws and is authorised under its constitution to hold Shares or Debentures in a Company).

(h) Only the person to whom this Letter of Offer has been addressed and not the renouncee(s) shall be entitled to obtain split forms.

(i) If any of the parts of the enclosed CAF(s) is/are detached or separated, such application will be rejected.

(j) A request for allotment of Equity Shares/Debentures by an applicant in whose favour you renounce your right to any of the Equity Shares/ Debentures offered to you, shall be subject to the condition that the Directors shall be entitled at their absolute discretion to reject any such application.

(k) Request for splits will be accepted only in lots of 50 Equity Shares/25 PCDs or in multiples thereof.

(l) In case the original CAF(s) is/are not received, or is misplaced by the Applicant, the Company will issue a duplicate on the request of the Applicant who should furnish the Registered Folio Number and his/ her full name and address to the Company at its Administrative office at New Delhi/Registrars to the Issue. In case the original and duplicate(s) are lodged for subscription, the allotment will be made at the discretion of the Board of Directors of the Company.

FINANCIAL INFORMATION

The following data is given by way of information in terms of Ministry of Finance, Government of India, Circular No. F.2/5/SE/76 dated 5th February, 1977, as amended vide their circular of even number dated 6th March 1977 :

(a) Unaudited and Estimated Working Results of the Company for the period from 1.7.1992 to 30.11.1992:

		Rupees in Crores 1.7.1992 to 30.11.1992
(i) Sales & Other Income		
(a) Sales	199.90	
(b) Other Income	4.50	
		204.40
(ii) Profit before Interest & Depreciation		32.13
(iii) Provision for Interest		17.80
(iv) Profit before Depreciation and Tax		14.33
(v) Provision for Depreciation		6.63
(vi) Provision for Taxes		--
(vii) Profit after Tax		7.70*

* Profit is marginally lower on account of full impact of depreciation and interest in respect of new Tyre Plant at Banmore (M.P.). However, projected profits for the year 1992-93 are expected to be achieved.

(b) Material Changes and Commitments, if any, affecting the financial position of the Company:

There are no material changes or commitments affecting the financial position of the Company since the accounting year ended 30th June, 1992.

(c) Share Prices

(i) Week-end Prices of the Equity Shares of the Company quoted on the Bombay Stock Exchange for the last four weeks are as under:

Week ended on	Closing Price (Ex Right) (Rs. per share)
4th December 1992	160.00
11th December 1992	165.00
18th December 1992	157.50
24th December 1992	160.00

(ii) Current Market Price : The Equity Share of the Company was quoted at Rs. 160.00 per Share (Ex-Rights) as on 23rd December 1992 at Bombay Stock Exchange.

(iii) Highest price of the Equity Share of the Company during 1st June 1992 to 30th November 1992 was Rs.270.00 per share on 16.9.1992 at Bombay Stock Exchange.

(iv) Lowest price of Equity Share of the Company during 1st June 1992 to 30th November 1992 was Rs.153.75 (ex-right) per share on 20.11.1992 at Bombay Stock Exchange.

Attention of the applicants is specially drawn to the provisions of sub-section (1) of Section 68-A of the Companies Act, 1956, which is reproduced below:

"Any person who -

(a) makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or

(b) otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in fictitious name shall be punishable with imprisonment for a term which may extend to five years."

Yours faithfully,

By order of the Board of Directors

For J.K. INDUSTRIES LIMITED

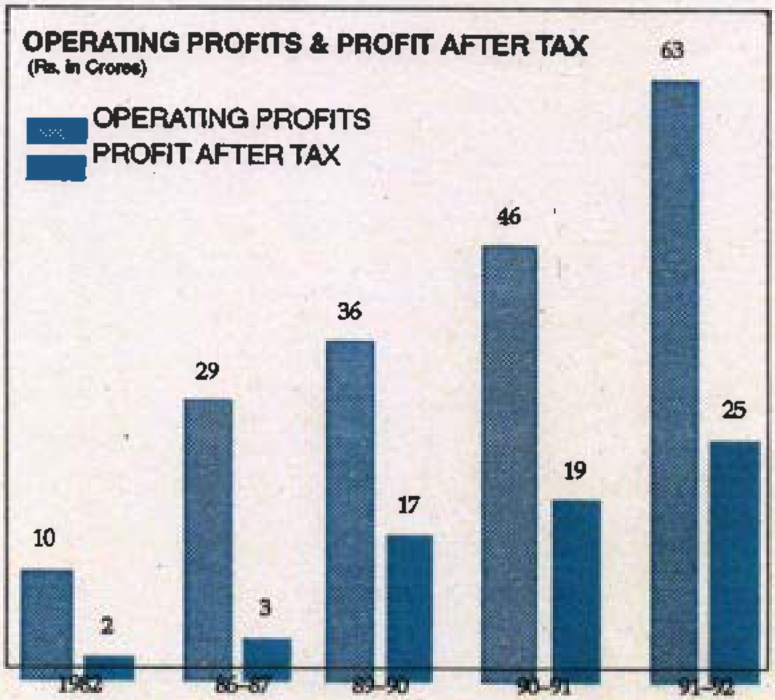
(RAGHUPATI SINGHANIA)

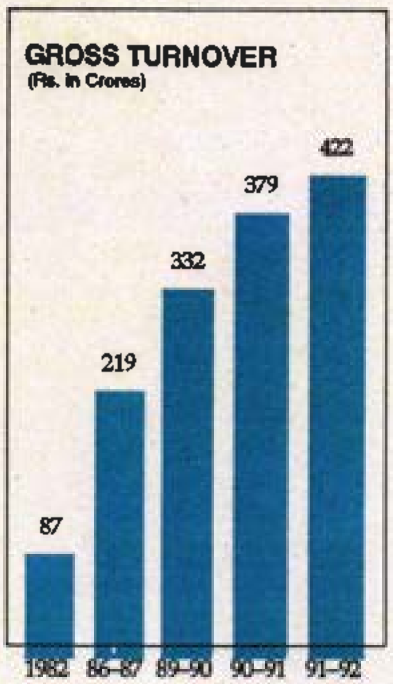
MANAGING DIRECTOR

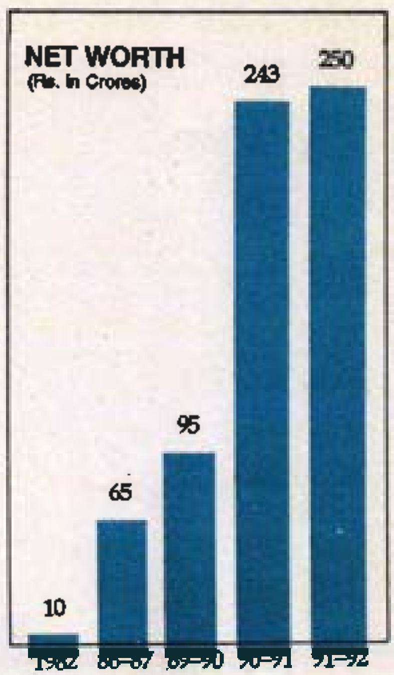
Place : New Delhi,

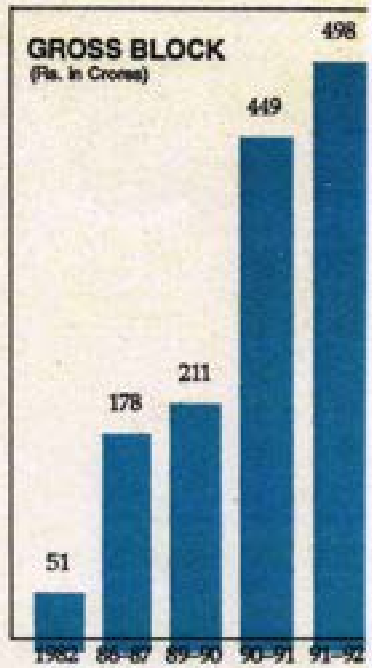
Date : 4th January 1993.

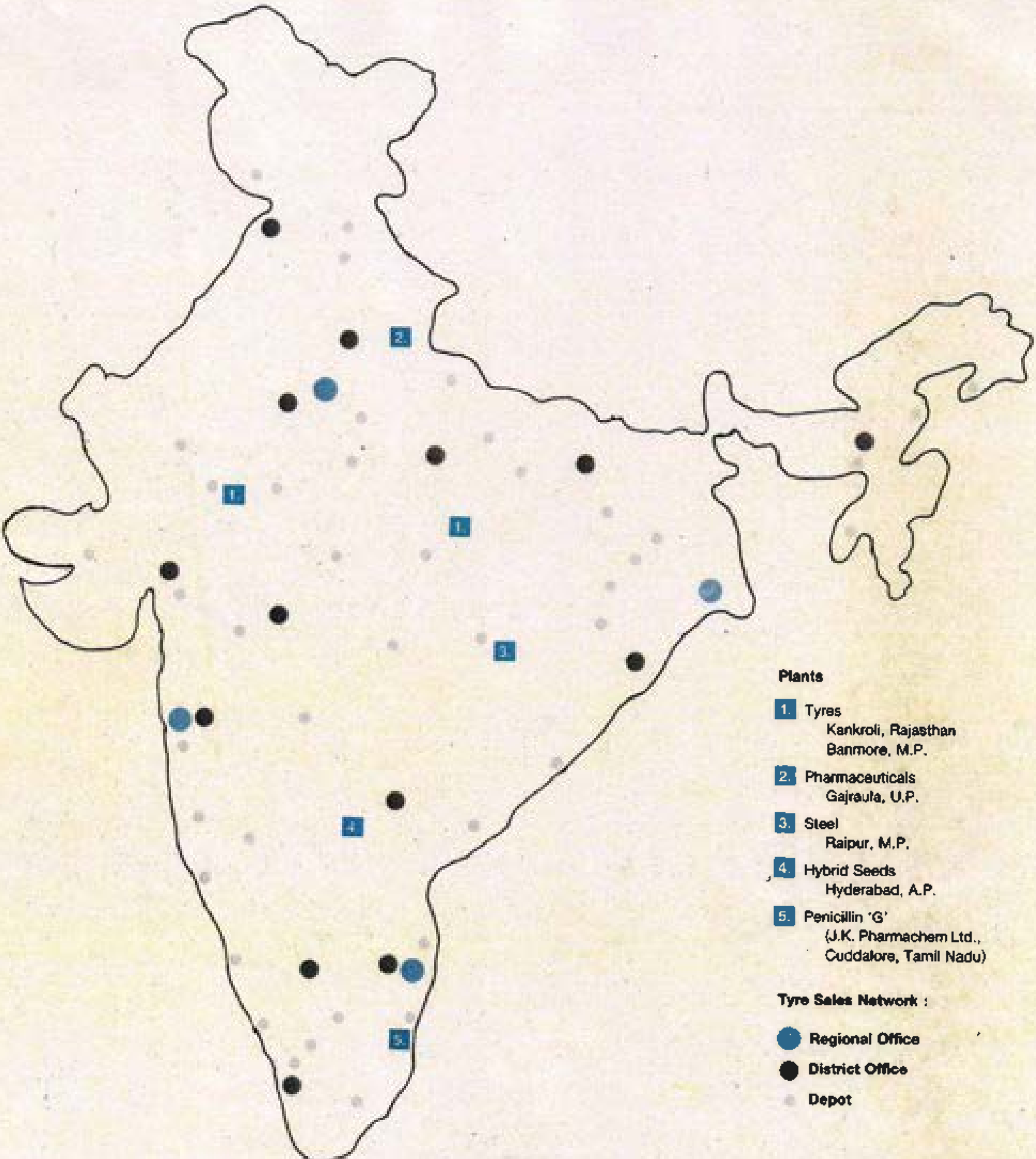
Consistent Growth...







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4.
5.
Plants
1. Tyres
Kankroli, Rajasthan
Banmore, M.P.
2. Pharmaceuticals
Gajraula, U.P.
3. Steel
Raipur, M.P.
4. Hybrid Seeds
Hyderabad, A.P.
5. Penicillin 'G'
(J.K. Pharmachem Ltd.,
Cuddalore, Tamil Nadu)
Tyre Sales Network :
Regional Office
District Office
Depot