

## SUMEET INDUSTRIES LIMITED

Reg. office : 504, Trividh Chamber, 5th Floor, Opp. Fire Brigade Station, Ring Road, Surat – 395 002

### NOTICE

Notice is hereby given that an EXTRA ORDINARY GENERAL MEETING of the Equity shareholders of Sumeet Industries Limited will be held on Monday, 21st day January, 2013 at 10:00 A.M. at 504, Trividh Chamber, 5th Floor, Opp. Fire Brigade Station, Ring Road, Surat-395002 to transact the following business:

#### **SPECIAL BUSINESS:**

1. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Company, Listing Agreement entered into by the Company with the BSE Limited and National Stock Exchange of India Limited, ("Stock Exchanges") where the Equity Shares of the Company are listed, and Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, ("SEBI Regulations") and subject to all applicable rules, regulations and guidelines, such approvals, permissions, sanctions and consents as may be necessary and required under the applicable laws, rules and regulations and on such terms and conditions (including any alterations, modifications, corrections, changes and variations, if any, that may be stipulated under such approvals, permissions, sanctions, and consents as the case may be) which may be accepted by the Board of Directors of the Company (herein referred to as "**Board**") which term shall include any duly constituted and authorized committee thereof, which the Board may constitute to exercise its powers and subject to any alterations, modifications, corrections, changes and variations that may be decided by the Board in its absolute discretion, consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot, from time to time, in one or more tranches, 10 (Ten) Optionally Fully Convertible Debentures of Rs.1,00,00,000/- ( Rupees One Crore only) each at par for cash aggregating up to Rs. 10,00,00,000/-(Rupees Ten Crores only) (hereinafter referred to as "**OFCDs**") to IFCI Venture Capital Funds Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at IFCI Tower, 61 Nehru Palace, New Delhi – 110 019 (hereinafter referred to as an "**Investor**") not forming part of Promoter Group, on a preferential basis (hereinafter referred to as "**Preferential Allotment**"), on such terms and conditions and in such manner as the Board may think fit,



including the following terms and conditions, and as per the capitalised terms defined below:

**A. Capitalised Terms**

- (i) **"Coupon Rate"** of the OFCDs shall be 15.5% per annum payable monthly on the last day of every month till the OFCDs are redeemed/converted in to Equity Shares of the Company.
- (ii) **"Coupon"** is the interest to be paid on the OFCDs at the time of redemption.
- (iii) **"Conversion Period"** of the OFCDs shall be any time before the expiry of eighteen months from the date of allotment of the OFCDs.
- (iv) **"Conversion Ratio"** in relation to the each OFCDs shall be such number of Equity Share(s), as is equal to the quotient of 1,00,00,000 (One Crore) divided by 25 ( Twenty Five), for every OFCD.
- (v) **"Conversion Price"** of each of the OFCDs in to Equity Shares shall be Rs. 25/- per Equity Share which is higher than the minimum price stipulated pursuant to Chapter VII of SEBI Regulations, as amended up to date.
- (vi) **"Conversion Option"** in relation to the OFCDs shall be the option of the Investor to convert the OFCDs during the Conversion Period into Equity Shares in accordance with the Conversion Ratio at the Conversion Price. Any fractional entitlement per OFCD would be redeemed.
- (vii) **"Equity Share(s)"** shall mean fully paid -up equity shares of the Company of face value of Rs. 10/- each.
- (viii) **"Redemption Date"** for the OFCDs shall be the last day of the eighteen month period calculated from date of allotment of the OFCDs.
- (ix) **"Relevant Date"** for the Preferential Allotment, as per the SEBI Regulations, as amended up to date, for the determination of applicable price of Equity Shares issued subsequent to conversion of OFCDs, at the option of the holders of OFCDs, is 22nd December, 2012 which is 30 days prior to the date of the Extraordinary General Meeting i.e. 21/01/2013.

**B. Terms and conditions of the OFCDs**

- (i) The Investor shall have the option to convert the OFCDs into Equity Shares of the Company in accordance with the Conversion Ratio at anytime during the Conversion Period. The Conversion Option must be exercised by the Investor in



- writing. The Conversion Price shall be higher than the minimum price prescribed by Regulation 76 of SEBI Regulations.
- (ii) The Company also has option to redeem at premium up to 60% OFCDs after 14 months from the date of issue of such OFCDs and before expiry of 17 months from the date of issue of such OFCDs giving annualized return of 17 % p.a. including coupon amount & redemption premium.
  - (iii) In the event the Investor does not exercise its right of Conversion Option during the Conversion Period, then the OFCDs shall be compulsorily redeemed by the Company on the Redemption Date by payment of the principal sum being Rs. 1,00,00,000/- (Rupees One Crore only) per OFCD along with the Coupon thereon to the Investor.
  - (iv) The Coupon shall be payable only at the time of redemption of the OFCDs.
  - (v) The OFCDs and Equity Shares arising out of conversion of OFCDs to be issued and allotted shall be subject to a lock-in as per applicable provisions of SEBI Regulations, as amended up to date.
  - (vi) The Conversion Ratio and the Conversion Price shall, subject to compliance with pricing requirements under applicable law, be adjusted to take into account any corporate actions including but not limited to issuance of bonus shares, stock splits, stock consolidations and the like that occur prior to the conversion of the OFCDs. In the event of the Company making a rights offer by way of issue of new equity shares prior to the conversion of the OFCDs, the entitlement to Equity Shares under the OFCDs shall stand increased in the same proportion in the rights offer and such equity shares shall be offered to the Investor at the same price at which the existing shareholders are being offered the equity shares.
  - (vii) The Equity Shares to be allotted to the Investors upon conversion of OFCDs shall be in dematerialised form and shall be subject to the provisions of the Memorandum and Articles of Association of the Company.
  - (viii) The Equity Shares to be allotted upon conversion of OFCDs shall rank pari passu with the existing Equity Shares of the Company in all respects including as to dividend.
  - (ix) The OFCDs shall not be listed on any of the Stock Exchanges. The Equity Shares issued upon conversion of OFCDs will be listed and traded subject to the receipt of necessary regulatory approvals from the Stock Exchanges.

**"RESOLVED FURTHER THAT** pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-

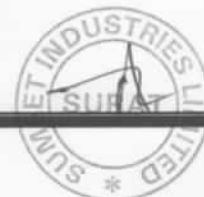
enactment thereof for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Company, Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and Chapter VII of the SEBI Regulations, the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot, from time to time, in one or more tranches, to the Investor upon the exercise of the Conversion Option by the Investor within the Conversion Period, such number of Equity Shares, as the Investor is entitled to receive for each OFCD being converted, based on the terms and conditions set out above and such other terms and conditions as may be agreed by the Board."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be required to give effect to the aforesaid resolution and the transactions contemplated thereby (including, without limitation, issue and allotment of the OFCDs and the issue and allotment of the Equity Shares upon the subsequent conversion of such OFCDs or the redemption of the OFCDs), including, without limitation, to issue any clarifications and resolve any doubts or questions that may arise, execute all such agreements, documents, deeds, writings and instruments as the Board may in its absolute discretion deem necessary or desirable to give effect to the aforesaid resolutions and to bind the Company and the Shareholders in relation to the same, effect any modification to the foregoing (including any modification to the terms of the issue) and to sign and file applications with the appropriate authorities for obtaining requisite approvals, and liaise with such authorities to obtain the requisite approvals for undertaking such transactions."

"RESOLVED FURTHER THAT the Board be and is hereby also authorised to delegate all or any of the powers hereinabove mentioned, to any Committee of Directors of the Company to give effect to the aforesaid Resolution."

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts is annexed hereto.
4. Members/Proxies are requested to fill the Attendances Slip for attending the Meeting.



## EXPLANATORY STATEMENT

In terms of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts. All capitalised terms used in the Explanatory Statement but not defined herein shall have the meaning ascribed to such terms in the Notice.

### Item No. 1

It is proposed to raise funds through preferential issue of 10 (Ten) Nos. of OFCDs of Rs. 1,00,00,000/- each (Rupees one crore) at par for cash aggregating up to Rs. 10,00,00,000/- (Rupees Ten Crore only) to IFCI Venture Capital Funds Limited a public limited company incorporated under the Companies Act, 1956, having its registered office at IFCI Tower, 61 Nehru Palace, New Delhi – 110 019, (“Investor”).

Allotment of OFCDs to the Investor would be done at a price of Rs. 1,00,00,000/ (Rupees one crore only) per OFCD. The OFCDs shall not be listed on any of the Stock Exchanges.

The Investor shall have the option to convert the OFCDs in full or part in one or more tranches into Equity Shares in accordance with the Conversion Ratio and at the Conversion Price at anytime during the Conversion Period.

The Company also has option to redeem at premium up to 60% OFCDs after 14 months from the date of issue of such OFCDs and before expiry of 17 months from the date of issue of such OFCDs giving annualized return of 17 % p.a. including coupon amount & redemption premium.

The Relevant Date for the OFCDs, as per the SEBI Regulations, as amended up to date, for the determination of applicable minimum price for issue of Equity Shares subsequent to conversion of OFCDs at the option of the holders of OFCDs, is 22nd December, 2012 which is 30 days prior to the date of this Extraordinary General Meeting i.e. 21/01/2013.

the average of the high and low of the closing prices at the National Stock Exchange of India Limited for 26 weeks prior to the relevant date is Rs. 18.58 ( Rupees Eighteen & paise fifty eight only)

the average of the high and low of the closing prices at the National Stock Exchange of India Limited for 2 weeks prior to the Relevant Date is Rs. 23.03 ( Rupees Twenty Three & paise three only )

Since the Investor is a Qualified Institutional Buyer as defined under regulation 2(zd)(iii) of SEBI Regulations i.e. a public financial institution as defined in section 4A of the



Companies Act, 1956, the Floor Price, i.e. minimum price at which the Equity Shares of the Company shall be allotted upon conversion of the OFCDs, as per the SEBI Regulations, 2009 shall not be less than the average of the weekly high and low of the closing prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date **which is Rs. 23.03 per share.**

The Conversion of each of the OFCDs in to Equity Shares shall be at Rs. 25/- per Equity Share which is higher than the minimum price stipulated pursuant to Chapter VII of SEBI Regulations, as amended up to date.

In the event the Investor does not exercise its right of Conversion Option during the Conversion Period, then on the Redemption Date, the OFCDs shall be compulsorily redeemed by the Company by payment of the principal sum being Rs. 1 Crore (Rupees One Crore Only) per OFCD along with the Coupon accrued thereon.

The Coupon shall be payable only at the time of redemption of the OFCDs.

The Conversion Ratio and the Conversion Price shall be adjusted to take into account any corporate actions including but not limited to issuance of bonus shares, stock splits, stock consolidations and the like that occur prior to the conversion of the OFCDs. In the event of the Company making a rights offer by way of issue of new equity shares prior to the conversion of the OFCDs, the entitlement to Equity Shares under the OFCDs shall stand increased in the same proportion in the rights offer and such equity shares shall be offered to the OFCD holder at the same price at which the existing shareholders are being offered the equity shares.

The OFCDs shall also be subject to the terms and conditions as may be mutually agreed between the Company and the Investor.

Upon allotment of the OFCDs to the Investor there would not be any change in the equity share capital of the Company. However, on exercise of Conversion Option by the Investor and post allotment of Equity Shares pursuant to the aforesaid Conversion Option, the total increase in equity share capital at the face value would be (40,00,000 x Rs. 10/-) Rs. 4.00 Crores (Rupees Four Crores only) and in premium will be (40,00,000 x Rs. 15/-) Rs. 6.00 Crores (Rupees Six Crores only).

The completion of the allotment of the OFCDs, its conversion into Equity Shares and allotment of Equity Shares consequent upon such conversion is subject to the receipt of all necessary regulatory permits and approvals.

**Disclosure as required under Regulation 73 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, for the purpose of Preferential Allotment to the Investor on preferential basis:**



The object/s of the issue through Preferential Allotment	Recently, the Company has completed expansion project of enhancing its spinning capacity of POY and FDY successfully with project cost of Rs. 180 Crores. The Company is in need of further funds required to meet enhanced working capital requirements and other general corporate purposes.	
Intention of Promoters/Directors/ Key Management persons to subscribe to the preferential offer	This Preferential Allotment is not made to any Promoters/Directors/Key Management Persons. The Investor is not related to any of the Promoters/Directors/Key Management Persons.	
Shareholding pattern before and after the Preferential Allotment	There would not be any change in shareholding pattern after the Preferential Allotment. However, the Investor has option to convert the OFCDs into Equity Shares of the Company as per the Conversion Ratio. Shareholding pattern before allotment of OFCDs and after conversion of OFCDs in to the Equity Shares on exercise of option by Investor is given below.	
Proposed time within which the Preferential Allotment shall be complete	The Preferential Allotment of OFCDs through Preferential issue will be completed within a period of 15 days from the date of passing of the aforesaid Special Resolution in the captioned Extraordinary General Meeting or 15 days from the date of receipt of necessary regulatory approvals, if any, whichever is later or within such further period as may be prescribed or allowed by the SEBI, stock exchange(s) or other concerned authorities.	
The identity of the proposed allottees and the percentage of the post preferential issue capital may be held by them on fully diluted basis	<b>Identity of the Allottees</b>	<b>Percentage of post Preferential Issue Capital</b>
	IFCI Venture Capital Funds Limited.  IFCI Tower , 61 Nehru Palace , New Delhi - 110 019	6.42% [assuming that all the OFCDs are converted in consonance with the Conversion Ratio]
Change in control, if any, in the issuer consequent to the preferential issue	There will be no change in control of the Company upon the allotment of the OFCDs and assuming that all the OFCDs are converted in consonance with the Conversion Ratio	

Shareholding pattern before and after the proposed issue on conversion of OFCDs [assuming that all the OFCDs are converted in consonance with the Conversion Ratio] into Equity Shares is as follows:

Sr. No.	Category	Equity Shares			
		Pre-issue Equity Shareholding		After allotment of Equity Shares on conversion of OFCDs	
		Number of Shares held	Percentage of holding	Number of Shares held	Percentage of holding
A	Promoters' Holding				
1	Indian Promoters (including Persons acting in concert)	25746548	44.17	25746548	41.33
	Other persons acting in concert	0	0.00	0	0.00
	<b>Sub-Total</b>	<b>25746548</b>	<b>44.17</b>	<b>25746548</b>	<b>41.33</b>
B 1	Non-Promoters' Holding				
a.	Insurance Companies	0	0.00	0	0.00
b.	Mutual Funds	0	0.00	0	0.00
c.	Banks, Financial Institutions, (Central Govt. State Govt. Institutions / Non-Government Institutions)	495	0.00	495	0.00
	<b>IFCI Venture Capital Funds Ltd</b>	<b>0</b>	<b>0.00</b>	<b>4000000</b>	<b>6.42</b>
d.	Foreign Institutional Investors (FIIs)	0	0.00	0	0.00
e.	Venture Capital Funds	0	0.00	0	0.00
	<b>Sub-Total</b>	<b>495</b>	<b>0.00</b>	<b>4000495</b>	<b>6.42</b>
B2	Others				
a.	Private Corporate Bodies	17603581	30.20	17603581	28.26
b.	Public	10371825	17.79	10371825	16.65
c.	Non Resident Indians	196370	0.34	196370	0.32
d.	Directors/Relatives	4327562	7.42	4327562	6.95
e.	Any other - Clearing Members	43357	0.08	43357	0.07
	<b>Sub-Total</b>	<b>32542695</b>	<b>55.83</b>	<b>32542695</b>	<b>52.25</b>
	<b>Grand Total</b>	<b>58289738</b>	<b>100.00</b>	<b>62289738</b>	<b>100.00</b>

**Lock-in period:** OFCDs and Equity Shares issued on conversion of the OFCDs allotted to Investor (being person other than promoter / promoter group) on preferential basis, shall



be subject to lock-in-period as specified under Chapter VII of SEBI ( Issue of Capital and Disclosure Requirements) Regulations, 2009.

**Listing:** The Company will make an application to the Stock Exchanges on which the existing Equity Shares of the Company are listed and traded, for listing and trading of the Equity Shares to be issued on conversion of the OFCDs. The Equity Shares as and when issued on conversion, will rank pari passu with the existing Equity Shares issued by the company.

**Change in the Control or composition of the Board**

There will neither be any change in the control of the company nor any change in the composition of the Board on account of proposed Preferential Allotment. However, there will be corresponding changes in the shareholding pattern as well as voting rights consequent to allotment of Equity Shares upon conversion of OFCDs

**Compliance with SEBI Takeover Regulations, 2011**

Equity Shares allotted to the Investor upon conversion of the OFCDs shall be in compliance with the SEBI Takeover Regulations, 2011. Further, the Investor shall also comply with the regulation 29 and 30 of SEBI Takeover Regulations, 2011.

**Pricing of the Issue**

The Conversion Price of Equity Shares issued consequent upon conversion of OFCDs shall be at a price of Rs. 25/- per Equity Share including premium of Rs.15/- per Equity Share which is higher than the minimum price arrived as specified under Chapter VII of SEBI Regulations, for the time being in force.

The certificate issued by Pradeep Singhi & Associates, Chartered Accountants, Statutory Auditors of the Company as to the pricing of the Equity Shares of the Company to be issued upon conversion of OFCDs allotted in this Preferential Allotment and certifying that the Preferential Allotment is being made in accordance with the requirements contained in Chapter VII of the SEBI Regulations, will be placed before the shareholders at the meeting and will be kept open for inspection at the registered office of the Company at 504, Trividh Chambers, Ring Road, Surat, on all working days except Saturdays and Sundays prior to the date of the Extraordinary General Meeting and will be available for inspection at the Meeting.

As it is proposed to issue OFCDs on a preferential basis, which will be convertible into Equity Shares of the Company at the option of the Investor, a special resolution is required to be approved by members pursuant to the provisions of section 81 (1A) of the Companies Act, 1956 and Chapter VII of the SEBI Regulations.

The directors recommend the resolution for approval and adoption.

None of the directors of the Company is interested in the aforesaid resolution.

By order of the Board of Directors  
For SUMEET INDUSTRIES LIMITED

Sd/-

Anil Kumar Jain  
Company Secretary

Place : Surat

Date : December 29, 2012

Registered Office:

504, Trividh Chambers,

Opp. Fire Station,

Ring Road,

Surat-395002



Certified To Be  
True Copy

FOR SUMEET INDUSTRIES LIMITED

*A. Jain*  
COMPANY SECRETARY  
(ANIL KUMAR JAIN)