



HIND RECTIFIERS LIMITED

REGD. & H.O. LAKE ROAD, BHANDUP (W), MUMBAI - 400 078. • TEL.: +91 22 2569 6789 • FAX: +91 22 2596 4114
• www.hirect.com • corporate@hirect.com / marketing@hirect.com • CIN: L28900MH1958PLC011077

Ref. No. HIRECT/SEC/86

27th July, 2017

The General Manager
Corporate Relations Department
BSE Ltd.
1st Floor, New Trading Ring
Phiroz Jeejeebhoy Towers
Dalal Street Mumbai 400 001

The General Manager
Listing Department
The National Stock Exchange of India
Ltd. "Exchange Plaza", C-1, Block 'G'
Bandra Kurla Complex
Bandra (East) Mumbai 400 051

Security Code No. 504036/HIRECT
Type of Security: Equity

Sub.: Draft Letter of Offer for Right Issue filed with SEBI

Dear Sir(s),

This is to inform you that Draft Letter of Offer for Rights Issue has been filed with SEBI, BSE Limited and National Stock Exchange of India Limited on Wednesday, 26th July, 2017.

Please find enclosed Draft Letter of Offer.

Thanking you,

Yours faithfully,
For Hind Rectifiers Limited
Meenakshi Anchlia
Meenakshi Anchlia
(Compliance Officer)





HIND RECTIFIERS LIMITED

Our Company was incorporated as 'Hind Rectifiers Limited' under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated April 25, 1958, issued by the Registrar of the Companies, Mumbai, Maharashtra. The Corporate Identification Number (CIN) of the Company is L28900MH1958PLC011077.

Registered Office: Lake Road, Bhandup (West), Mumbai- 400078, Maharashtra

Tel: 022 25696789; **Fax:** 022 25964114

Contact Person: Ms. Meenakshi Anchlia, Company Secretary and Compliance Officer

E-mail: investors@hirect.com; **Website:** www.hirect.com

PROMOTERS OF THE COMPANY: MR. SUSHIL KUMAR NEVATIA AND MR. SURAMYA NEVATIA

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY

ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 2/- EACH AT A PRICE OF ₹ [●] (INCLUDING PREMIUM OF ₹ [●] PER EQUITY SHARE) FOR AN AMOUNT AGGREGATING UPTO ₹ 1200 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF HIND RECTIFIERS LIMITED ("THE COMPANY" OR THE "ISSUER") IN THE RATIO OF [●] EQUITY SHARE(S) FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD (I.E., [●]) BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●], (THE "ISSUE").

THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF ₹ 2/- EACH.

FOR FURTHER DETAILS, PLEASE SEE "TERMS OF THE ISSUE" ON PAGE 107 OF THIS DRAFT LETTER OF OFFER

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by Securities and Exchange Board of India (the "SEBI") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. **Investors are advised to refer to the "Risk Factors" beginning on page 9 of this Draft Letter of Offer before making an investment in the Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The existing equity shares of our Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). We have received "in-principle" approval from BSE and NSE for listing the equity shares arising from the present Rights Issue vide their letter dated [●] and [●]. For the purposes of the Rights Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE

REGISTRAR TO THE ISSUE

KEYNOTE

Keynote Corporate Services Limited
The Ruby, 9th Floor,
Senapati Bapat Marg, Dadar (W)
Mumbai – 400028
Tel: +91-22- 30266000-3
Fax: +91-22- 30266088
E-mail: mbd@keynoteindia.net
Website: www.keynoteindia.net
SEBI Registration No.: INM 000003606



Adroit Corporate Services Pvt. Limited
17-20, Jafferbhoy Industrial Estate, 1ST Floor,
Makhwana Road, Marol Naka, Andheri (East)
Mumbai - 400059
Tel: +91-22- 42270400
Fax: +91-22- 28503748
E-mail: info@adroitcorporate.com
Website: www.adroitcorporate.com
SEBI Registration No.: INR 000002227

ISSUE PROGRAMME

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



TABLE OF CONTENTS

SECTION I – GENERAL	2
DEFINITIONS AND ABBREVIATIONS.....	2
NOTICE TO OVERSEAS SHAREHOLDERS	6
PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA AND CURRENCY OF PRESENTATION.....	7
FORWARD LOOKING STATEMENTS	8
SECTION II – RISK FACTORS	9
SECTION III – INTRODUCTION	17
THE ISSUE	17
SUMMARY OF FINANCIAL INFORMATION	18
GENERAL INFORMATION.....	21
CAPITAL STRUCTURE.....	25
SECTION IV – PARTICULARS OF THE ISSUE	32
OBJECTS OF THE ISSUE	32
STATEMENT OF TAX BENEFITS.....	36
SECTION V – ABOUT US	37
INTRODUCTION	37
KEY INDUSTRY REGULATIONS	44
MANAGEMENT	45
SECTION VI – FINANCIAL INFORMATION	52
AUDITOR’S REPORT	52
MARKET PRICE INFORMATION	86
FINANCIAL INDEBTEDNESS	88
SECTION VII – LEGAL AND OTHER INFORMATION	90
OUTSTANDING LITIGATIONS AND DEFAULTS.....	90
MATERIAL DEVELOPMENTS.....	96
GOVERNMENT APPROVALS.....	97
OTHER REGULATORY AND STATUTORY DISCLOSURES	97
SECTION VIII - OFFERING INFORMATION	107
SECTION IX – STATUTORY AND OTHER INFORMATION	139
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION.....	139
DECLARATION	141

**SECTION I – GENERAL****DEFINITIONS AND ABBREVIATIONS****Definitions**

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

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

Conventional/ General Terms

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CITU	Centre of Indian Trade Unions
Companies Act	The Companies Act, 2013 and rules issued thereunder, as amended
Depositories Act	The Depositories Act, 1996 and amendments thereto
DIN	Director Identification Number
DP	Depository Participant
EPS	Earnings Per Share
Erstwhile Companies Act	The Companies Act, 1956, which has been repealed and replaced by the New Companies Act
ESIC	Employee’s State Insurance Corporation
EMS	Engineering Mazdoor Sabha
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FII	Foreign Institutional Investors registered with SEBI under applicable laws.
FPI	Foreign Portfolio Investors
HUF	Hindu Undivided Family
ICL	Inter Corporate Loans
Indian GAAP	Generally Accepted Accounting Principles In India
ISIN	International Securities Identification Number
IT	Information Technology
IT Act	The Income Tax Act, 1961 and amendments thereto
Ltd	Limited
MSME	Ministry of Micro, Small and Medium Enterprises
NAV	Net Asset Value
NR	Non Resident
NRI(s)	Non Resident Indian(s)
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PVT/ Pvt	Private
RBI	Reserve Bank of India



Term	Description
Re./ Rupees/INR/ ₹	Indian Rupees
Regulation S	Regulation S of the U.S. Securities Act of 1933, as amended
RONW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SEBI	Securities and Exchange Board of India
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI Regulations/ SEBI ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereto
Securities Act	United States Securities Act of 1933, as amended
Stock Exchanges	BSE and NSE
Takeover Code/ Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto

Issue related terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Equity Shareholders as on the Record Date with respect to this Issue in accordance with SEBI Regulations
Allotment	Unless the context requires, the allotment of Equity Shares pursuant to the Issue
Allottees	Persons to whom Equity Shares are issued pursuant to the Issue
Applicant	Equity Shareholder(s) and/or Renounees who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer, including an ASBA Applicant
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate amount in relation to an application by an ASBA Investor
ASBA Investor	An investor (Equity Shareholder) who is intending to subscribe the Equity Shares of our Company under this Issue applying through blocking of funds in a bank account maintained with SCSBs.
Banker to the Company	ICICI Bank Limited Union Bank of India TJSB Sahakari Bank Limited Apna Sahakari Bank Limited
Bankers to the Issue	[●]
Composite Application Form / CAF/ Application Form/ Application	The form used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that our Company would issue for the Equity Shares Allotted to one folio
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/pmd/scsb.html
Designated Branches	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/RecognisedIntermediaries



Term	Description
Designated Exchange	Stock BSE Limited
Draft Letter of Offer/ DLOF	The Draft Letter of Offer dated July 21, 2017 filed with SEBI for its observations.
Equity Share(s) or Share(s)	Equity shares of our Company having a face value of ₹ 2 each unless otherwise specified in the context thereof
Equity Shareholder / Shareholder	Means a holder of Equity Shares of our Company
Financial Year/ Fiscal/ Fiscal Year/ FY	Any period of twelve months ended March 31 of that particular year, unless otherwise stated.
Issue/ Rights Issue	Issue of [●] Equity Shares with a face value of ₹ 2 each at a premium of ₹[●] per Equity Share for an amount aggregating upto ₹1200 lacs on a rights basis to the existing Equity Shareholders in the ratio of [●] Equity Share for every [●] fully paid-up Equity Share(s) held (i.e., [●]) by the existing Equity Shareholders on the Record Date. The issue price is [●] times the face value of the Equity Shares..
Investor(s)	Equity Shareholders as on Record Date and/or Renounees applying in the Issue.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	[●]
Issue Price	₹ [●] per Equity Share.
Issue Proceeds	The proceeds of the Issue that are available to our Company
Issue Size	The issue of [●] Equity Shares for an amount aggregating upto ₹ 1200 lacs
Lead Manager/ LM	Keynote Corporate Services Limited
Letter of Offer	The final letter of offer filed with the Stock Exchanges after incorporating the observations received from the SEBI on the Draft Letter of Offer
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchanges as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
MICR	Magnetic Ink Character Recognition.
NECS	National Electronic Clearing Services
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
Non Institutional Investors	All Investors including sub-accounts of FIIs/ FPIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for a cumulative amount more than ₹ 2 lacs
Promoter/ Company	Promoter The Promoter of our Company, being Mr. Sushil Kumar Nevatia and Mr. Suramyia Nevatia
Promoter Group	Unless the context requires otherwise, the entities forming part of the promoter group in accordance with the SEBI Regulations and which are disclosed by our Company to the Stock Exchanges from time to time
Offer Document	Means Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI (ICDR) Regulations, 2009.
Record Date	[●]
Refund through electronic transfer of funds	Refunds through NECS, Direct Credit, RTGS, NEFT or ASBA process, as applicable
Registrar of Companies/ RoC	The Registrar of Companies, 100, Everest, Marine Drive, Mumbai – 400002, Maharashtra



Term	Description
Registrar to the Issue	Adroit Corporate Services Private Limited
Renounees	Any persons who have acquired Rights Entitlements from the Equity Shareholders through renunciation
Retail Investors	Individual Investors who have applied for Equity Shares for an amount not more than ₹ 2 lacs (including HUFs applying through their Karta)
Rights Entitlement	The number of Equity Shares that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date
RTGS	Real Time Gross Settlement
SAF(s)	Split Application Form(s)
SCSB(s)	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at http://www.sebi.gov.in

Company Related Terms

Term	Description
Articles/ Association/ AOA	Articles of Association of our Company, as amended
Auditor	M/s. Khandwala & Shah, our statutory auditors
Board/ Board of Directors	Board of Directors of our Company including any committees thereof.
Memorandum/Memorandum of Association/ MOA	The memorandum of association of our Company, as amended



NOTICE TO OVERSEAS SHAREHOLDERS

The rights and the securities of our Company have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the “United States” or “U.S.”), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in the Draft Letter of Offer are being offered in India, but not in the United States. The offering to which the Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Letter of Offer or Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. Our Company is making the issue of Equity Shares on a rights basis to Equity Shareholders of our Company on the Record Date and the Letter of Offer and CAF will be dispatched only to Equity Shareholders who have an Indian address. Any person who acquires rights and the Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it does not have a registered address (and is not otherwise located) in the United States, and (iii) it is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

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



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

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

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

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

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

Currency of Presentation

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



FORWARD LOOKING STATEMENTS

We have included statements in this Draft Letter of Offer which contain words or phrases such as “will”, “may”, “aim”, “is likely to result”, “believe”, “expect”, “continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “pursue” and similar expressions or variations of such expressions, that are “forward looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to:

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

For a further discussion of factors that could cause the actual results to differ, see “Risk Factors” on page 9 of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI and Stock Exchanges’ requirements, our Company and Lead Manager shall ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.



SECTION II – RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. The financial and other implications of material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However there are a few risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. The ordering of the risk factors has been done based on materiality and does not in any manner indicate the importance of one risk factor over the other. To obtain a complete understanding, you should read this section in conjunction with the chapters titled “Introduction” and the section titled “Financial Information” on page 37 and 52 respectively as well as the other financial and statistical information contained in this Draft Letter of Offer.

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

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

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

RISKS ASSOCIATED WITH OUR BUSINESS

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

Our Company is involved in certain litigations / disputes that include income-tax, central excise, service tax, Maharashtra Value Added Tax etc. and cases relating to show cause cum demand notices. These notices are civil in nature and have been contested by us. We can give no assurance that these litigations will be decided in favour of our Company. Any adverse outcome in any or all of these proceedings may have a material adverse effect on our business, results of operations and financial condition. A summary of litigations are as follows:

Category	No of proceedings	Amount (₹ in Lacs)
ESIC Dispute	1	14.73
Labour Related Dispute	2	Not Quantifiable
Income Tax disputed in appeals	2	Not Quantifiable
Excise duty and Service Tax disputed in appeals	9	127.88*
Sales Tax disputed in appeals	7	145.74*

*includes advance paid



Our Company has received a show cause notice u/s 134(8) for violation of section 134(3)(o) read with section 135 of the Companies Act, 2013 from the Ministry of Corporate Affairs, Office of the ROC, Mumbai in regard to Corporate Social Responsibility Expenditure for the financial year 2014-15. Our Company has filed a compounding application on 31/05/2017 for the said violation.

For further information relating to these proceedings, please see the section titled “Outstanding Litigations and Defaults” beginning on page 90.

2. *We receive a significant portion of our revenue from the sales to the Indian Railways*

A significant portion of our revenue is derived from sales effected to the Indian Railways. For the Financial Year 2016-17 around 65.93% of our total revenue was from the Indian Railways. We cannot assure you that we can maintain the historical level of business in future also. In the event of reduction in the volume of business from railways, our business, financial condition, results of operations and prospects may be adversely affected.

3. *We face competition that may increase margin pressure and reduce our market share and profits.*

We operate in a competitive environment where we face competition from local as well as multinational corporations. Indian railways and other government bodies follow competitive bidding for awarding supply contract to various supplies. Further in terms of the prevailing procurement policies of Indian Railway, certain portion of these contract are awarded to the lowest bidder. Some of our competitors which operate on a smaller base (and are therefore also able to operate on lower overheads) and also the new entrants in the market may be able to reduce their margin in order to achieve a higher market share and provide a lower bid for securing the contract. Our competitors may also respond and adapt to competitively faster technological changes in the industries that we operate in. This may adversely affect our business results of operation and financial condition.

4. *Changes in technology may render existing technologies obsolete and our inability to identify evolving industry trends and customer preferences and make capital investments in new technology may adversely affect our business, financial condition, results of operations or prospects.*

Changes in technology may render some of our products obsolete or less attractive. Our ability to anticipate changes in technology regulatory standards and to successfully introduce new and enhanced products in a timely manner is a significant factor in our ability to remain competitive. We cannot assure you that we will be able to secure the necessary technological knowledge or capability, through technical assistance agreements or otherwise, which will allow us to develop products in a manner that meets the demands of our customers, or that we will be able to expand capacity and install and commission new equipment required to manufacture new products. If we are unable to obtain access to technology in a timely manner or at all, we may be unable to effectively implement our strategies, and our business, results of operations and prospects may be adversely affected.

5. *Our business depends on the award of contracts and renewals and extensions of existing contracts. In case we are not awarded contracts or our existing contracts are not renewed due to our inability to provide services within the stipulated time frame in terms of the existing contracts, it may have a material adverse effect on our business, financial condition and results of operations.*

A significant portion of our sales are derived directly or indirectly from contracts that are subject to either a tender or selection process. We are not able to predict whether we will be awarded such contracts and, even if awarded such contracts, whether they will proceed as originally planned. The tender or selection process is affected by a number of factors outside our control, such as market

conditions and corporate approvals required of the customers. In preparation for a tender, we assess our current capacity in terms of staffing, equipment and the availability of third parties, such as subcontractors and suppliers, and, if awarded the contract, we determine how to deploy the resources in order to fulfill the contract. If our assessment of the resources required to fulfill a contract is incorrect, or if we are not selected or if the contracts we enter into are delayed and we are unable to perform a contract within the stipulated timeframe, our work flow may be interrupted and the viability of the project may be impacted, which could have a material adverse effect on our business, financial condition and results of operations.

6. *We depend on the expertise of our senior management and skilled employees; our results of operations may be adversely affected by the loss of service of our senior management and experienced employees.*

Our business is dependent upon the core management team which includes our Promoters, Directors, Senior Management Personnel and other Key Managerial Personnel. Our management team oversees the day-to-day operations, strategy and growth of our business along with our key personnel. We cannot assure you that we will be able to retain the core management team or find adequate replacement in a timely manner. The loss of the service of such persons may have an adverse effect on our business and our results of operation.

7. *We require certain approvals or licenses in the ordinary course of business and any inability to procure any or all such licenses or retain them in a timely manner, or at all, could expose us to significant risk and/or delay which may adverse effect on business, revenue and financial results.*

We require certain approvals, licenses, registrations and permissions for operating our business and we are also required to obtain certain consents and permissions in the normal course of our business.

While we believe that we shall be able to obtain the required licenses and approvals as and when required, there can be no assurance that the relevant authority shall renew the same on timely basis. Further, any delay in issuance of approvals or any non issuance of certain approvals could interrupt our operations and may have an adverse material effect on our business and financial position. For details of licenses and approvals please refer chapter on 'Government Approvals' appearing on page 97.

We have made an application vide letter dated January 10, 2017 for the renewal of factory license for our factory at Bhandup which was valid till March 31, 2017. We are yet to receive the fresh approval.

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

The contingent liabilities not provided for as on March 31, 2017 are as follows:

Particulars	Amount (₹ In lacs)
Letters of credit opened by the banker of the Company in favour of the third parties	161.43
Letters of guarantee given by the banks to the third parties on behalf of the company	785.26
Claim of Excise disputed by the Company*	127.88
Claims of sales tax disputed by the Company*	145.74
Total	1220.31

* The amount shown represents the best possible estimates arrived at on the basis of available information. The uncertainties are dependent on the outcome of the different legal processes. The



timing of future cash flow will be determinable on only receipt of judgment / decision pending with various forums / authorities. Our Company does not expect any reimbursement against the above.

In the event, any of the above contingent liabilities materialize it may have an effect on our financial condition and future financial performance.

9. Our Project has not been appraised by any Bank or Financial Institution. Any significant deviation in the project cost could adversely impact our operations and sustainability in absence of any independent monitoring agency.

We have estimated fund raising upto ₹ 1200 lacs to finance our 'Objects of the Issue'. The proposed project for which the funds are being raised has not been appraised by any Bank or Financial Institution and the fund requirements are based primarily on Management estimates. There is no guarantee that our estimates will prove to be accurate hence any significant deviation in the project cost could adversely impact our operations and sustainability in the absence of any independent monitoring agency.

10. Our Company has experienced negative cash flows. Any negative cash flow in future could affect our results of operations.

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

(₹ in lacs)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Net Cash from Operating Activities	(322.15)	520.62
Net cash used in Investing Activities	(378.13)	(453.93)
Net changes in cash and cash equivalents	(338.06)	355.34

Any negative cash flows, if any in future could adversely affect our company's results of operation and financial condition. For further details please see the section titled "Financial Information" on page no 52.

11. Our agreements with certain banks for financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans.

As of March 31, 2017, we have long term borrowings of ₹ 702.46 lakhs and short term borrowings of ₹ 3329.39 lakhs. We have entered into agreements with banks for the short term and long term borrowings

These agreements include restrictive covenants which imposes certain restrictions in terms of our business operations such as to obtain either the prior written consent of such financial institutions or require us to give prior written intimation to such lenders, prior to, amongst other circumstances, paying dividends to our shareholders, alteration of our capital structure, raising of additional equity or debt capital, restructuring or changes in management. Our ability to execute business plans, including our ability to obtain additional financing on terms and conditions acceptable to us, could be negatively impacted as a result of these restrictions and limitations. In the event that we breach a restrictive covenant, our lenders could deem us to be in default and seek early repayment of loans. An event of default would also affect our ability to raise new funds or renew maturing borrowings as needed to conduct our operations and pursue our growth initiatives. Although we have received consents from our lenders wherever applicable for the Issue, we cannot assure you that we will be able to receive such consents in future. For further details, please refer to the chapter titled 'Financial Indebtedness' beginning on page number 88.



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

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

13. *Foreign currency volatility may impact our financial condition*

Some of our raw materials are imported by us from countries like China, Germany, Russia, Switzerland, Taiwan, UAE, USA etc. Any volatility in global financial markets may have an impact on our business, as we have to make payments in foreign exchange for our imports. In the event we are unable to manage the fluctuation in the foreign exchange, it may negatively impact on our financial condition.

RISKS ASSOCIATED WITH INDIA AND INVESTMENTS IN INDIAN COMPANIES

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

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

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

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

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

Any adverse revisions by international rating agencies to the credit ratings of the Indian national government's sovereign domestic and international debt may adversely affect our ability to raise



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

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

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

RISKS ASSOCIATED WITH THE EQUITY SHARES AND THIS ISSUE

17. There have been fluctuations in the price of the equity shares on the stock exchanges.

There have been fluctuations in the price of the equity shares of our company on the stock exchanges. The volatility in the shares is as a result of various factors including, among other things, volatility in the Indian and global securities markets, the results of our operations and performance, the performance of our competitors, developments in the industry in which we operate and changing perceptions in the market about participation in these sectors, changes in the estimates of our performance or recommendations by financial analysts. There can be no assurance for either liquidity in the shares of our company or for any price at which the equity shares would be traded on the stock exchanges.

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

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

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

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

The Stock Exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time, and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no



assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

PROMINENT NOTES

1. This is an Issue of [●] Equity Shares of face value of ₹ 2/- each at a premium of ₹ [●] per Equity Share for an amount aggregating upto ₹ 1200 lacs on a rights basis to the existing Equity Shareholders of our Company in the ratio of [●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held (i.e., [●]) by the existing Equity Shareholders as on the Record Date.
2. The net worth of our Company as on March 31, 2017 is ₹5501.98 lacs.
3. Our Company, in the course of business has entered into transactions with related parties. The details of related party transactions are as under:

(₹ in lacs)			
Nature of Transaction	Key Management Personnel	Relative of Key Management Personnel	Year ended March 31, 2017
Loan Received	-	-	-
Loan Repaid	5.00	-	5.00
Income			
Sale	-	0.42	0.42
Expenditure			
Remuneration	59.00	56.08	115.08
Director Sitting Fees	-	0.53	0.53
Rent	-	4.80	4.80
Purchase	-	30.10	30.10

4. There has been no financing arrangement whereby the Promoter Group, the Directors of our Company and their relatives have financed the purchase of securities of our Company by any other person, other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Letter of Offer with the Designated Stock Exchange.
5. **Our Company is eligible to make reduced disclosures in the Draft Letter of Offer as per Part E of Schedule VIII of the SEBI ICDR Regulations as we are in compliance with the following:**
 - a. our Company has been filing periodic reports, statements and information in compliance with the Listing Regulations for the last three years immediately preceding the date of filing this Draft Letter of Offer with SEBI;
 - b. the reports, statements and information referred to in sub-clause (a) above are available on the website of recognized Stock Exchanges with nationwide trading terminals (i.e. BSE & NSE) or on a common e-filing platform specified by SEBI;
 - c. our Company has investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee (erstwhile Shareholders' or Investors' Grievance Committee) at frequent intervals, appropriate delegation of power by the Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.



6. All information shall be made available by the Lead Manager and our Company to the public and investors at large and no selective or additional information would be available only to a section of investors in any manner whatsoever.
7. As on date there are no outstanding investor complaints.
8. Investors may contact the Lead Manager for complaints, information or clarifications pertaining to the Issue.



SECTION III – INTRODUCTION**THE ISSUE**

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in “Terms of the Issue” on page 107 of this Draft Letter of Offer.

Equity Shares outstanding prior to the Issue	1,50,57,930 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	[●] Equity Shares
Rights Entitlement	[●] Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date i.e., [●]
Record Date	[●]
Face Value per Equity Share	₹ 2 each
Issue Price per Equity Share	₹ [●] each
Terms of the Issue	For more information, please see “Terms of the Issue” on page 107 of this Draft Letter of Offer.
Use of Issue Proceeds	For further information, please see “Objects of the Issue” on page 33 of this Draft Letter of Offer.

Terms of Payment

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

Other details

Record Date	[●]
Purpose	Rights Issue
Ex-Right	[●]

Issue Schedule

Issue Opening Date:	[●]
Last date for receiving requests for split forms:	[●]
Issue Closing Date:	[●]



SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from the section titled “Financial Information’ on page 52 of this Draft Letter of Offer. Our Company is eligible to make reduced disclosures in the Draft Letter of Offer in terms of Part E of Schedule VIII of the SEBI ICDR Regulations. Hence the disclosure with regards to the financial information has been made for the last Financial year ended March 31, 2017 in compliance with point VIII (X) of Part E of Schedule VIII of the SEBI ICDR Regulations.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES

Particulars	Note		(₹ In lacs)	
			As at March 31, 2017	As at March 31, 2016
I. EQUITY AND LIABILITIES				
(1) Shareholders' Funds				
(a) Share Capital	1	301.16		301.16
(b) Reserves and Surplus	2	5,200.82		5,882.63
			5,501.98	6,183.79
(2) Non-current Liabilities				
(a) Long-term Borrowings	3	702.46		632.32
(b) Other Long-term Liabilities	4	15.76		16.76
(c) Long-term Provisions	5	166.06		162.31
			884.28	811.39
(3) Current Liabilities				
(a) Short-term Borrowings	6	3,329.39		2,540.15
(b) Trade Payables	7	1,231.05		2,245.46
(c) Other Current Liabilities	8	528.95		496.10
(d) Short-term Provisions	9	43.54		44.47
			5,132.93	5,326.18
TOTAL			11,519.19	12,321.36
II. ASSETS				
(1) Non-current Assets				
(a) Fixed Assets	10			
(i) Tangible Assets		1,580.18		1,647.80
(ii) Intangible Assets		407.71		409.04
(iii) Capital Work In Progress		474.24		194.75
(b) Non-current investments	11	5.26		5.26
(c) Deferred Tax Assets (Net)	12	707.00		449.92
(d) Long-term Loans and Advances	13	379.67		269.94
(e) Other Non-current Assets	14	338.05		338.05
			3,892.11	3,314.76
(2) Current Assets				
(a) Inventories	15	2,713.30		3,262.98
(b) Trade Receivables	16	3,943.16		4,473.34
(c) Cash and Cash Equivalents	17	115.56		453.62
(d) Short-term Loans and Advances	18	855.06		816.66
			7,627.08	9,006.60
TOTAL			11,519.19	12,321.36
Other Notes on Financial Statements	26			

Note: Above Statement should be read with the statement of significant Accounting Policies and Notes on Accounts as detailed in the section ‘Financial Information’ appearing on page no 52.



PROFIT AND LOSS ACCOUNT STATEMENT

(₹ In lacs)

Particulars	Note		Year ended March 31, 2017	Year ended March 31, 2016
I. Revenue from Operations	19			
Gross Operational Income		12,048.28		9,947.53
Less: Excise Duty / Service Tax		914.32		553.94
Net Operational Income			11,133.96	9,393.59
II. Other Income	20		59.82	61.16
III. Total Revenue (I + II)			11,193.78	9,454.75
IV. Expenses:				
Cost of Materials Consumed	21	7,172.43		6,042.90
Purchases of Stock-in-Trade		174.18		1,741.30
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	536.35		(1,181.37)
Employee Benefits Expense	23	1,850.37		1,651.09
Finance Costs	24	503.91		327.47
Depreciation and Amortization Expense		199.75		157.53
Other Expenses	25	916.50		934.20
Total Expenses			11,353.49	9,673.12
V. Profit Before Exceptional Items and Taxes (III - IV)			(159.71)	(218.37)
VI. Exceptional Items (Refer Note 26 (viii))			779.33	-
VII. Profit before tax (V-VI)			(939.04)	(218.37)
VIII. Tax Expenses:				
(1) Deferred Tax		(257.08)		(63.60)
(2) (Excess) / Short Provision of Taxation for Earlier Years		(0.15)		(3.79)
			(257.23)	(67.39)
IX. Profit/(Loss) for the year (VII - VIII)			(681.81)	(150.98)
X. Basic & Diluted Earning Per Share of face value of ₹ 2/- each. (Refer Note 26 (xv))			(4.53)	(1.00)
Other Notes on Financial Statements	26			

Note: Above Statement should be read with the statement of significant Accounting Policies and Notes on Accounts as detailed in the section 'Financial Information' appearing on page no 52.



STATEMENT OF CASH FLOW

Particulars	(₹ in lacs)	
	Year ended March 31, 2017	Year ended March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Exceptional Item	(159.71)	(218.37)
Less: Exceptional Items	779.33	-
Net Profit/(Loss) Before Tax & Extra-Ordinary Items	(939.04)	(218.37)
Adjusted for		
Depreciation	199.75	157.53
Investment Income	(33.95)	(14.12)
Interest Charged	503.91	327.46
Operating Profit before Working Capital Changes	(269.33)	252.50
Changes in		
Trade & Other Receivables	313.42	1,018.42
Inventories	549.68	(1,025.23)
Trade & Other Payables	(986.49)	305.97
Cash Generated from Operations	(123.39)	299.16
	(392.72)	551.66
Direct Taxes Paid	70.57	(31.04)
Cash Flow before Extra-Ordinary Items	(322.15)	520.62
Extra-Ordinary Items (Subsidy received from Govt. of India)	-	-
Net Cash from Operating Activities	(322.15)	520.62
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(416.16)	(470.21)
Sale/Disposal of Fixed Assets	6.76	8.86
Purchases of Investments	-	(5.26)
Sale of Investments	-	-
Interest Received	31.27	12.68
Dividend Received	-	-
Net Cash used in Investing Activities	(378.13)	(453.93)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	-	-
Proceeds from Borrowings	859.38	616.11
Interest Paid	(497.16)	(327.46)
Dividend Paid	-	-
Tax on Distributed Profit	-	-
Net Cash used in Financing Activities	362.22	288.65
Net Changes in Cash & Cash Equivalents (A+B+C)	(338.06)	355.34
Cash & Cash Equivalents - Opening Balance	453.62	98.28
Cash & Cash Equivalents - Closing Balance	115.56	453.62

**GENERAL INFORMATION****Registered Office of our Company**

Hind Rectifiers Limited
Lake Road, Bhandup West
Mumbai - 400078
Tel: +91 022 25696789;
Fax: +91 022 25964114
Website: www.hirect.com

Corporate Identification No.: L28900MH1958PLC011077

Address of the Registrar of Companies

Registrar of Companies, Mumbai
100, Everest, Marine Drive, Mumbai - 400002

Board of Directors

The following table sets out the details regarding our Board as on the date of filing this Letter of Offer :

Name, Designation and Occupation	Date of Birth	DIN	Address
Mr. Sushil Kumar Nevatia <i>Chairman and Managing Director</i> <i>Executive Non-Independent Director</i> Industrialist	15/11/1931	00341349	Pitale Prasad, 85, Worli Sea Face, Mumbai - 400025
Mrs. Akshada Suramya Nevatia <i>Additional Director</i> <i>Executive Non-Independent</i> Service	21/08/1987	05357438	Pitale Prasad, 85, Worli Sea Face, Mumbai - 400025
Mr. Pawan Kumar Golyan <i>Non-Executive Non-Independent Director</i> Industrialist	02/07/1958	00356807	Baneshwar Height, 10, Kathmandu, Nepal
Mr. Vijay Kumar Bhartia <i>Non-Executive Independent Director</i> Consultant	18/07/1941	00019810	304/305, Mittal Park 44, Janardhan Mhatre Road, Juhu, Mumbai - 400049
Mr. Binod Kumar Patodia <i>Non-Executive Independent Director</i> Industrialist	01/01/1945	00003516	XXXV/608, Diwans Road Kochi Ernakulam - 682016
Mr. Pradeep Goyal <i>Non-Executive Independent Director</i> Industrialist	20/11/1955	00008370	171/172, 17th Floor, Kalpataru Horizon, Tower A S.K. Ahire Marg, Worli Mumbai 400018
Mr. Parimal Merchant <i>Non-Executive Independent Director</i> Professional	27/09/1960	00201962	1/14, Blossom Society, Military Road, Marol, Andheri (East), Mumbai - 400059
Mr. Vandan Sitaram Shah <i>Additional Director</i> <i>Non-Executive Non-Independent</i> Industrialist	23/06/1962	00759570	2, Prabhat, 28 B. Road, Churchgate, Mumbai - 400020



Brief Profile of the Board of Directors

Please see “Management” on page 45 of this Draft Letter of Offer.

Company Secretary & Compliance Officer

Ms. Meenakshi Anchlia
Lake Road, Bhandup West,
Mumbai - 400078
Tel: +91 022 25696789;
Fax: +91 022 25964114
Website: www.hirect.com
Email: investors@hirect.com

Statutory Auditors of our Company

M/s Khandwala & Shah
Chartered Accountants
G3, 8th Floor, Everest
156 Tardeo Road, Tardeo,
Mumbai - 400034
Tel: 022 23524873
Email: udaypremalca@vsnl.net
Contact Person: Mr. Premal P. Gandhi
Membership No.: 045462
Firm Registration Number: 105069W

Bankers to our Company

ICICI Bank Limited
ICICI Venture House, Stanrose House Annexe,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400025

Union Bank of India
Building-B, Bhaichand Textile Compound,
LBS Marg, Bhandup, Mumbai 400078

TJSB Sahakari Bank Limited
Shop No.1 to 3,
Shakti Shopping Arcade Co-op Hsg. Soc. Ltd.
Bhandup (W), Mumbai – 400 078

Apna Sahakari Bank Limited
Apna Bank Bhavan, Dr S.S.Raod,
Parel, Mumbai- 400 012



Lead Manager to the Issue

Keynote Corporate Services Limited

The Ruby, 9th Floor,
Senapati Bapat Marg, Dadar (W)
Mumbai 400 028
Maharashtra, India.

Tel: +91 22 3026 6000-3; **Fax:** +91 22 30266088

E-mail : mbd@keynoteindia.net

Website : www.keynoteindia.net

Contact Person : Ms. Saili Sonawane

SEBI Registration Number: INM 000003606

Bankers to the Issue

[•]

Registrar to the Issue

Adroit Corporate Services Private Limited

17-20, Jafferbhoy Industrial Estate, 1st Floor,
Makhwana Road, Marol Naka, Andheri – East
Mumbai - 400059

Tel: +91-22-42270400

Fax: +91 22 2850 3748

E-mail: info@adroitcorporate.com

Website: www.adroitcorporate.com

Contact Person: Mr. Sandeep Holam/ Mr. N.Surreash

SEBI Registration Number: INR 000002227

Self Certified Syndicate Banks

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

For further details on the ASBA process, please refer to details given in ASBA form and also see “Terms of the Issue” on page 107 of this Draft Letter of Offer.

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

**Allocation of responsibilities**

Keynote Corporate Services Limited is the sole Lead Manager to this issue and hence inter se allocation of responsibilities is not applicable. However the list of major responsibilities of Keynote Corporate Services Limited inter alia, is as follows:

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

Credit rating

This being a rights issue of equity shares, no credit rating is required.

Monitoring Agency

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

Appraising Agency

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

Principal Terms of Loan and Assets charged as security

For details of the principal terms of loans and assets charged as security, please see section “Financial Indebtness” on page 88 of this Draft Letter of Offer.

Underwriting

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

**CAPITAL STRUCTURE**

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

(₹ in lacs except per share data)

Particulars	Aggregate Nominal Value	Aggregate Value at Issue Price
Authorised share capital:		
5,00,00,000 equity shares of ₹ 2 each	1,000.00	
Issued, Subscribed and Paid up capital before the Issue		
1,50,57,930 equity shares of ₹ 2 each	301.16	
Present Issue being offered to the Equity Shareholders through the Letter of Offer		
[●] equity shares of ₹2/- each at an Issue Price of ₹ [●]/- per Equity Share (premium of ₹ [●] per Equity Share)	[●]	[●]
Paid up capital after the Issue		
[●] equity shares of ₹2 each	[●]	[●]
Securities premium account		
Before the Issue		0.00
After the Issue		[●]

Outstanding Instruments

Our Company doesn't have any outstanding instruments which are convertible into equity.



Notes to the Capital Structure

1. I(a) The shareholding pattern of our Company as on June 30, 2017 (in terms of Regulation 31 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Partly Paid-up Shares	No. of Partly paid-up Shares	As a % of total No. of partly paid-up Shares	As a % of total No. of Shares of the Company
Held by promoter / promoter group	NA	NA	NA
Held by Public	NA	NA	NA
Total	NA	NA	NA
Outstanding Convertible Securities	No. of Outstanding securities	As a % of total No. of Outstanding Convertible Securities	As a % of total No. of Shares of the Company, assuming full conversion of the convertible securities
Held by promoter / promoter group	NA	NA	NA
Held by Public	NA	NA	NA
Total	NA	NA	NA
Warrants	No. of Outstanding securities	As a % of total No. of Outstanding Convertible Securities	As a % of total No. of Shares of the Company, assuming full conversion of the convertible securities
Held by promoter / promoter group	NA	NA	NA
Held by Public	NA	NA	NA
Total	NA	NA	NA
Total paid-up capital of the Company, assuming full conversion of warrants and convertible securities			

Category Code	Category of Shareholder	No. of Shareholders	Total No. of shares	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (V)	No of Voting rights (VI)	Total as a % of Total Voting right (VII)	Post Issue shareholding *	
							No of shares	%
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)		
A	Promoter and promoter group							
(1)	Indian							
a	Individual/Hindu Undivided Family	18	6701757	44.51	6701757	44.51	[•]	[•]
	Sushil Kumar Nevatia		1821138	12.09	1821138	12.09	[•]	[•]
	Suramya Saurabh Nevatia		1716209	11.40	1716209	11.40	[•]	[•]



Category Code	Category of Shareholder	No. of Shareholders	Total No. of shares	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (V)	No of Voting rights (VI)	Total as a % of Total Voting right (VII)	Post Issue shareholding *	
							No of shares	%
(I)	(II)	(III)	(IV)	(V)				
	Saurabh Nevatia		1243300	8.26	1243300	8.26	[•]	[•]
	Bharti Nevatia		240900	1.60	240900	1.60	[•]	[•]
	Akshada Anand Jog		5100	0.03	5100	0.03	[•]	[•]
	Suryansh Saurabh Nevatia		419500	2.79	419500	2.79	[•]	[•]
	Shriya Saurabh Nevatia		315700	2.10	315700	2.10	[•]	[•]
	Sushilkumar Nevatia HUF		35000	0.23	35000	0.23	[•]	[•]
	Saurabh Nevatia HUF		10200	0.07	10200	0.07	[•]	[•]
	Surabhi Golyan		223000	1.48	223000	1.48	[•]	[•]
	Jaya Darpan Sanghvi		15000	0.10	15000	0.10	[•]	[•]
	Kiran Bajaj		153000	1.02	153000	1.02	[•]	[•]
	Madhur Bajaj		163230	1.08	163230	1.08	[•]	[•]
	Shekhar Bajaj		102000	0.68	102000	0.68	[•]	[•]
	Niraj Bajaj		163230	1.08	163230	1.08	[•]	[•]
	Mridula Bawari		8500	0.06	8500	0.06	[•]	[•]
	Veena Sitaram Shah		44250	0.29	44250	0.29	[•]	[•]
	Bharat Swaroop		22500	0.15	22500	0.15	[•]	[•]
b	Central Government/ State Governments		0	0.00	0	0.00	0	0.00
c	Financial Institutions / Banks		0	0.00	0	0.00	0	0.00
d	Any other (Specify)		0	0.00	0	0.00	0	0.00
	Sub Total A(1)	18	6701757	44.51	6701757	44.51	[•]	[•]
(2)	Foreign							
a	Individual (Non resident Individuals / Foreign individuals)	0	0	0.00	0	0.00	0	0.00
b	Government	0	0	0.00	0	0.00	0	0.00
c	Institutions	0	0	0.00	0	0.00	0	0.00
d	Foreign Portfolio Investor	0	0	0.00	0	0.00	0	0.00
e	Any other (Specify)	0	0	0.00	0	0.00	0	0.00
	Sub Total A(2)	0	0	0.00	0	0.00	0	0.00
	Total shareholding of Promoter and Promoter Group (A)= (A)(1) +(A)(2)	18	6701757	44.51	6701757	44.51	[•]	[•]
B	Public Shareholding							
(1)	Institutions							
a	Mutual Funds/UTI	1	750	0.00	750	0.00	[•]	[•]
b	Venture capital Funds	0	0	0.00	0	0.00	0	0.00



Category Code	Category of Shareholder	No. of Shareholders	Total No. of shares	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (V)	No of Voting rights (VI)	Total as a % of Total Voting right (VII)	Post Issue shareholding *	
							No of shares	%
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)		
c	Alternate Investment Funds	0	0	0.00	0	0.00	0	0.00
d	Foreign Venture Capital Investors	0	0	0.00	0	0.00	0	0.00
e	Foreign Portfolio Investors	0	0	0.00	0	0.00	0	0.00
f	Financial Institutions / Banks	3	9000	0.06	9000	0.06	[•]	[•]
g	Insurance Companies	0	0.00	0.00	0.00	0.00	0.00	0.00
h	Provident Funds / Pension Funds	0	0.00	0.00	0.00	0.00	0.00	0.00
i	Any other (Specify) - Foreign Banks	0	0.00	0.00	0.00	0.00	0.00	0.00
	Sub Total B(1)	4	9750	0.06	9750	0.06	[•]	[•]
(2)	Central Government / State Government / President of India	0	0	0.00	0	0.00	0.00	0.00
	Sub Total B(2)	0	0	0.00	0	0.00	0	0.00
(3)	Non-Institutions							
a	Individuals							
	Individual Shareholders holding Nominal Share Capital upto Rs.2 Lakhs	5758	4146292	27.54	4146292	27.54	[•]	[•]
	Individual Shareholders holding Nominal Share Capital in excess of Rs.2 Lakhs	5	1163500	7.73	1163500	7.73	[•]	[•]
	Dhirajlal Shantilal Mehta		300000	1.99	300000	1.99	[•]	[•]
	Rahul Kumar Bajaj		357000	2.37	357000	2.37	[•]	[•]
	Veena K Jagwani		224000	1.49	224000	1.49	[•]	[•]
b	NBFCs Registered with RBI	0	0.00	0.00	0.00	0.00	0.00	0.00
c	Employee Trusts	0	0.00	0.00	0.00	0.00	0.00	0.00
d	Overseas Depositories (holding DRs) (balancing figure)	0	0.00	0.00	0.00	0.00	0.00	0.00
e	Any other (Specify)							
e(1)	Bodies Corporate	127	448508	2.98	448508	2.98	[•]	[•]
e(2)	Clearing Member	17	4085	0.03	4085	0.03	[•]	[•]
e(3)	NRIs	118	178738	1.19	178738	1.19	[•]	[•]
e(4)	Foreign Corp Bodies (Including FDI)	1	2400000	15.94	2400000	15.94	[•]	[•]



Category Code (I)	Category of Shareholder (II)	No. of Shareholders (III)	Total No. of shares (IV)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (V)	No of Voting rights (VI)	Total as a % of Total Voting right (VII)	Post Issue shareholding *	
							No of shares	%
	BTR Industries Ltd		2400000	15.94	2400000	15.94	[•]	[•]
e(5)	Trusts	1	2000	0.01	2000	0.01	[•]	[•]
E(6)	Directors	1	3000	0.02	3000	0.02	[•]	[•]
e(6)	Foreign Individuals (Including FDI)	1	300	0.00	300	0.00	[•]	[•]
	Sub Total B(3)	6029	8346423	55.43	8346423	55.43	[•]	[•]
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	6033	8356173	55.49	8356173	55.49	[•]	[•]
	Total Shareholding (A)+(B)	6051	15057930	100.00	15057930	100.00	[•]	100.00

* Assuming full subscription to the issue.

(I) (b) Shareholding of securities (including shares, warrants, convertible securities) of persons belonging to the category Public and holding more than 1% of the total number of shares as on June 30, 2017

Sr.no	Name of Shareholder	No. of equity shares held	As a % of total number of equity shares
1	Veena K Jagwani	2,24,000	1.49
2	Dhirajlal Shantilal Mehta	3,00,000	1.99
3	Rahulkumar Bajaj	3,57,000	2.37
4	BTR Industries Ltd	24,00,000	15.94

I (c) Statement showing details of locked in shares - NIL

I (d) Statement showing details of Depository Receipts (DRs) - NIL

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

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

3. Our promoter and promoter group have not acquired any equity shares in the last one year immediately preceding this letter of offer except as below:

Sr. No	Name of Buyer	Name of Seller	Nature of transaction	Date	No. of Shares	Average Rate (₹)
1	Mr. Bharat Swaroop	Mr. Nimai Swaroop	Gift	10.08.2016	7,500	-
2	Mr. Madhur Bajaj	Mr. Shekhar Bajaj	Gift	20.12.2016	1,02,000	-
	Mr. Niraj Bajaj				1,02,000	
3	Mr. Suramya Nevatia	Late Uma Devi Nevatia	Transmission	02.12.2016	14,23,959	-



4. The Promoters and members of the Promoter Group of our company except Mrs. Kiran Bajaj, Mr. Madhur Bajaj, Mr. Shekhar Bajaj, Mr. Niraj Bajaj, Mrs. Veena Shah, Mrs. Jaya Sanghvi and Mrs. Mridula Bawari holding 4.31% of the paid up equity share capital of the company, have, by way of their letters dated June 23, 2017, undertaken to (a) subscribe, to the full extent of their Rights Entitlement; (b) subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company; and (c) subscribe to, either individually or jointly, with any other Promoter or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to any unsubscribed portion (if any) in the Issue.

The acquisition of Rights Equity Shares by the Promoters and members of the Promoter Group shall not result in a change of control of the management of our Company. Our Company is in compliance with Regulation 38 of the Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

As a result of the subscription, our Promoters /Promoter Group may acquire Equity Shares over and above their respective entitlements in this Issue, which may result in an increase of their shareholding above the current shareholding along with the Rights Entitlement. Such subscription to additional Equity Shares and the unsubscribed portion, if any, to be made by the Promoter Group, shall be in accordance with regulation 10(4) of the SEBI Takeover Regulations.

Whereas Mrs. Kiran Bajaj, Mr. Madhur Bajaj, Mr. Shekhar Bajaj, Mr. Niraj Bajaj, Mrs. Veena Shah, Mrs. Jaya Sanghvi and Mrs. Mridula Bawari holding 4.31% of the paid up equity share capital of the company who are presently included as members in the Promoter Group of our company and who neither directly nor indirectly, exercise control over the affairs of the company nor have any special rights in the company through any formal or informal arrangement have expressed their intention to reclassify their status of shareholders to non-promoter category vide their letters dated July 17, 2017 and July 18, 2017.

In the event that the said shareholding in the Company is re-classified as non promoter before the closure of the Rights Issue, then such reclassified shareholders will not be regarded as members of Promoter Group for the purposes of the said offer and they will not be obliged to comply with or be bound by the responsibilities cast on promoters there under or in respect thereof.

Our company shall take the necessary steps for the reclassification as mentioned above to be in compliance with the necessary conditions as laid down in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and complying with requirements of concerned Stock Exchanges as prescribed in this regard.

Our promoter and Chairman and Managing Director, Mr. S.K. Nevatia, has brought in funds in the company in the form of unsecured loan in one or more tranches to meet the various business needs of the company including working capital requirements. The outstanding amount of unsecured loan brought in by Mr. S. K. Nevetia as on June 20, 2017 is ₹120 lacs. The money brought in by Mr. S.K. Nevatia by way of unsecured loan shall be adjusted towards the amounts payable by him for acquiring equity shares under the Rights Issue of the Company against his entitlement and also towards the additional subscription (if any) by him. A communication to this effect has been received from Mr. S.K. Nevatia vide letter dated June 20, 2017.

5. Minimum Subscription

If our Company does not receive the minimum subscription of ninety per cent of the issue, the entire subscription shall be refunded to the applicants within fifteen days from the date of closure of the issue. If there is a delay in the refund of subscription by more than 8 days after the issuer becomes liable to pay the subscription amount (i.e. fifteen days after closure of the issue), our Company will pay interest for the delayed period, at rates prescribed under Companies Act.



6. The present Issue being a rights issue, as per Regulation 34(c) of the SEBI Regulations, the requirements of promoters' contribution are not applicable. Further, none of the equity shares held by promoter are subject to lock-in.
7. Our Company has not raised any bridge loans that shall be payable from issue proceeds.
8. The ex-rights price of the equity shares as per Regulation 10(4) (b) of the Takeover Regulations is [●] per Equity Share.

**SECTION IV – PARTICULARS OF THE ISSUE****OBJECTS OF THE ISSUE**

The proceeds of the Issue are proposed to be utilized by us for financing the following objects:

1. Additional Working Capital Requirements
2. General Corporate Purposes
3. Expenses for the issue

The objects clause of our Memorandum of Association enables us to undertake our existing activities. The fund requirement and deployment are based on internal management estimates and have not been appraised. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, or in other financial condition, business or strategy.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue.

The cost of the project and means of financing are as set forth below:

		<i>(₹ in lacs)</i>
Sr. no.	Cost of the Project	Amount
1.	Meet the additional working capital requirement	960.00
2.	General Corporate Purpose	[●]
3.	Expenses to the Issue	40.00
	Total	[●]

		<i>(₹ in lacs)</i>
Means of Finance		Amount
Proceeds of the Issue		Upto 1200.00

Our promoter and Chairman and Managing Director, Mr. S.K. Nevatia, has brought in funds in the company in the form of unsecured loan in one or more tranches to meet the various business needs of the company including working capital requirements. The outstanding amount of unsecured loan brought in by Mr. S. K. Nevatia as on June 20, 2017 is ₹120 lacs. The money brought in by Mr. S.K. Nevatia by way of unsecured loan shall be adjusted towards the amounts payable by him for acquiring equity shares under the Rights Issue of the Company against his entitlement and also towards the additional subscription (if any) by him. A communication to this effect has been received from Mr. S.K. Nevatia vide letter dated June 20, 2017.

Details of the Objects of the Issue**1. ADDITIONAL WORKING CAPITAL REQUIREMENT**

Our Company has undertaken an expansion plan at its factory located at Nashik for manufacture of products like Electrostatic Precipitator, Roof Mounted Package, Switch Board Cabinet, Electronic Rectifier cum Regulator Unit and Alternator at a total cost of ₹ 941 lacs. The same is being funded through a term loan from Apna Sahakari Bank Limited of ₹ 700 lacs and balance is funded through retained earnings. The commercial production in regard to the said expansion is likely to start from September, 2017. The company proposes to partially fund the requirement of additional working capital requirement post expansion out of the proceeds of the present Rights Issue.



The details of Working Capital Requirement, post expansion is as under:

(₹ in Lacs)

Particulars	Actuals (FY 2016-17)	Estimates (FY 2017-18)
(A) Current Assets		
Cash and Bank Balances	100.53	113.70
Receivables other than deferred & exports (including Bills purchased & discounted by bank)	3548.89	4875.00
Inventory :		
Raw materials (including Stores & other items used in the process of manufacture)		
- Imported / - Indigenous	1326.39	1983.80
Stocks-in-process	1283.62	1867.17
Finished goods	56.04	158.76
Other consumable spares	39.63	42.00
Other current assets	785.90	765.00
Total Current Assets (A)	7141.00	9805.43
(B) Current Liabilities & Provisions		
Sundry Creditors (Trade)	1231.05	1653.17
Sundry Creditors (Expenses) and other current liabilities	543.69	729.93
Total Current Liabilities (B)	1774.74	2383.10
Working Capital Gap (WCL) (A) – (B)	5366.26	7422.33
To be financed by:		
Bank limits	3329.39	3630.00
Rights Issue	-	960.00
Unsecured Loan from Promoter	120.00	-
Internal Accruals/ additional Bank Funding	1473.92	2276.78
Working Capital Term Loan (Outstanding)	442.95	555.55

Presently the company has in place sanctioned working capital facilities from ICICI Bank Limited, Union Bank of India and TJSB Sahakari Bank Limited to the extent of ₹ 3630 lacs and working capital term loan facilities to the extent of ₹ 750 lacs. The working capital gap is being met through bank limits and internal generations. We propose to utilise Rights Issue proceeds to the extent of about ₹ 960 lacs to part finance our estimated working capital requirements. We will approach our existing/new bankers for the additional working capital facilities at the appropriate time as and when required.

Basis of Estimation

The working capital requirements are based on historical Company data and estimation of the future requirements considering the growth in activities of our Company and are in line with norms accepted by our banker(s). The basis of estimation considered is as follows:

Particulars	No. of Months
Raw Materials - Imported / Indigenous	2.10
Stock – in – Process	1.75
Consumable	1.04% of total inventory
Finished Goods	0.15
Inland Receivables	3.25
Sundry Creditors	1.75

**2. GENERAL CORPORATE PURPOSE**

We intend to deploy ₹ [●] lacs from proceeds of the Rights Issue towards general corporate purposes including but not restricted to, future growth requirements, capital expenditure, and otherwise meeting the exigencies faced in the ordinary course of business, or any other purposes as approved by our Board. The company will deploy rights issue proceeds judiciously to meet the requirements of the business. However, not more than 25% of the proceeds of the issue would be deployed for the General Corporate purposes.

3. EXPENSES TO THE ISSUE

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

Particulars	Approximate Amount (₹ in lacs)	As percentage of total expenses (%)	As a percentage of Issue size (%)
Fees of the Intermediaries	20.00	50.00	[●]
Advertising, Printing and stationery expenses (including courier and distribution charges)	8.00	20.00	[●]
Statutory and others miscellaneous expenses (fees to regulators, listing fees, depositories' fees, auditor fees, out of pocket expenses, etc.)	12.00	30.00	[●]
Total	40.00	100.00	[●]

Schedule of Implementation and Deployment of Funds

Our Company proposes to utilize funds collected in rights issue after finalization of the basis of allotment. Post completion of the rights issue, the company shall immediately use the funds for the purpose stated in the objects of the issue.

Year wise break-up of proceeds to be used

The Company proposes to use the entire funds received in the Rights Issue during 2017-18 itself hence no year wise breakup of proceeds to be used is given separately.

Funds deployed till date

As per the certificate dated June 23, 2017 issued by M/s Khandwala & Shah, Chartered Accountants & Statutory Auditors of the Company, our company has spent an amount of ₹ 123.08 lacs till June 23, 2017 towards the objects of the issue. Details of the Deployment & Sources of funds are as mentioned herein under:

Deployment of Funds	₹ in lacs
Working capital requirement	120.00
Expenses to the Issue	3.08
Total	123.08

Sources of Funds	₹ in lacs
Unsecured Loan from Director	120.00
Internal Accruals	3.08
Total	123.08



Interim use of funds

The management of our Company, in accordance with the policies established by our Board from time to time, will have flexibility in deploying the Issue Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company intends to temporarily deposit funds in the Scheduled Commercial Banks included in the Second Schedule of Reserve Bank of India Act, 1934.



STATEMENT OF TAX BENEFITS

Statement of possible tax benefits available to Hind Rectifiers Ltd. and its shareholders

The Board of Directors
Hind Rectifiers Limited
Lake Road, Bhandup West,
Mumbai - 400078

Dear Sirs,

Sub: Proposed Right Issue of Equity Shares (the “Issue”) by Hind Rectifiers Limited (the “Company”)

We report that there are no possible special direct tax benefits available to Hind Rectifiers Limited and its shareholders under the Income-tax Act, 1961 presently in force in India.

This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. Neither we are suggesting nor advising the investor to invest money based on this statement.

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

We hereby give consent to include this statement of tax benefits in the Draft Letter of Offer, the Letter of Offer and in any other material used in connection with the Issue.

**For and on behalf of
Khandwala & Shah,
Chartered Accountants,
(Firm Regn. No. 105069W)**

Sd/-

**(Premal P. Gandhi)
Proprietor**

Mumbai: 03 Jun 2017

**Membership No.: 045462
Peer Review Certificate No.: 004817**

**SECTION V – ABOUT US****HISTORY AND OTHER CORPORATE MATTERS****Introduction**

Our Company was incorporated as a private limited company on April 25, 1958 with object to take over the business of manufacture and assembling rectifier elements and rectifier apparatus from Kaycee Industries Ltd. and manufacture, processing and sale of any type of electrical apparatus, device, machinery, equipment and goods. The Company was converted into a public company on May 11, 1961. Our equity shares are listed on BSE and NSE.

The Company had entered into a technical collaboration with UK based Westinghouse Brake & Signal Co. Ltd instituting themselves as the pioneers of semiconductor industry. Hind Rectifiers Limited, popularly known as HIRECT manufactures highly technical & strenuously engineered products such as Rectifiers, Transformers, Converters, Power Electronics and Semiconductor Devices using dynamic tools, leading-edge technology & nonpareil design. These products are made primarily for the Railways and a diverse segment of Industrial Applications such as automobile, thermal power, cement etc.

Hirect's Manufacturing Units located at Mumbai, Dehradun and Nashik are equipped with the latest technology including automated testing combined with the most efficient operational processes (Theory of Constraints methodology) thereby reducing the Process Time and ensuring that customers receive their deliveries on time.

Hirect's Sales and Service network expands pan India, with Sales office in Mumbai, Delhi, Kolkata, Chennai and Bengaluru and a Service centre located in every state capital, ensuring that customer's are attended to within 24 hours.

Major events in the history of Our Company

Sr. No	YEAR	EVENTS
1.		Incorporated as a Private Limited Company on 25 th April, 1958. Mechanical section was started at Reay Road, Mumbai and for that approx. 3000 sq. ft covered area was taken on the rent while manufacturing and testing of rectifiers were started at Colaba factory.
2.	1958-59	Government of India approved Company's project for manufacture of Selenium Plates in India in collaboration with Westinghouse Brakes & Signal Co. Ltd., London and Company signed the aforesaid agreement with U.K. firm.
3.	1959-60	Purchased about 20,000 sq. yds. of freehold land at Lake Road, Bhandup West, Mumbai and started to construct the factory.
4.	1960-61	Manufacturing activities started at Bhandup West, Mumbai
5.	1961-62	Converted into a Public Company on 11 th May 1961.
6.		The plant for manufacture of Selenium Rectifier Plates was commissioned.
7.	1962-63	Commenced manufacture of 150 Amps Silicon Diodes.
8.	1963-64	Entered into Technical Collaboration Agreement with English Electric Company Ltd. U.K. for manufacture of semiconductor rectifier assemblies for vehicle mounting for traction motor power supplies.
9.		Received the license for extension of the range of manufacture of Silicone Diodes.
10.	1966-67	The Plant for manufacture of selenium rectifier plates by vaporized process commissioned.
11.	1971-72	Thyristor Plant was commissioned. The Government approved the foreign collaboration terms for the manufacture of Thyristors.
12.	1972-73	The Company undertook complex turn-key projects requiring installation and commissioning of complete rectifiers plants which include allied subsidiary equipment such as switchgears, tap changers, regulating transformers, auto transformers, DC isolators, DC busbars etc.



Sr. No	YEAR	EVENTS
13.	1973-74	Received an industrial license for manufacturing epoxy moulded devices for two million nos. per year.
14.	1975-76	Introduced new products viz. 1. Low Range Thyristors of 7 amps. 10 amps. and 16 amps. With high voltage capacity; 2. Diffused diodes of 25 amps., 40 amps. and 70 amps.; and 3. Fast recovery types of diodes suitable for high frequency operation in the current range of 1 amp. For the first time in India, the Company introduced thyristors with a capacity of 450 amps.
15.	1976-77	Introduced the new products viz. 1. Thyristor controlled power supply units for Electrostatic Precipitators, 2. Thyristorised static inverters and no break power supplies, 3. Thyristor controls for D.C. and A.C. motors and 4. Thyristorised A.C. Voltage Stabilisers.
16.	1977-78	The Selenium Plant of the Company was sold
17.	1994-95	Signed a technical agreement with Electric Research & Development Centre, Kerala for manufacturing Transistorised PWM AC Drives and another technical agreement with FRIEM S.P.A., Italy for high current water cooled rectifiers for electro-chemical and electro-metallurgical applications. Signed MOU with Powersem, GmbH, Germany for Isopack Bridges. Supreme Powertronics Private Limited, an Associate Company of Hirect, merged with Hind Rectifiers Limited
18.	1995-96	Successfully manufactured High Current water Cooled Rectifiers based on the technology received from FRIEM S.P.A. Italy.
19.	1998-99	The Equipment Division had been accredited with 9001 certificate dated 18.05.1998 issued by TUV Rheinland Anlagentechnik GmbH.
20.		Received awards under the NSCI Safety Award Scheme for the years 1994 and 1995 and under the Bhandup Mutual Aid Group for the years 1995 and 1996.
21.	2000-01	Semi Conductor division was accredited with ISO 9002 certificate from KEMA of Netherlands.
22.	2001-02	Successfully manufactured 25 KVA inverters for air conditioned coaches.
23.	2003-04	Three major foreign collaboration with Transtechnik of Germany for Railway Inverters, FRIEM of Italy for Water Cooled Rectifiers and Nieke of Germany for AC/DC Traction Transformers for Metro Trains were renewed.
24.	2006-07	Completed the construction of two new plants in Dehradun, Uttarakhand having lower cost manufacturing advantage to the Company
25.	2013-14	The Semi-conductor division of the Company had been accredited with UL certification and Semi-conductor division of the Company had been accredited with CE certification. Company had successfully supplied 3 phase Transformer for WAP5, WAP7 and WAG9 for Indian Railways.
26.	2015-16	Received following accolades during the year from "National Society of Friends of the Trees": 1. "The Annual Vegetable, Fruit & Flower Show" - Full Garden - Rank I 2. Any outstanding specimens of Bonsai - Rank II 3. In collection of Bonsai - Rank III

Our Object

The objects of our Company as contained in the Memorandum of Association are as set forth below:

- 1) *To take over the business of manufacture and assembling rectifier elements and rectifier apparatus from Messrs. Kaycee Industries Limited, Bombay.*
- 2) *To undertake the manufacture, processing and sale of any type of electrical apparatus, device, machinery, equipment and goods.*
- 3) *To carry on business as electrical engineers, iron founders, mechanical engineers, tool-makers, brass founders, metal workers, machinists, iron and steel converters and processors, gas makers, carriers, smiths, wood makers, builders, painters, metallurgists and water-supply engineers, and manufactures of electrical instruments, apparatus, equipments, tools, motors, generators, welders,*



electroplating apparatus and other machinery; and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in machinery, equipment, apparatus, tools, hardware and stores of all kind.

- 4) *To manufacture, buy, sell, exchange, alter, improve, manipulate, prepare for market and otherwise deal in all kinds of plant, machinery, apparatus, tools, utensils, substances, stores, hardware materials and things necessary or convenient for carrying on any of the above-specified businesses or processes.*
- 5) *To apply for purchase or otherwise acquire any patents of privileges on inventions, licenses, concessions and the like, conferring any exclusive or non-exclusive or limited right to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop, or grant licences in respect of, or otherwise turn to account the property, rights or information so acquired.*
- 6) *To acquire manufacturing, assembling, producing and processing rights for apparatus, materials, tools, equipments, machinery, on payment of royalty, license fees, share in profit or on any other basis.*
- 7) *To carry on business as chemical engineers, chemists, pharmacists and producers of all chemicals, metallurgical substances, alloys and preparations in raw process, semi finished or finished form.*
- 8) *To manufacture, repair, purchase, supply, import, export, or otherwise deal in electric motors and generators, transformers, switch-gear, meters, instrument, wires and cables, lamps, fans, fittings, electro-medical and x-ray apparatus, heaters, radiators, ovens, refrigerators, air conditioning equipment and all other kinds of appliances, telephonic, telegraphic and wireless and other signaling and communicating apparatus and various other kinds of electrical machinery, instruments, apparatus and goods and component parts of all these and to conduct all operations connected therewith and incidental thereto.*
- 9) *To manufacture, refine, purchase, supply, import, export or other-wise deal in all kinds of scientific apparatus, laboratory equipment, chemicals, gases, oils, fuels, paints, pipes and fittings, bolts and nuts, screws, nails, hardware, tools, metal-ware, wood-work, leather-ware, rubber goods, glass-ware, porcelain, enamel-ware, synthetic plastic materials, and other allied subsidiary goods and accessories, and to conduct all operations connected therewith and incidental thereto.*
- 10) *To establish, acquire, lease, convert, work let and sell factories, workshops, laboratories, plantations, lands, buildings, mines and quarries for the manufacture, preparation, extraction, growth or treatment of materials, goods, apparatus, machinery and other things used in any business or merchandise within the scope of this Company and to do all other things connected therewith and incidental thereto.*
- 11) *To trade and deal in any article belonging to any such business and in all apparatus, appliances, raw materials and things used in connection therewith, or with any invention, patent or privilege for the time being belonging to the Company.*
- 12) *To purchase or otherwise acquire the business of any other company, association, corporation or partnership formed for the purpose of carrying on business within the objects of the Company, and to buy, take over and discharge any or all liabilities thereof.*
- 13) *To amalgamate with any other company or companies whose objects in whole or in part are similar to or include objects similar to those of the Company, on such terms as may be agreed upon between the several companies, subject to the liability of all the companies concerned being taken over by the amalgamated company.*



- 14) *To remunerate any person or company for services rendered, or to be rendered, in placing or assisting to place or guaranteeing the placing of any of the shares in the company's capital or any debentures, debenture stock or other securities of the company, or in or about the formation or promotion of the company or the conduct of its business.*
- 15) *To promote, from, invest in or join in promoting, forming or investing in or otherwise take interest in any subsidiary or other company whose objects are in whole or part, similar to any of the objects of the company and to pay costs, charges and expenses preliminary or incidental to the promotion, formation or establishment, registration and advertising of any such company and the issue of its capital or securities and to guarantee payment of any debentures, debenture stock and other securities issued by any such company and the interest thereon and the payment of interest or dividend upon the stock or shares of any such company.*
- 16) *To promote, form or join in promoting or forming any company or companies for the purpose of acquiring by purchase, exchange or otherwise all or any of the undertakings, property and liabilities of this company or for any other purpose which may seem directly or indirectly calculated to benefit this company and to pay the costs, charges and expenses, preliminary or incidental to the promotion, formation establishment, registration and advertising of any such company and the issue of its capital or securities and to guarantee the payment of any debentures, debenture stock or the other securities issued by any such company and the interest thereon and the payment of interest or dividend upon the stock or shares of any such company.*
- 17) *To carry on all and any other trade or business which can in the opinion of the company be advantageous or convenient by way of extension of or in connection with the company's business or is calculated directly or indirectly to develop any branch of the Company's business or increase the value of or turn into account any of the company assets, properties or rights.*
- 18) *To purchase, construct, maintain, alter, take on lease, let, exchange or otherwise acquire any movable or immovable property for the purposes of the company.*
- 19) *To purchase, acquire, lease any patents, rights or privileges which the company may think necessary or convenient for the purpose of it business.*
- 20) *To invest and deal with the funds of the company not immediately required for the purposes of the company in such manner as may be deemed expedient.*
- 21) *To draw, make, accept, endorse, discount, execute and issue promissory notes, bill of exchange, hundies, warrants, debentures and other negotiable or transferable instruments.*
- 22) *To grant bonuses, allowances and gratuities to employees of the Company or the dependents of such persons and to support or to subscribe to any charitable institutions, clubs, societies and other benevolent funds.*
- 23) *To sell or dispose of the undertaking or property of the company or any part thereof in such manner and for such consideration as the company may think fit and to improve, manage, develop, exchange, lease, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the company.*
- 24) *To adopt such means of making known the business of the company as may seem expedient, and the particular by advertising in the press by circulars, by organizing or participating in exhibitions, by purchase and exhibition of works of art or interest, by publication of books, magazines, periodicals, or by granting scholarships, prizes, rewards or donations.*
- 25) *To do all or any of the things herein-mentioned in any part of the world either as principals agents, trustees of otherwise and by or through agents, sub-contractors or trustees.*



-
- 26) *To carry on business as capitalists, financiers, concessionaires, industrialists, merchants and commission agents, and to undertake and carry on and execute all kinds of financial, industrial and commercial trading and other operations, provided the company shall not carry on the business of Banking as defined by the Banking Companies Act, 1949.*
 - 27) *To sell, mortgage, lease, manage, develop, exchange, dispose of or transfer the business, immovable or movable property and undertaking of the company or any part thereof or all or any part of the property, rights and concessions of the company in such manner and upon such terms and conditions and for such considerations as the Directors of the company for the time being may think fit to accept and in particular for cash, or shares, debentures, debenture stock, bonds or securities of any other company having objects altogether or in parts similar to those of this company.*
 - 28) *To raise or borrow money from time to time for any of the purposes of the company by issuing bonds, debentures or promissory notes or by taking credits in or opening current deposit account with any individual or firm or with any Bank or Bankers and whether with or without giving any security, goods or other articles or by mortgaging, pledging, charging, hypothecating or selling or by receiving advance on any lands, building and machinery, goods, assets, or revenues, of the company presents or future including its uncalled capital or without any such security and upon such terms as to priority or otherwise or by such other means the Directors may in their own absolute discretion deem expedient and in particular by the issue of debentures, debenture stock, perpetual or otherwise, including debentures, or debenture stock convertible into shares of this or any other company or to convey the same absolutely or in trust and to give the lenders power of sale and other powers as may be expedient and to purchase, redeem or pay off such securities.*
 - 29) *To receive money on deposit merely for the purpose of the business of the company with or without allowance of interest thereon.*
 - 30) *To lend or deposit money belonging to or entrusted to or at the disposal of the company to such person or company and in particular to customers and other having dealing with the company with or without security upon such terms as may be thought proper and to Invest or otherwise employ such money in such manner as may be thought proper and from time to time to vary such transactions in such manner, as the Directors of the company for the time being may think fit.*
 - 31) *To create any reserve fund, insurance fund, dividend equalisation fund, capital redemption fund, charity fund or any other special fund whether for depreciation or for repairing, improving or maintaining any of the property of the Company or any other purposes conducive to the interest of the company.*
 - 32) *To create and issue ordinary, preference and guaranteed shares or stock and to redeem, cancel and accept surrenders of any such shares or stock.*
 - 33) *Upon any issue of shares, debentures, debenture stock or any other security of the company to employ brokers, commission agents and underwriters and to provide for the remuneration of such persons for their services by payments in cash or by issue of shares debentures or other securities of the company or by granting of option to take the same or in any other manner allowed by law.*
 - 34) *To provide for the welfare of employees or ex-employees of the company (or its predecessors in business) and the wives, widows and families or the dependants or connections of such persons by building or contributing to the building of houses, dwellings or chawls or by grants of money, pensions, allowances, bonus, payment towards insurance or other payment towards insurance or other payment or by creating and from time to time subscribing or contributing to, aiding or supporting provident and other associations, institutions, fund or trusts or conveniences and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries medical and other attendances and other assistance as the directors of the company for the time being shall think fit and subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects or for*
-

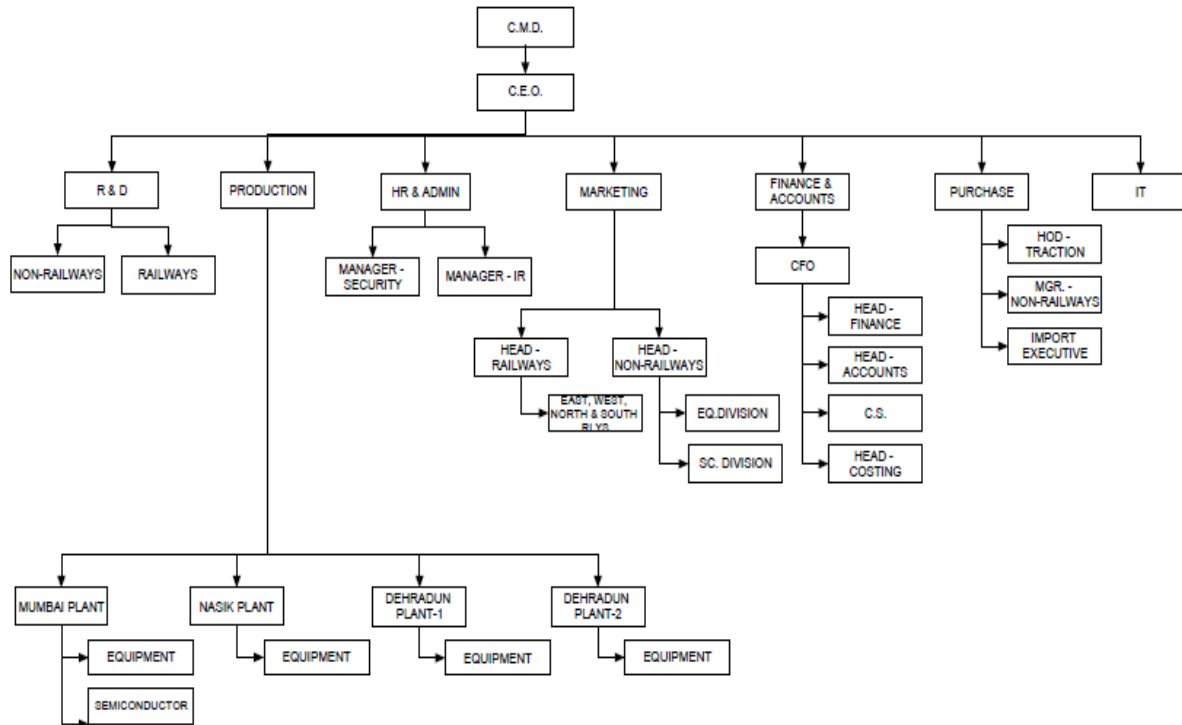


any exhibition or for any public, general or useful object not directly relating to the business of the company.

- 35) To establish and support or aid in the establishment and support of associations and institutions for the promotion of business, trade and industries in general.*
- 36) To obtain any provisional order or Act of Legislature for enabling the company to carry on any of its objects in effect, and for effecting any modification of the company's constitution or for any other purpose which may seem expedient, and to oppose any proceeding or applications which may seem calculated directly or indirectly to prejudice the company's interests, either singly or jointly with others.*
- 37) To enter into arrangements with employees for profit sharing or giving them rights or interest in the business and assets of the Company either by issue of shares to them or to trustees for them or otherwise and if thought fit to include participation in the control and Management of the Company's business either by conferring the right to nominate one or more Directors with or without special powers or otherwise.*
- 38) To enter into partnership or into any arrangement for sharing profits, union of interest, Co-operation, joint adventure reciprocal concession or otherwise with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which this company is authorised to carry on or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company. And to take or otherwise acquire shares and securities of any such company, and to sell, hold, reissue, with or without guarantee, or otherwise deal with the same.*
- 39) To distribute any of the properties or assets of the Company amongst the members in species or in kind but so that no distribution amounting to reduction of capital be made except with the sanction (if any) for the time being required by law.*
- 40) To do such other things as are incidental or conducive to the attainment of the above objects or any of them.*



Corporate Structure of our Company





KEY INDUSTRY REGULATIONS

Our Company has proposed to deploy the Issue Proceeds towards working capital requirements. The Objects of the Issue form part of the existing business of the Company. Hence there are no other regulations applicable for undertaking the proposed objects.

**MANAGEMENT****Board of Directors**

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

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

Name, Address, Occupation, Date of Appointment, Term and DIN	Nationality	Age (years)	Designation	Other directorships in Companies, partnerships etc (including foreign companies)
Mr. Sushil Kumar Nevatia Address: Pitale Prasad, 85, Worli Sea Face, Mumbai 400025 Occupation: Industrialist Date of Expiration of current term of office: 31/03/2019 DIN: 00341349	Indian	85	Chairman and Managing Director, Executive Non-Independent Director	Companies NIL Partnership/HUF S.K Nevatia HUF
Mrs. Akshada Suramya Nevatia Address: 85 Worli Sea Face, Pitale Prasad, Ground Floor, Worli, Mumbai 400025 Occupation: Service Date of Expiration of current term of office: 14/01/2020 Appointment subject to approval of members in forthcoming AGM (Liable to retire by rotation) DIN: 05357438	Indian	29	Executive Non-Independent Additional Director	Companies i. Anand Jog Foundation Partnership/HUF ii. Concept Oddacity Entertainment LLP iii. Force Motion Technology LLP iv. Tech Factory LLP v. Pop Notch Media LLP vi. S.K Nevatia HUF
Mr. Pawan Kumar Golyan Address: Baneshwar Height 10, Kathmandu, Nepal Occupation: Industrialist Date of Expiration of current term of office:	Nepali	59	Non-executive Non-Independent Director	Companies i) Reliance Spinning Mills Limited ii) NMB Bank Limited Partnership/HUF NIL



Name, Address, Occupation, Date of Appointment, Term and DIN	Nationality	Age (years)	Designation	Other directorships in Companies, partnerships etc (including foreign companies)
<p>Till the conclusion of the next AGM and eligible for reappointment (Liable to retire by rotation)</p> <p>DIN: 00356807</p>				
<p>Mr. Vijay Kumar Bhartia</p> <p>Address: 304-305, Mittal Park 44, Janardhan Mhatre Road, Juhu, Mumbai 400049</p> <p>Occupation: Consultant</p> <p>Date of Expiration of current term of office: 13/08/2019</p> <p>DIN: 00019810</p>	Indian	76	Non-executive Independent Director	<p>Companies</p> <p>i. Roam-Connect Technologies Pvt Ltd</p> <p>ii. Uniconnect Sim Private Limited</p> <p>iii. Rainbow Weavers And Processors Ltd</p> <p>Partnership/HUF</p> <p>NIL</p>
<p>Mr. Binod Kumar Patodia</p> <p>Address: XXXV/608, Diwans Road Kochi Ernakulam 682016</p> <p>Occupation: Industrialist</p> <p>Date of Expiration of current term of office: 13/08/2019</p> <p>DIN: 00003516</p>	Indian	72	Non-executive Independent Director	<p>Companies</p> <p>i. Patspin India Ltd</p> <p>ii. GTN Textiles Ltd</p> <p>iii. Patspin Apparels Private Ltd</p> <p>iv. Patodia Exports & Investments Pvt Ltd</p> <p>v. Beekaypee Credit Pvt Ltd</p> <p>vi. GTN Enterprises Ltd</p> <p>vii. Umang Finance Pvt. Ltd.</p> <p>viii. The India Thermit Corporation Ltd</p> <p>Partnership/HUF</p> <p>B.K Patodia HUF</p>
<p>Mr. Pradeep Goyal</p> <p>Address: 171/172, 17th Floor, Kalpataru Horizon, Tower A S.K. Ahire Marg, Worli Mumbai 400018</p> <p>Occupation: Industrialist</p> <p>Date of Expiration of current term of office: 13/08/2019</p>	Indian	62	Non-executive Independent Director	<p>Companies</p> <p>i. Uniphos Enterprises Ltd</p> <p>ii. UPL Ltd</p> <p>iii. Pradeep Metals, Inc.</p> <p>iv. Pradeep Metals Ltd</p> <p>v. Munak Engineers Pvt Ltd</p> <p>vi. IITB Research Park Foundation</p> <p>vii. S.V.Shah Construction Services Pvt Ltd</p> <p>Partnership/HUF</p>



Name, Address, Occupation, Date of Appointment, Term and DIN	Nationality	Age (years)	Designation	Other directorships in Companies, partnerships etc (including foreign companies)
DIN: 00008370				V.P Goyal HUF
Mr. Parimal Merchant Address: 1/14, Blossom Society, Military Road, Marol Andheri (East) Mumbai 400059 Occupation: Professional Date of Expiration of Current Term of Office: 11/08/2018	Indian	56	Non-executive Independent Director	Companies i. Sunjewels Private Ltd ii. Dalal And Broacha Stock Broking Private Ltd iii. Shrikant Consultants Private Ltd Partnership/HUF Parimal Merchant HUF
DIN: 00201962				
Mr. Vandan Sitaram Shah Address: 2, Prabhat, 28 B. Road, Churchgate, Mumbai 400020 Occupation: Industrialist Date of Expiration of current term of office: Appointment subject to the approval of the members in the forthcoming AGM Liable to retire by rotation and eligible for reappointment at the AGM	Indian	55	Non-executive Non-Independent Additional Director	Companies i. Hercules Hoists Limited ii. Kansai Sipra Diecasting Private Limited iii. Sipra Engineers Private Limited iv. Sipra Services And Investments Pvt Ltd Partnership/HUF i. Veena Sipra Ventures LLP
DIN: 00759570				

Confirmations

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



Except as stated below none of the directors are or were directors of any listed company, which has been or was delisted from any recognised stock exchange in India:

Mr. B.K Patodia:

Sr. No	Name of the Company	Listed on (name of stock exchange)	Date of Delisting	Compulsory or Voluntary Delisting	Reasons for delisting	Whether relisted, if yes date of relisting and name of stock exchange	Term along-with relevant dates with the Company	
1	GTN Textiles Limited	Ahmedabad Stock Exchange	24/10/2003	Voluntary Delisting	Since there was no trading on the regional stock exchanges, the equity shares were delisted from regional stock exchange. The equity shares continue to be listed on BSE and NSE.	No. The equity shares are listed on BSE and NSE	Chairman and Managing Director for a period of five years from 19/12/2015 to 18/12/2020	
		Hyderabad Stock Exchange	01/10/2003					
		Calcutta Stock Exchange	25/04/2005					
		Cochin Stock Exchange	25/09/2009					
		BSE	NA					
		NSE	NA					
2	Patspin India Limited	Ahmedabad Stock Exchange	24/10/2003	Voluntary Delisting	Since there was no trading on the regional stock exchanges, the equity shares were delisted from regional stock exchange. The equity shares continue to be listed on BSE and NSE.	No. The equity shares are listed on BSE and NSE	Non-Executive Chairman, Retire by Rotation	
		Hyderabad Stock Exchange	01/10/2003					
		Calcutta Stock Exchange	25/04/2005					
		Cochin Stock Exchange	28/02/2009					
		BSE	NA					
		NSE	NA					

Relationship between Directors

None of our Directors are related to each other, except the following:

- i. Mr. Sushil Kumar Nevatia is the grandfather in law of Mrs. Akshada Nevatia
- ii. Mr. Sushil Kumar Nevatia is father in law of Mr. Pawan Kumar Golyan
- iii. Mr. Vandan Shah is the nephew of Mr. Sushil Kumar Nevatia

Brief Profile of the Directors

Mr. Sushil Kumar Nevatia, aged 85 years, is qualified as Inter Commerce from Podar College, Mumbai and has an experience of over 65 years. He started his career with Mukand Limited and was associated with them for 5 years. Later in 1958, he promoted Hind Rectifiers Ltd. He set up manufacturing units in Nashik in 1983-84 and in Dehradun in 2006-07. He continues to be overall in charge of all the 3 units. His entire 65 years of work experience is in the line of Semi Conductor Devices, Power Electronic Products and Loco Transformers.



Mrs. Akshada Nevatia, aged 29 years, has done Graduation in Psychology from S.P. College, Pune and masters in Clinical Psychology from Fergusson College, Pune. She has also done her Diploma in Family Managed Business from S. P. Jain Institute, Mumbai. She is having more than five years of experience in Darode Jog Properties in Real Estate Industry. She is associated with our company for the last two years as Management (Corporate). She has been appointed on the board since January 2017.

Mr. Pawan Kumar Golyan, aged 59 years, is a B. Com Graduate from Kathmandu University. He is the Chairman of Golyan Group which is one of the leading private sector enterprise in Nepal. He has worked across different business fields including finance, marketing and management for over 35 years. He leads a conglomerate with business interest across several industries such as Textile Manufacturing, Financial Services, Real Estate, Hospitality, Sustainable Energy etc.

Mr. Vijay Kumar Bhartia, aged 76 years is a Commerce graduate from Bombay University. He has diversified experience in Engineering, Metallurgical, and Textile industries over a period of 47 years in various capacities. The experience gained over initial years in varied functions in large corporate bodies particularly in Accounts - Finance, Purchase, setting up of new manufacturing units & Marketing enabled him to independently administer complete operations as CEO of Raymond Ltd. To his credit, few sick units were also turned around as healthy companies under his direct supervision.

Mr. Binod Kumar Patodia, aged 72 years is a Bachelor of Engineering from Birla Institute of Science and Technology, Pilani. He is at the helm of GTN Group of Companies. He is an ex Chairman of the Joint Cotton Committee of International Textile Manufacturers Federation (ITMF), Zurich. He is a member of the Advisory Board on the Committee of Management of ITMF. He is also a member of the Spinners Committee of ITMF. He is currently the Co-Chairman of Advisory Committee for Strategic Planning of SIMA Cotton Development and Research Association. Mr. Patodia continues to serve on various Committees including Cotton Advisory Board and Cotton Yarn Advisory Board constituted by the Ministry of Textiles, Government of India.

Mr. Pradeep Goyal, aged 62 years is a qualified engineer having completed his B. Tech (Metallurgy) from Indian Institute of Technology, Kanpur (1978) and obtained his S.M. (Materials Science and Engineering) from Massachusetts Institute of Technology, Cambridge, MA, USA, (1980). He was trained at Mukand Limited, India and Degussa International, Hanau, West Germany. He also worked at Air Products and Chemicals Inc., Allentown, PA, USA for 3 years at various positions. He is the Chairman and Managing Director of Pradeep Metals Limited and on the Board of various companies He has been a Trustee of ASM International, USA (2005-2008), a Fellow of the ASM International. He is also a Member of Indo- German Chamber of Commerce, Indian Merchants Chamber and Thane Belapur Industries Association. He is also the Chairman of Ekal Vidyalaya Foundation of India, an NGO which operates over 50000 tribal schools in India.

Mr. Parimal Merchant, aged 56 years graduated from Mumbai with Bachelors in Commerce and Law and has completed ICWA. His professional career includes over 35 years of work experience in Capital Markets, Consultancy and Teaching. He has been associated with Management program for Family Businesses for last 20 years. At present, he is the Director of the Global Family Managed Business program at S. P. Jain School of Global Management.

Mr. Vandana Shah, aged 55 years is a Bachelor of Industrial Engineering (B.E.) from R. V. College of Engineering, Bangalore in 1984. He has over 30 years of work experience in companies such as LML-Piaggio, Sipra Engineers Pvt. Ltd.(Sipra) etc. He is presently the Managing Director in Sipra. He is a member of Western Regional Council of Confederation of Indian Industries (CII), since last ten years and was the Chairman: Nasik Zonal Council of CII. He is also member of 'Make in India' Committee of CII Western Regional Council.



Brief profile of Mr. Suramya Nevatia – Promoter and Chief Executive Officer

Mr. Suramya Nevatia aged 28 years has done graduation from H. R. College of Commerce & Economics, Mumbai in 2009 and MSC in Marketing Management from Aston University, Birmingham, U.K. in 2010 with a First class merit. He has also done Post Graduate Diploma in Family Managed Business from S.P. Jain Institute, Mumbai.

Mr. Suramya Nevatia, joined the Hind Rectifiers Limited as a Management Trainee during January 2011. He was promoted as Assistance General Manager and later on General Manager (Corporate). He has been designated as Chief Executive Officer w.e.f. 1st June, 2016. He is looking after and involved in all the operation and management of the Company. His function includes envisioning the company's growth strategy and is responsible for the overall operations of the company.

Details of Service contracts entered into by the Directors

1. Mr. Sushil Kumar Nevatia

Mr. Sushil Kumar Nevatia was reappointed as Chairman and Managing Director of our company for a period of three years w.e.f. 1st April, 2016 in terms of the Agreement dated April 1, 2016. Pursuant to Board Resolution dated 26/05/2017, the terms and conditions of the appointment are revised w.e.f. 01/04/2017 and are set out below:

- 1) Salary: ₹ 2,00,000/- p.m (Rupees Two Lacs Only)
- 2) Benefits, Perquisites, allowances:
 - a) Rent Free Accommodation / House Rent Allowance ₹ 1,20,000/- per month along with furniture
 - b) Special allowance ₹ 2,00,000/- p.m
 - c) Company's contribution to Provident Fund
 - d) Mediclaim policy and/or reimbursement of medical expenses including hospitalization, nursing home and surgical charges for self and family whether incurred in India or abroad
 - e) Reimbursement of actual travelling expenses for proceeding on leave from Mumbai to any place subject to ceiling of one month's basic
 - f) Gratuity payable at a rate of half month's salary for each completed year of service
 - g) Chauffeur driven Company's Car
- 3) Commission: Such remuneration by way of commission, in addition to the above salary and perquisites, calculated with reference to the net profit of the company in particular financial year, subject to overall ceiling stipulated in section 198 read with schedule V of Companies Act, 2013.

2. Mrs. Akshada Nevatia

Mrs. Akshada Nevatia was appointed as Additional Director of our company for a period of three years w.e.f. 15/01/2017. The terms and conditions of the appointment are as set out below w.e.f. 1st April, 2017 which are subject to approval of members in forthcoming AGM:

- 1) Salary: ₹ 50,000/- p.m (Rupees Fifty Thousand Only)
- 2) Benefits, Perquisites, allowances:
 - a) House rent allowance ₹ 25000/- p.m
 - b) Special allowance ₹ 40,000/- p.m
 - c) Company's contribution to Provident Fund
 - d) Mediclaim Policy and/or reimbursement of medical expenses including hospitalization, nursing home and surgical charges for self and family whether incurred in India or abroad.
 - e) Reimbursement of actual travelling expenses for proceeding on leave from Mumbai to any place subject to ceiling of one month's basic.



- f) Gratuity payable at a rate of half month's salary for each completed year of service

Interest of Promoters and Directors

Our promoters and Directors do not have any interest in the objects of the issue.

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

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

None of our Directors have been appointed on our Board pursuant to any arrangement with our major shareholders, customers, suppliers or others.

Except as stated in this section “Management” or the chapter titled “Related Party Transactions in Financial Information” on page 51 of this Draft Letter of Offer and described herein to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Arrangements and understanding with major shareholders, customers, suppliers or others

We have not entered into any arrangement or understanding with any major shareholders, customers or suppliers of our Company pursuant to which the directors were selected as director or member of senior management



SECTION VI – FINANCIAL INFORMATION

Sl. No	Particulars	Page No.
1	Independent Auditors' Report	53
2	Accounting Ratios and Capitalisation Statement	84
3	Working Results	85
4	Market Price Information	86



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HIND RECTIFIERS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of HIND RECTIFIERS LIMITED, ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the returns for the year ended on that date audited by the auditors of the Company's branches at Nashik and Dehradun Unit-I & Unit-II.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, and financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate Internal Financial Controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its loss and its cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of Nashik and Dehradun Unit-I & Unit-II (the branches) included in the financial statements of the Company. The financial statements of the said branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and



disclosures included in respect of the branch, is based solely on the report of such branch auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in the paragraphs 3 and 4 of the said Order.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - c. The reports on the accounts of the branch offices of the Company audited under section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
 - d. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.
 - e. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - f. On the basis of the written representations received from the Directors as on 31st March, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2017 from being appointed as a Director in terms of section 164(2) of the Act.
 - g. With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure II".
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. The Company has made provision as at 31st March, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. The Company has provided requisite disclosures in the Financial Statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8th November, 2016 of the Ministry of Finance, during the period from 08/11/2016 to 30/12/2016 and such disclosures are in accordance with the books of account maintained by the Company.

For and on behalf of
KHANDWALA & SHAH,
Chartered Accountants,
Firm Reg. No.105069W
PREMAL P. GANDHI
Proprietor
Membership No.045462

Place: Mumbai
Date: 26th May, 2017

**Annexure I to Independent Auditor's Report**

Annexure referred to in our report of even date to the members of HIND RECTIFIERS LIMITED on the accounts for the year ended 31st March, 2017

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The fixed assets have been physically verified by the management during the year at reasonable intervals having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification were, in our opinion, not material and have been properly dealt with in the books of account.
- c. According to the information and explanations given to us and based on verification of records, the title deeds of immovable properties are held in the name of the Company;
- ii) Physical verification of inventory has been conducted by the management at reasonable intervals during the year except in case of inventory lying with third parties where confirmations have been obtained. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account;
- iii) According to the information and explanations given to us, the Company has not granted any loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv) According to the information and explanations given to us, the Company has not granted any loans, investments, guarantees and security to which provisions of section 185 and 186 of the Act apply.
- v) According to the information and explanations given to us, the Company has not accepted any deposits from the public, within the meaning of sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi) We have broadly reviewed the cost records maintained by the Company in accordance with section 148(1) of the Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund (PF), Investor Education & Protection Fund, Employees' State Insurance (ESI), Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess and other statutory dues with the Appropriate Authorities. According to the information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2017 for a period of more than six months from the day they become payable;
- (b) The disputed statutory dues aggregating ₹ 224.48 lacs, that have not been deposited on account of disputed matters pending before Appropriate Authorities are as under:

Name of the Statute	Nature of Dues	Amount (in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty	117.86 (net of advance of ₹ 8.98 lacs)	2005-2016	Central Excise & Service Tax Appellate Tribunal
Central Excise Act	Excise Duty	0.85 (net of advance of ₹ 0.19 lacs)	2010-2014	Departmental Authorities
Central Sales Tax and Local Sales Tax Act	Central Sales Tax and Local Sales Tax	105.77 (net advance of ₹ 39.97 lacs)	2006-2013	Departmental Authorities



- viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has not taken any loan from any financial institution or government or by way of issue of debentures.
- ix) In our opinion, and according to the information and explanations given to us, the term loan has been applied for the purpose for which the same was obtained.
- x) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees having a material misstatement on the financial statements has been noticed or reported during the year.
- xi) According the information and explanations given to us and based on verification of records, the Managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) The Company is not a Nidhi company and hence reporting under clause (xii) of the order does not arise.
- xiii) According to the information and explanations given to us and based on verification of records and approvals of the Board of Directors, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with Directors or persons connected with him;
- xvi) According to the information and explanations given to us, the Company is not a Non Banking Finance Company and therefore is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For and on behalf of
KHANDWALA & SHAH,
Chartered Accountants,
Firm Reg. No.105069W

PREMAL P. GANDHI
Proprietor
Membership No.045462

Place: Mumbai:
Date: 26th May, 2017



ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HIND RECTIFIERS LIMITED**Report on the Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the Internal Financial Controls over Financial Reporting of Hind Rectifiers Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system over Financial Reporting.

Meaning of Internal Financial Controls over Financial Reporting

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



Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls system over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Mumbai

Date: 26th May, 2017

For and on behalf of
KHANDWALA & SHAH,
Chartered Accountants,
Firm Reg. No.105069W

PREMAL P. GANDHI
Proprietor
Membership No.045462



BALANCE SHEET AS AT 31ST MARCH, 2017

(₹ In lacs)

Particulars	Note		As at March 31, 2017	As at March 31, 2016
I. EQUITY AND LIABILITIES				
(1) Shareholders' Funds				
(a) Share Capital	1	301.16		301.16
(b) Reserves and Surplus	2	5,200.82	5,501.98	5,882.63
				6,183.79
(2) Non-current Liabilities				
(a) Long-term Borrowings	3	702.46		632.32
(b) Other Long-term Liabilities	4	15.76		16.76
(c) Long-term Provisions	5	166.06	884.28	162.31
				811.39
(3) Current Liabilities				
(a) Short-term Borrowings	6	3,329.39		2,540.15
(b) Trade Payables	7	1,231.05		2,245.46
(c) Other Current Liabilities	8	528.95		496.10
(d) Short-term Provisions	9	43.54		44.47
			5,132.93	5,326.18
TOTAL			11,519.19	12,321.36
II. ASSETS				
(1) Non-current Assets	10			
(a) Fixed Assets				
(i) Tangible Assets		1,580.18		1,647.80
(ii) Intangible Assets		407.71		409.04
(iii) Capital Work In Progress		474.24		194.75
(b) Non-current investments	11	5.26		5.26
(c) Deferred Tax Assets (Net)	12	707.00		449.92
(d) Long-term Loans and Advances	13	379.67		269.94
(e) Other Non-current Assets	14	338.05		338.05
			3,892.11	3,314.76
(2) Current Assets				
(a) Inventories	15	2,713.30		3,262.98
(b) Trade Receivables	16	3,943.16		4,473.34
(c) Cash and Cash Equivalents	17	115.56		453.62
(d) Short-term Loans and Advances	18	855.06		816.66
			7,627.08	9,006.60
TOTAL			11,519.19	12,321.36
Other Notes on Financial Statements	26			

The accompanying notes form integral part of the financial statements

As per our report attached
For **KHANDWALA & SHAH**
Chartered Accountant
(Registration No. 105069W)

For and on behalf of the Board of Directors
S. K. NEVATIA Chairman & Managing Director
V. K. BHARTIA Director
A. K. NEMANI Chief Financial Officer
MEENAKSHI ANCHLIA Company Secretary & Compliance Officer

Premal Gandhi
Proprietor
Membership No. 045462

Place: Mumbai
Date: 26th May, 2017

Place: Mumbai
Date: 26th May, 2017



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ In lacs)

Particulars	Note		Year ended March 31, 2017	Year ended March 31, 2016
I. Revenue from Operations	19			
Gross Operational Income		12,048.28		9,947.53
Less: Excise Duty / Service Tax		914.32		553.94
Net Operational Income			11,133.96	9,393.59
II. Other Income	20		59.82	61.16
III. Total Revenue (I + II)			11,193.78	9,454.75
IV. Expenses:				
Cost of Materials Consumed	21	7,172.43		6,042.90
Purchases of Stock-in-Trade		174.18		1,741.30
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	536.35		(1,181.37)
Employee Benefits Expense	23	1,850.37		1,651.09
Finance Costs	24	503.91		327.47
Depreciation and Amortization Expense		199.75		157.53
Other Expenses	25	916.50		934.20
Total Expenses			11,353.49	9,673.12
V. Profit / (Loss) Before Exceptional Items and Taxes (III - IV)			(159.71)	(218.37)
VI. Exceptional items (Refer Note 26 (viii))			779.33	-
VII. Profit / (Loss) before tax (V-VI)			(939.04)	(218.37)
VIII Tax Expenses:				
Deferred Tax		(257.08)		(63.60)
(Excess) / Short Provision of Taxation for Earlier Years		(0.15)		(3.79)
			(257.23)	(67.39)
IX. Profit / (Loss) for the year (VII - VIII)			(681.81)	(150.98)
X. Basic & Diluted Earning Per Share of face value of ₹ 2/- each. (Refer Note 26 (xv))			(4.53)	(1.00)
Other Notes on Financial Statements	26			

The accompanying notes form integral part of the financial statements

As per our report attached
For **KHANDWALA & SHAH**
Chartered Accountant
(Registration No. 105069W)

For and on behalf of the Board of Directors
S. K. NEVATIA Chairman & Managing Director
V. K. BHARTIA Director
A. K. NEMANI Chief Financial Officer
MEENAKSHI ANCHLIA Company Secretary & Compliance Officer

Premal Gandhi
Proprietor
Membership No. 045462

Place: Mumbai
Date: 26th May, 2017

Place: Mumbai
Date: 26th May, 2017



CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ In lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Exceptional Item	(159.71)	(218.37)
Less: Exceptional Items	779.33	-
Net Profit / (Loss) Before Tax & Extra-Ordinary Items	(939.04)	(218.37)
Adjusted for		
Depreciation	199.75	157.53
Investment Income	(33.95)	(14.12)
Interest Charged	503.91	327.46
Operating Profit before Working Capital Changes	(269.33)	252.50
Changes in		
Trade & Other Receivables	313.42	1,018.42
Inventories	549.68	(1,025.23)
Trade & Other Payables	(986.49)	305.97
	(123.39)	299.16
Cash Generated from Operations	(392.72)	551.66
Direct Taxes Paid	70.57	(31.04)
Cash Flow before Extra-Ordinary Items	(322.15)	520.62
Extra-Ordinary Items (Subsidy received from Govt. of India)	-	-
Net Cash from Operating Activities	(322.15)	520.62
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(416.16)	(470.21)
Sale / Disposal of Fixed Assets	6.76	8.86
Purchases of Investments	-	(5.26)
Sale of Investments	-	-
Interest Received	31.27	12.68
Dividend Received	-	-
Net Cash used in Investing Activities	(378.13)	(453.93)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	-	-
Proceeds from Borrowings	859.38	616.11
Interest Paid	(497.16)	(327.46)
Dividend Paid	-	-
Tax on Distributed Profit	-	-
Net Cash used in Financing Activities	362.22	288.65
Net Changes in Cash & Cash Equivalents (A+B+C)	(338.06)	355.34
Cash & Cash Equivalents - Opening Balance	453.62	98.28
Cash & Cash Equivalents - Closing Balance	115.56	453.62

The accompanying notes form integral part of the financial statements

As per our report attached
For **KHANDWALA & SHAH**
Chartered Accountant
(Registration No. 105069W)

For and on behalf of the Board of Directors
S. K. NEVATIA Chairman & Managing Director
V. K. BHARTIA Director
A. K. NEMANI Chief Financial Officer
MEENAKSHI ANCHLIA Company Secretary & Compliance Officer

Premal Gandhi
Proprietor
Membership No. 045462

Place: Mumbai
Date: 26th May, 2017

Place: Mumbai
Date: 26th May, 2017



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. SHARE CAPITAL

(₹ In lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Authorised Capital 5,00,00,000 Equity Shares of ₹ 2/- each	1,000.00	1,000.00
Issued Capital 1,50,57,930 Equity Shares of ₹ 2/- each	301.16	301.16
Subscribed and Paid up 1,50,57,930 Equity Shares of ₹ 2/- each	301.16	301.16
TOTAL	301.16	301.16

a. The details of shareholders holding more than 5% shares

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	No of shares	% held	No of shares	% held
Shri. S. K. Nevatia	18,21,138	12.09	18,21,138	12.09
Smt. Uma Nevatia	-	-	14,23,959	9.46
Shri. Suramya Nevatia	17,16,209	11.40	2,92,250	1.94
Shri. Saurabh Nevatia	12,43,300	8.26	12,43,300	8.26
BTR Industries Limited	24,00,000	15.94	24,00,000	15.94

b. Reconciliation of number of shares

Particulars	Equity Shares	
	Number	(₹ In lacs)
Equity Shares at the beginning of the year	1,50,57,930	301.16
Add: Shares Issued during the year	-	-
Less: Shares bought back during the year	-	-
Equity Shares at the end of the year	1,50,57,930	301.16



2. RESERVES AND SURPLUS

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
General Reserve		
Opening Balance	6,333.65	6,333.65
Closing Balance	6,333.65	6,333.65
Capital Reserve		
Opening Balance	34.82	34.82
Closing Balance	34.82	34.82
Profit and Loss Account		
Opening balance	(485.84)	(334.86)
Add: Profit / (Loss) for the year	(681.81)	(150.98)
Less: Appropriations		-
Proposed Dividend	-	-
[Dividend per Share ₹ Nil (Previous Year ₹ Nil)]		
Tax on Dividend	-	-
	-	-
Closing Balance	(1,167.65)	(485.84)
GRAND TOTAL	5,200.82	5,882.63

3. LONG-TERM BORROWINGS

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
SECURED		
Term Loan from Apna Sahakari Bank *	139.51	-
Working Capital Term Loan from Apna Sahakari Bank **	442.95	500.00
Vehicle Loan from ICICI Bank Ltd.***	-	5.64
Vehicle Loan from HDFC Bank Ltd.****	-	1.68
UNSECURED		
Loan from Directors	120.00	125.00
TOTAL	702.46	632.32

* Secured by hypothecation of Plant & Machinery, Equipments, Furniture & Fixture, Computers etc at Nashik Factory and Mortgage of Land & Building situated at Plot No 110/111, Satpur MIDC, Nashik Repayable in 60 monthly instalments from June, 2017.

** Secured against mortgage of Land and Building situated at Plot No 110/111, Satpur MIDC, Nashik. Repayable in 60 monthly instalments from July, 2017.

*** Secured against hypothecation of Motor Car No. MH 03 BS 7225.

**** Secured against hypothecation of Motor Car No. WB 02 AG 0842.



4. OTHER LONG-TERM LIABILITIES (₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Dealership Deposit	15.76	16.76
TOTAL	15.76	16.76

5. LONG-TERM PROVISIONS (₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for Employee Benefits		
Gratuity	119.56	107.99
Leave Encashment	46.50	54.32
TOTAL	166.06	162.31

6. SHORT-TERM BORROWINGS (₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
SECURED		
Loan from Consortium Banks (*)		
i) Cash Credit	3,329.39	1,728.29
ii) Preshipment Credit In Foreign Currency	-	300.18
iii) Foreign Currency Non Residential Loan	-	511.68
TOTAL	3,329.39	2,540.15

* Secured by first charge against all movable and immovable assets both present and future situated at Bhandup, Mumbai and also by hypothecation of stocks and book debts of the Company ranking pari-passu in favour of ICICI Bank Ltd., Union Bank of India and TJSB Sahakari Bank Ltd.

7. TRADE PAYABLES (₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Micro, Small and Medium Enterprises	5.63	16.07
Others	1,225.42	2,229.39
TOTAL	1,231.05	2,245.46

**8. OTHER CURRENT LIABILITIES**

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Current maturities of long term debt (*)	121.94	12.06
Advance from Customers	90.06	89.60
Unclaimed Dividend	15.03	19.76
Interest Accrued but not Due	6.75	-
Other payables (**)	295.17	374.68
TOTAL	528.95	496.10

(*) Loan for vehicles ₹ 7.33 lacs (Previous year ₹ 12.06 lacs) and Term Loan ₹ 114.61 lacs (Previous year ₹ Nil)

(**) Includes statutory dues and outstanding expenses

9. SHORT-TERM PROVISIONS

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for Employee Benefits		
Provision for Gratuity	28.23	32.65
Provision for Leave encashment	15.31	11.82
	43.54	44.47
Others		
Proposed Dividend	-	-
Tax on Proposed Dividend	-	-
	-	-
TOTAL	43.54	44.47



10. FIXED ASSETS

(₹ in lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK		
	As at 01/04/2016	Since Added	Deduction/ Adjusted	As at 31/03/2017	As at 01/04/2016	For the Year	Amt Transfer To/ From Reserves *	Recouped sold or Adjusted	As at 31/03/2017	As at 31/03/2017	As at 31/03/2016
Tangible Assets											
Land - Owned	229.99	-	-	229.99	-	-	-	-	-	229.99	229.99
Land - Leasehold	21.01	-	-	21.01	8.25	0.22	-	-	8.47	12.54	12.76
Roads	51.24	-	-	51.24	45.88	2.31	-	-	48.19	3.05	5.36
Building	866.36	-	-	866.36	201.76	20.03	-	-	221.79	644.57	664.60
Plant & Machinery	969.38	58.34	-	1,027.72	437.17	62.55	-	-	499.72	528.00	532.21
Motor Cars & Vehicles	220.53	-	25.05	195.48	111.97	22.99	-	19.18	115.78	79.70	108.56
Furniture & Fixtures	278.01	1.27	-	279.28	202.40	13.71	-	-	216.11	63.17	75.61
Computers	67.35	11.16	-	78.51	48.64	10.71	-	-	59.35	19.16	18.71
Total	2,703.87	70.77	25.05	2,749.59	1,056.07	132.52	-	19.18	1,169.41	1,580.18	1,647.80
Previous Year	2,655.97	67.04	19.14	2,703.87	932.78	133.58	-	10.29	1,056.07	1,647.80	-
Intangible Assets											
Technical Knowhow & Licence Fees	573.69	4.00	-	577.69	339.64	34.62	-	-	374.26	203.43	234.05
Computer software	70.82	8.03	-	78.85	54.66	6.81	-	-	61.47	17.38	16.16
Production Development Cost	163.19	53.87	-	217.06	4.36	25.80	-	-	30.16	186.90	158.83
Total	807.70	65.90	-	873.60	398.66	67.23	-	-	465.89	407.71	409.04
Previous Year	466.36	341.34	-	807.70	374.71	23.95	-	-	398.66	409.04	-
Capital Work In Progress	194.75	335.91	56.42	474.24	-	-	-	-	-	474.24	194.75

11. NON-CURRENT INVESTMENTS

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Trade Investments (At cost)		
Fully paid equity shares (unquoted)		
Apna Sahakari Bank Ltd.	0.26	0.26
Thane Janta Sahakari Bank Ltd.	5.00	5.00
TOTAL	5.26	5.26



12. DEFERRED TAX ASSET (NET) (₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Deferred Tax Assets		
Disallowance under the Income Tax Act, 1961	284.80	79.40
Carried forward losses and unabsorbed depreciation	545.50	480.00
	830.30	559.40
Deferred Tax Liability		
Related to Fixed Assets	123.30	109.48
TOTAL	707.00	449.92

13. LONG-TERM LOANS AND ADVANCES (₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured, Considered Good		
Capital Advances	237.64	145.32
Security Deposits	58.25	58.54
Earnest Money Deposits	83.78	66.08
Staff Loans	-	-
TOTAL	379.67	269.94

14. OTHER NON-CURRENT ASSETS (₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
MAT Credit Entitlement	338.05	338.05
TOTAL	338.05	338.05

15. INVENTORIES (₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Raw Materials and Components	1,316.74	1,344.80
Work-in-Progress	1,283.62	1,785.98
Finished Goods	41.88	45.82
Stock-In-Trade	21.78	53.14
Stores and Spares	0.29	0.58
Loose Tools and Instruments	39.34	28.57
Scrap	9.65	4.09
TOTAL	2,713.30	3,262.98

(Refer Note No. (i) (e) of Other Notes on Financial Statements)



16. TRADE RECEIVABLES

(₹ in lacs)

Particulars		As at March 31, 2017	As at March 31, 2016
Trade receivables outstanding for a period less than six months			
Secured, considered good	3.50		3.77
Unsecured, considered good	3,545.39		3,498.81
		3,548.89	3,502.58
Trade receivables outstanding for a period exceeding six months			
Secured, considered good	0.75		10.74
Unsecured, considered good	393.52		960.02
Unsecured considered doubtful	722.06		-
	1,116.33		
Less : Provision for Bad & Doubtful Debts	(722.06)		-
		394.27	970.76
TOTAL		3,943.16	4,473.34

17. CASH AND CASH EQUIVALENTS

(₹ in lacs)

Particulars		As at March 31, 2017	As at March 31, 2016
Balances with banks			
In Current Account *	42.40		147.20
In Margin Account **	65.71		300.21
In Fixed Deposit	-		0.60
		108.11	448.01
Cash on hand		7.45	5.61
TOTAL		115.56	453.62

* Balance with banks in current account includes Unclaimed Dividend of ₹ 15.03 lacs (Previous year ₹ 19.76 lacs)

** Balance in Margin money towards security for Letter of Credit and Letter of Guarantee



18. SHORT-TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured, considered good		
Advances recoverable in cash or kind or for value to be received	395.79	359.79
Earnest Money Deposits	39.02	39.17
Balance with Excise, Customs and Port Trust	205.23	264.20
Taxes Paid in Advance / Deducted at Source (Net of Provision for Tax)	77.47	147.89
Interest Income accrued but not due	7.40	5.61
Service Income Accrued	187.42	-
	912.33	816.66
Less: Provisions for doubtful debts	(57.27)	-
TOTAL	855.06	816.66

19. REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars		Year Ended March 31, 2017	Year Ended March 31, 2016
Gross Sales	10,009.20		8,698.22
Less: Excise Duty	743.41		433.80
		9,265.79	8,264.42
Gross Reconditioning, Repairing & Servicing Income	2,039.08		1,249.31
Less: Excise Duty and Service Tax	170.91		120.14
		1,868.17	1,129.17
TOTAL		11,133.96	9,393.59

20. OTHER INCOME

(₹ in lacs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest Income	33.06	14.13
Credit Balances Written Back	4.92	4.12
Profit on Sale of Assets	0.89	-
Exchange Fluctuation	6.23	-
Duty Drawback	14.53	3.27
Compensation received from vendor	-	39.64
Dividend from Trade Investments	0.13	-
Miscellaneous Income	0.06	-
TOTAL	59.82	61.16



21. COST OF MATERIALS CONSUMED

(₹ in lacs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Opening Stock of Raw Materials	1,344.80	1,505.41
Add: Purchases of Raw Materials	6,546.58	5,519.99
Add: Conversion and Processing Charges	597.79	362.30
	7,144.37	5,882.29
Less: Closing Stock of Raw Materials	1,316.74	1,344.80
TOTAL	7,172.43	6,042.90

22. CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in lacs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Opening Inventory		
Finished Goods	45.82	44.10
Work-In-Progress	1,785.98	581.44
Stock-In-Trade	53.14	76.11
	1,884.94	701.65
Closing Inventory		
Finished Goods	41.88	45.82
Work-In-Progress	1,283.62	1,785.98
Stock-In-Trade	21.78	53.14
	1,347.28	1,884.94
Add / (Less) Excise duty on Finished Goods	(1.31)	1.92
(INCREASE) / DECREASE	536.35	(1,181.37)

23. EMPLOYEE BENEFITS EXPENSE

(₹ in lacs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Salaries, Wages, Gratuity and Bonus etc.	1,637.11	1,444.79
Contribution to Provident Fund, Superannuation, Employees State Insurance Scheme	107.67	106.40
Staff Welfare Expenses	105.59	99.90
TOTAL	1,850.37	1,651.09

**24. FINANCE COSTS**

(₹ in lacs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest on Bank Borrowings	326.45	267.42
Interest on Deposits & Loans	-	1.50
Other Interest	6.15	9.20
Interest on Term Loan	62.15	2.37
Exchange Fluctuation (FCNR / Buyer's Credit)	26.02	11.68
Bank Charges	83.14	35.30
TOTAL	503.91	327.47

25. OTHER EXPENSES

(₹ in lacs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Consumable Stores, Tools and Instruments	31.51	31.25
Electricity, Water and Fuel Charges	151.74	147.99
Packing	75.22	82.11
Repairs		
To Machinery	9.68	5.58
To Building	4.33	26.76
To Other Assets	15.61	18.55
Repairing and Servicing Expenses	2.14	3.64
Rent	22.16	21.03
Rates and Taxes	7.57	9.24
Insurance	5.29	7.91
Travelling, Conveyance and Vehicle Expenses	211.73	178.98
Directors' Travelling, Conveyance and Sitting Fees	6.71	4.72
Printing and Stationery	13.55	14.16
Postage, Telegram and Telex	34.48	33.36
Advertisement and Publicity	6.16	10.84
Liquidated Damages	6.25	7.60
Commission	28.90	25.49
Legal and Professional Charges	115.78	108.59
Payment to Auditors	4.42	4.13
Transit Insurance and Freight	72.03	91.63
Bad Debts	18.42	8.43
Exchange Rate Fluctuation	-	2.61
Miscellaneous Expenses	72.82	89.60
TOTAL	916.50	934.20

**26. OTHER NOTES ON FINANCIAL STATEMENTS AS AT, AND FOR THE YEAR ENDED 31ST MARCH, 2017****i) Significant Accounting Policies****a) Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention, in accordance with Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Fixed Assets / Intangible Assets

- i) Fixed assets are carried at cost of acquisition less depreciation. Cost of fixed assets includes interest of directly related loans upto the date of commissioning / installation.
- ii) Expenditure during construction period incurred on the projects under implementation are treated as pre-operative expenses pending allocation to the assets and are included under Capital Work in Progress. These expenses are apportioned to fixed assets on commencement of commercial production. Capital Work in Progress is stated at the amount expended upto the date of Balance Sheet.
- iii) Expenses incurred on development of new products are treated as Capital Work in Progress during the development period and once the product is developed, the same is shown as Product Development Cost under Intangible Assets.
- iv) Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and cost of the assets can be measured reliably.

d) Depreciation

- i) Depreciation on fixed assets is provided on the basis of useful life of assets as per Schedule II of the Companies Act, 2013.
- ii) Depreciation on Technical know-how is provided on the basis of its useful life as per Schedule II of the Companies Act, 2013.
- iii) Product Development Cost is amortised on the basis of its useful life as per Schedule II of the Companies Act, 2013.
- iv) Leasehold Land is amortized over the period of lease.

e) Valuation of Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and conditions.

- i) Raw material is valued at cost or net realisable value whichever is lower. Cost is calculated by applying the weighted average method.
- ii) Work in progress, Finished Goods and Stock-in-Trade are valued at cost or net realisable value whichever is lower.
- iii) Scrap is valued at estimated selling price.
- iv) Stores and Spares are valued at cost. Tools and Instruments are valued at book value.

**f) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sales

Net operational income comprises of sale of goods and reconditioning, repairing and servicing income. Sale of goods is recognized on despatch to customers. Sales are stated net of Sales Tax. Sales excludes captive consumption of materials.

Other Income

Interest income is accounted on accrual basis.

g) Foreign Currency Transactions

- i) Transactions denominated in foreign currency are recorded at the rate of exchange prevailing at the time of transaction.
- ii) Current Liabilities / Assets not covered by forward contract are stated at the rates ruling at the year end and any exchange difference arising on such transaction is dealt with in the Statement of Profit and Loss.
- iii) Transactions completed during the year are adjusted at the prevailing rates.

h) Research and Development

Research and Development expenditure of revenue nature is charged to revenue and capital expenditure is treated as fixed assets.

i) Retirement and Other Employee Benefits

- i) Provident Fund is a defined contribution scheme established under State Plan. The contributions to the scheme are charged to the Statement of Profit & Loss in the year when the contributions to the funds are due.
- ii) Superannuation Fund is a defined contribution scheme and contribution to the scheme are charged to the Statement of Profit & Loss in the year when contributions are made in respect of employees covered under the scheme. The scheme is funded with Life Insurance Corporation of India.
- iii) The Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering all employees. The Gratuity Plan provides a lumpsum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The liability in respect of employees is provided and contributed to Life Insurance Corporation of India under Group Gratuity (Cash Accumulation) Scheme except;
 - a) In case of Chairman cum Managing Director and Executive Vice Chairperson, in whose cases the additional Gratuity liability in accordance with their terms of appointment, is provided in the books.
 - b) In case of Nashik and Dehradun Division it is provided on the basis of actuarial valuation.
- iv) The Company has other long term employee benefits in the form of Leave Encashment. The liability in respect of Leave Encashment is provided for on the basis of actuarial valuation made at the end of the Financial Year. The aforesaid Leave Encashment is not funded.
- v) The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by the employees is recognized during the period when the employee renders the services.



vi) Terminal Benefits:

Compensation to employees who have opted for retirement under the Voluntary Retirement Scheme and termination of services of the employees by the Company is charged to the Statement of Profit & Loss in the year on actual basis.

vii) Actuarial gains / losses are recognized immediately to the Statement of Profit & Loss.

j) Provision for Current and Deferred Tax

i) Provision for current tax is made with reference to taxable income computed for the accounting period for which the financial statements are prepared by applying the tax rates relevant to the respective 'Previous Year'. Minimum Alternate Tax (MAT) eligible for set-off in subsequent years (as per tax laws), is recognised as an asset by way of credit to the Statement of Profit and Loss only if there is convincing evidence of its realisation. At each Balance Sheet date, the carrying amount of MAT Credit Entitlement receivable is reviewed to reassurerealisation.

ii) Deferred tax resulting from 'timing difference' between book and taxable profit for the year is accounted for using the current tax rates. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future. However, in case of deferred tax assets (representing unabsorbed depreciation or carry forward losses) are recognised, if and only if there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised, or to the extent of deferred tax liabilities.

k) Impairment of Assets

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

l) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

ii) Estimated amount of contract remaining to be executed and not provided on account of Technical Know-How ₹ 86.56 lacs (previous year ₹ 94.28 lacs) and on account of Capital Purchase ₹ 341.87 lacs (previous year ₹ 271.54 lacs).



iii) **Contingent Liabilities in respect of the following:** (₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Letters of credit opened by the bankers of the Company in favour of the third parties	161.43	233.85
Guarantee given by the banks to the third parties on behalf of the company	785.26	1,013.39
Letter of Credit discounted with bank	-	-
Claims of Excise disputed by the Company *	127.88	122.06
Claims of Sales Tax disputed by the Company *	145.74	141.36

* The amounts shown represent the best possible estimates arrived at on the basis of available information. The uncertainties are dependent on the outcome of the different legal processes. The timing of future cashflow will be determinable on only receipt of judgement / decisions pending with various forums / authorities. The Company does not expect any reimbursements against the above.

iv) **Payment to Auditors (Excluding Service Tax):** (₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
As Auditor	2.25	2.25
For Tax Audit	0.60	0.60
For Certification etc.	0.58	0.80
For out of pocket expenses	0.45	0.39
TOTAL	3.88	4.04

v) **Employee Benefits:**

Consequent upon adoption of Accounting Standard on "Employee Benefits" (AS 15) (Revised 2005) issued by the Institute of Chartered Accountants of India, as required by the Standard, the following disclosures are made.

Defined Contribution Plan:

Contribution for Defined Contribution Plan, recognized as expense for the year are as under:

(₹ in lacs)

Particulars	2016-2017	2015-2016
Employer's Contribution to Provident Fund	43.84	43.56
Employer's Contribution to Superannuation Fund	18.61	22.52
Employer's Contribution to Pension Fund	36.86	36.30

Defined Benefit Plan:

(₹ in lacs)

Particulars	Gratuity		Leave Encashment	
	2016-2017	2015-2016	2016-2017	2015-2016
i) <u>Reconciliation of opening and closing balances of Defined Benefit</u>				
Defined Benefit obligation at beginning of the year				
Funded	352.20	375.91	-	-
Non-Funded	114.35	101.95	66.14	66.32
	466.55	477.86	66.14	66.32
Current Service Cost				
Funded	29.53	20.98	-	-
Non-Funded	4.91	4.20	14.93	15.44



Interest Cost	34.44	25.18	14.93	15.44
Funded	24.83	30.07	-	-
Non-Funded	3.47	2.95	4.66	4.85
Actuarial (gain) / loss	28.30	33.02	4.66	4.85
Funded	(22.68)	(22.33)	-	-
Non-Funded	(2.50)	5.61	5.18	10.92
Benefits paid	(25.18)	(16.72)	5.18	10.92
Funded	63.82	52.43	-	-
Non-Funded	3.61	0.36	29.10	31.40
Defined Benefit obligation at year end	67.43	52.79	29.10	31.40
Funded	320.06	352.20	-	-
Non-Funded	116.62	114.35	61.81	66.14
	436.68	466.55	61.81	66.14

(₹ in lacs)

Particulars	Gratuity		Leave Encashment	
	2016-2017	2015-2016	2016-2017	2015-2016
ii) <u>Reconciliation of opening and closing balances of fair value of plan</u>				
Fair value of plan assets at beginning of the year	325.91	350.05	-	-
Expenses deducted from the fund	(0.79)	(0.35)	-	-
Expected return on plan assets	25.74	33.53	-	-
Actuarial (gain) / loss	(1.66)	(6.25)	-	-
Employer contribution	3.51	1.37	-	-
Benefits paid	63.82	52.43	-	-
Fair value of plan assets at year end	288.89	325.91	-	-
Actual return on plan assets	24.08	27.28	-	-
iii) Expense recognised during the year				
Current Service Cost				
Funded	29.53	20.98	-	-
Non-Funded	4.91	4.21	14.93	15.44
Interest Cost	34.44	25.19	14.93	15.44
Funded	24.83	30.07	-	-
Non-Funded	3.47	2.95	4.65	4.84
Expected return on plan assets	28.30	33.02	4.65	4.84
Funded	25.74	33.53	-	-
Non-Funded	-	-	-	-
Actuarial (gain) / loss	25.74	33.53	-	-
Funded	(21.02)	(16.08)	-	-
Non-Funded	(2.50)	5.61	5.18	10.92
Net Cost	(23.52)	(10.47)	5.18	10.92
Funded	7.60	1.44	-	-
Non-Funded	5.88	12.77	24.76	31.21
	13.48	14.21	24.76	31.21
iv) <u>Reconciliation of fair value of assets and obligations</u>				
Fair value of plan assets				
Funded	288.89	325.91	-	-



Non-Funded	-	-	-	-
Present value of obligation	288.89	325.91	-	-
Funded	320.06	352.20	-	-
Non-Funded	116.62	114.35	61.81	66.14
Amount recognised in Balance Sheet	436.68	466.55	61.81	66.14
Funded	31.17	26.29	-	-
Non-Funded	116.62	114.35	61.81	66.14
	147.79	140.64	61.81	66.14
Investment Details	Insurer Managed Funds		N.A.	
<u>Actuarial assumptions</u>	1994-96 (Ultimate)		1994-96 (Ultimate)	
Mortality Table (LIC)	1994-96 (Ultimate)		1994-96 (Ultimate)	
Discount rate (per annum)	7.40%	7.85%	7.40%	7.85%
Expected rate of return on plan assets (per annum)	7.40%	7.85%	-	-
Rate of escalation in salary (per annum)	3.50%	5.00%	3.50%	5.00%



- vi) Trade Receivables over six months comprises of ₹ 313.11 lacs (Previous year ₹ 774.20 lacs) due from Government concerns and ₹ 81.16 lacs (Previous year ₹ 196.56 lacs) due from commercial parties.
- vii) In the opinion of the Management, the current assets, loans and advances are approximately of the values stated if realised in the ordinary course of business and all provisions for liabilities are adequate and not in excess of the amount considered necessary.
- viii) During the year Company has reviewed in detail of all advances, deposits, receivables and wherever Company felt that recovery is subject to some outcome or is doubtful, necessary provisions are made in accounts, accordingly a sum of ₹ 779.33 lacs has been provided under the head Exceptional Item and ₹ 722.06 lacs has been reduced from Trade Receivables and ₹ 57.27 lacs has been reduced from Short Term Loans and Advances.
- ix) In the opinion of the Management, no provision is required against contingent liabilities referred hereinabove.
- x) Advance and deposits from customers reflected under 'Other Long Term Liabilities' and 'Other Current Liabilities' represent advance / dealership deposit received by the Company for supply of capital goods
- xi) Balance of Trade Receivables and Trade Payables are subject to confirmation.
- xii) During the year, the Company has incurred an expenditure of ₹ 225.71 lacs on the development of various products and completed the development process of the products of ₹ 53.87 lacs (including ₹ 28.40 lacs incurred upto 31st March, 2016) and balance of ₹ 342.35 lacs (including ₹ 142.11 lacs incurred upto 31st March, 2016) related to the products still under development is clubbed under Capital Work in Progress.
- xiii) The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the company is as under:

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Principal amount due and remaining unpaid	-	-
Interest due on above and unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

- xiv) The recurring expenditure of ₹ 82.31 lacs (Previous year ₹ 59.74 lacs) and Capital Expenditure of ₹ 190.75 lacs (Previous Year ₹ 114.45 lacs) spent in respect of Research and Development during the year have been debited to respective account.



xv) Earnings per Share :

(₹ in lacs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Profit after taxation as per Statement of Profit & Loss	(681.81)	(150.98)
Weighted average number of equity shares outstanding	1,50,57,930	1,50,57,930
Basic and diluted earnings per share (₹)	(4.53)	(1.00)

xvi) Segment Information :

The Company has identified its Business Segments as its Primary Segments comprising of Electronic Components and Equipments.

Primary Segment Information :

(₹ in lacs)

	Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
A	Segment Revenue		
	Electronic Components	1,084.15	2,784.19
	Equipments	10,287.53	6,831.71
	Total	11,371.68	9,615.90
	Less : Inter-Segment Revenue	237.72	222.31
	Net Sales / Income from Operations	11,133.96	9,393.59
B	Segment Results - Profit / (Loss)		
	Electronic Components	(83.38)	4.45
	Equipments	771.33	428.07
	Total	687.95	432.52
	Less : Interest & Financial Charges	503.91	327.46
	Other Unallocable Expenditure (Net of unallocable Income)	343.75	323.43
	Profit Before Tax	(159.71)	(218.37)
C	Capital Employed		
	Electronic Components	159.69	247.93
	Equipments	2,906.89	3,514.97

xvii) Related Party disclosures under Accounting Standard-18:

a) List of related parties

Name of Related Party	Relationship
Shri S.K.Nevatia	Key Management Personnel
Smt Uma Nevatia	Key Management Personnel
Shri Saurabh Nevatia	Relative of Key Management Personnel
Shri Suramya Nevatia	Relative of Key Management Personnel
Smt Akshada Nevatia	Relative of Key Management Personnel



Shri Bharat Swaroop	Relative of Key Management Personnel
Shri Pawan Kumar Golyan	Relative of Key Management Personnel
Force Motion Technology LLP	Enterprises of Relative of Key Management Personnel

b) Transactions during the year

(₹ in lacs)

S.No.	Nature of transaction	Key Management	Relative of Key Management	Total
1	Loan Received	- (125.00)	- -	- (125.00)
2	Loan Repaid	5.00 -	- -	5.00 -
3	Income			
	Sale	- -	0.42 -	0.42 -
4	Expenditure			
i	Remuneration	59.00 (70.73)	56.08 (48.75)	115.08 (119.48)
ii	Directors Sitting Fees	- -	0.53 (0.22)	0.53 (0.22)
iii	Rent	- -	4.80 (3.90)	4.80 (3.90)
iv	Purchase	- -	30.10 (0.93)	30.10 (0.93)

(*) Figures in bracket represent previous year's amount.

xviii) Particulars of Sales:

(₹ in lacs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
a) Manufactured Goods		
Convertor & Invertor Equipments	2,479.43	2,151.72
Diodes, Thyristors, Modules, Bridges	463.01	549.92
High Voltage Rectifiers	1,350.37	1,394.89
High Current Rectifiers	1,294.22	1,289.79
Transformers	2,450.04	416.82
Others	979.38	566.04
Total	9,016.45	6,369.18
b) Traded Goods		
Capacitors	191.72	335.84
Others	57.62	1,559.40
Total	249.34	1,895.24
TOTAL	9,265.79	8,264.42



xix) Particulars of Purchase of Stock-In-Trade: (*) (₹ in lacs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Capacitors	150.69	242.71
Others	49.33	1,536.01
TOTAL	200.02	1,778.72

(*) Includes purchases for manufacturing ₹ 25.84 lacs (Previous year ₹ 37.42 lacs)

xx) Particulars of Consumption of Raw Materials: (*) (₹ in lacs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Non-ferrous metals	1,602.11	1,394.30
CRGO lamination	326.82	43.08
Electrical accessories and semi conductor components	2,502.22	3,308.18
Others	2,741.28	1,297.34
TOTAL	7,172.43	6,042.90

(*) Raw materials consumed:

i) Includes material used for service activities.

ii) Excludes sale and stock of scrap.

iii) Includes Conversion and Processing charges ₹ 597.79 lacs (Previous Year ₹ 362.30 lacs)

xxi) Consumption of Imported Raw Materials, Components and Spare Parts: (₹ in lacs)

Particulars	Year Ended March 31, 2017		Year Ended March 31, 2016	
	Amount	Percentage	Amount	Percentage
Imported	748.64	10.44	788.55	13.05
Indigenous	6,423.79	89.56	5,254.35	86.95
TOTAL	7,172.43	100.00	6,042.90	100.00

xxii) Value of Imports on C.I.F Basis: (₹ in lacs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Raw Materials & Components	928.34	722.39
Capital goods	-	-
TOTAL	928.34	722.39

xxiii) Expenditure in foreign currency (on payment basis): (₹ in lacs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Travelling Expenses	6.79	3.89
Technical Know How, Licence Fee (shown under Capital advance)	-	-
Royalty	-	-
Others	-	0.04
TOTAL	6.79	3.93

**xxiv) Earnings in foreign currency:**

(₹ in lacs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Export on F.O.B. basis	186.32	651.75
Others	-	-
TOTAL	186.32	651.75

xxv) Dividend paid abroad:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Remittance of foreign exchange on account of dividend (₹)	-	-
Number of non-resident shareholders	-	-
Number of shares on which remittance was made	-	-
Year for which the dividend was remitted	-	-

xxvi) Due to absence of profits during the year, the management personnel have been paid the remuneration as approved by shareholders and remuneration committee as minimum remuneration.



xxvii) The Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 in the Table below:-

(₹ in lacs)

Particulars	SBN's	Other Denomination Notes	Total
Closing cash in hand as on 08/11/2016	6.23	7.33	13.55
(+) Permitted Receipts	-	13.72	13.72
(-) Permitted Payments	-	12.68	12.68
(-) Amount deposited in Banks	6.23	-	6.23
Closing cash in hand as on 30/12/2016	-	8.37	8.37

xxviii) Previous year's figures have been re-classified and re-grouped wherever necessary.

The accompanying notes form integral part of the financial statements

As per our report attached
For **KHANDWALA & SHAH**
Chartered Accountant
(Registration No. 105069W)

Premal Gandhi
Proprietor
Membership No. 045462

Place: Mumbai
Date: 26th May, 2017

For and on behalf of the Board of Directors
S. K. NEVATIA Chairman & Managing Director
V. K. BHARTIA Director
A. K. NEMANI Chief Financial Officer
MEENAKSHI ANCHLIA Company Secretary & Compliance Officer

Place: Mumbai
Date: 26th May, 2017

**Summary of Accounting Ratios**

Particulars	31st March 2017	31st March 2016
Earnings Per Share (EPS) (₹) a/b	(4.53)	(1.00)
Return on Net Worth (%) (a/c %)	(12.39)	(2.44)
Net Asset Value per Share (c/b) (₹)	36.54	41.07
Note:		
Total Earnings (a) (₹ in lacs)	(681.81)	(150.98)
Outstanding Shares (b) (No. of shares in lacs)	150.58	150.58
Net Worth (c) (₹ in lacs)	5501.98	6183.79

Formula:

- **Earnings Per Share (₹):** Net profit / (loss) after tax attributable to equity shareholders divided by total number of equity shares outstanding at the end of the period.
- **Return on Net Worth (%):** Net profit/ (loss) after tax attributable to equity shareholders divided by Net worth at the end of the year/period.
- **Net Asset Value Per Share (₹):** Net worth at the end of the year/period divided by Total number of equity share outstanding at the end of the year/ period.

Statement of Capitalisation

Particulars	(₹ in Lacs)	
	Pre-issue as at March 31, 2017	As adjusted for Issue*
Short Term Debt	3329.39	3329.39
Long Term Debt	702.46	702.46
Shareholder's Funds		
Share Capital	301.16	* To be updated at the time of filing of Letter of Offer
Reserves	5200.82	
Total Shareholders Funds	5501.98	
Long Term Debts/ Shareholders Fund	0.13	
Note: The figures disclosed above are based on the Audited Balance Sheet of the Company		

**CERTAIN OTHER FINANCIAL INFORMATION**

In accordance with circular no. F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977 and in accordance with sub-item (B) of item X of Part E of the SEBI Regulations, the information required to be disclosed for the period between the last date of financial statements provided to the shareholders and the date preceding one month from the date of Letter of Offer is provided below:

1. Working Results of our Company for the period from April 1, 2017 to May 31, 2017

Sr. No.	Particulars	Amount (₹ in Lacs)
1.	Sales / turnover (Net of Excise)	1042.75
2.	Other income	4.06
3.	Total income	1046.81
4.	PBIDT	(73.00)
5.	Finance Charges	67.78
6.	Provision for Depreciation	33.66
7.	Provision for Tax(Deferred Tax)	-
8.	Profit /(Loss) after Tax	(174.44)

2. Material changes and commitments, if any, affecting the financial position of our Company

There have arisen no circumstances since March 31, 2017 (i.e., the date of the last financial statement as disclosed in this Draft Letter of Offer) that materially or adversely affect our or profitability or the value of our assets or our ability to pay our material liabilities within the next 12 months.

**MARKET PRICE INFORMATION**

The equity shares of our Company are listed on BSE and NSE. The stock price information on BSE and NSE is as under:

For the purpose of this section:

- Year is a fiscal year;
 - Average price is the average of the daily closing prices of the Equity Shares, for the year, or the month, as the case may be;
 - High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, for the year, or the month, as the case may be; and
 - In case of two days with the same high/low/closing price, the date with higher volume has been considered
- **The high, low and average market prices of the Equity Shares recorded on BSE and NSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:**

BSE

Fiscal Year	Date of High	High (₹)	Volume on date of High (No. of Shares)	Date of Low	Low (₹)	Volume on Date of low (No. of Shares)	Average (₹)
2017	01/11/2016	113.60	168038	24/05/2016	58.50	1,626	81.14
2016	05/01/2016	100.85	16,764	29/02/2016	58.10	5,754	75.24
2015	14/01/2015	105.00	47,699	01/04/2014	33.75	1,030	62.20

Source: www.bseindia.com

NSE

Fiscal Year	Date of High	High (₹)	Volume on date of High (No. of Shares)	Date of Low	Low (₹)	Volume on Date of low (No. of Shares)	Average (₹)
2017	01/11/2016	114.30	3,35,940	23/05/2016	61.00	3,805	81.08
2016	05/01/2016	100.00	41,315	12/06/2015	52.55	13,688	75.24
2015	14/01/2015	104.80	60,039	01/04/2014	33.65	500	62.23

Source: www.nseindia.com

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

BSE

Month	Date	High (₹)	Volume (No. of Shares)	Date	Low (₹)	Volume (No. of Shares)	Average (₹)
June, 2017	12/06/2017	103.80	23,992	08/06/2017	84.00	1,869	90.28
May, 2017	15/05/2017	104.75	10,957	29/05/2017	85.40	8,241	93.40
April, 2017	24/04/2017	103.00	56,092	03/04/2017	78.25	1,926	90.75
March, 2017	16/03/2017	85.90	7,024	03/03/2017	75.10	1,849	78.38
February, 2017	01/02/2017	91.00	5,378	27/02/2017	76.80	510	82.46
January, 2017	12/01/2017	102.70	21,733	02/01/2017	82.65	8,411	92.45

Source: www.bseindia.com

**NSE**

Month	Date	High (₹)	Volume (No. of Shares)	Date	Low (₹)	Volume (No. of Shares)	Average (₹)
June, 2017	12/06/2017	104.00	68,362	06/06/2017	83.25	6,245	90.50
May, 2017	15/05/2017	105.40	47,126	29/05/2017	85.00	24,400	94.03
April, 2017	28/04/2017	102.85	10,554	03/04/2017	77.60	8,933	90.40
March, 2017	24/03/2017	83.25	5,596	23/03/2017	75.00	11,349	78.38
February, 2017	01/02/2017	90.00	19,353	21/02/2017	75.40	13,088	82.29
January, 2017	12/01/2017	104.05	32,400	02/01/2017	82.65	25,701	92.63

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

BSE					
Week ended on	Closing Price (₹)	High Price (₹)	Date of High	Low Price (₹)	Date of Low
July 21, 2017	88.45	91.00	July 20, 2017	86.05	July 18, 2017
July 14, 2017	87.65	91.90	July 10, 2017	86.35	July 11, 2017
July 07, 2017	88.60	93.15	July 05, 2017	88.00	July 07, 2017
June 30, 2017	89.30	94.50	June 28, 2017	88.00	June 27, 2017

Source: www.bseindia.com

NSE					
Week ended on	Closing Price (Rs.)	High Price (₹)	Date of High	Low Price (₹)	Date of Low
July 21, 2017	89.80	92.00	July 20, 2017	85.05	July 18, 2017
July 14, 2017	87.30	90.90	July 10, 2017	85.90	July 14, 2017
July 07, 2017	88.60	93.65	July 05, 2017	87.30	July 05, 2017
June 30, 2017	89.15	94.00	June 28, 2017	87.50	June 27, 2017

Source: www.nseindia.com

The Issue Price of ₹ [●] has been arrived at by our Company in consultation with the Lead Manager.



FINANCIAL INDEBTEDNESS

Principal terms of loan and assets charged as security:

The details of loan as on May 31, 2017 as certified by our statutory auditors M/s Khandwala & Shah., Chartered Accountants vide certificate dated June 3, 2017 is as under:

(₹ In Lakhs)

Particulars	ICICI Bank Ltd	Union Bank of India	TJSB Sahakari Bank Ltd	Apna Sahakari Bank Ltd	Apna Sahakari Bank Ltd	TOTAL
Nature of Loan	Working Capital Loan	Working Capital Loan	Working Capital Loan	Term Loan	Mortgage Term Loan	-
Object of the Loan	Working Capital	Working Capital	Working Capital	Term Loan	Mortgage Term Loan for Working Capital	-
Nature of Interest Charge	Cash Credit	Cash Credit	Cash Credit	Term Loan	Term Loan for Working Capital	-
Sanction Amount	1290.00	1140.00	1200.00	700.00	750.00	5080.00
Disbursed Amount	1290.00	860.00	900.00	362.96	500.00	3912.96
O/s As At 31-05-2017	1083.13	747.39	857.61	362.96	500.00	3551.09
Present rate of interest on the loan	12.10%	12.40%	12.10%	12.35%	12.35%	-
Security	First Pari passu Hyp. of Stock & Book Debts along with the other Consortium members Collateral Security: E.M. of Factory, Land & building at Lake Road, Bhandup	First Pari passu Hyp. of Stock & Book Debts along with the other Consortium members Collateral Security: E.M. of Factory, Land & building, Plant and Machinery at Lake Road, Bhandup	First Pari passu Hyp. of Stock & Book Debts along with the other Consortium members Collateral Security: E.M. of Factory, Land & building, plant and machinery at Lake Road, Bhandup	Hypothecation of Plant & Machinery Equipments Furniture & Fixtures, Computers etc installed / to be installed at Nashik Factory. Collateral Security: Extension of Mortgage charges on Land & Building situated at Plot No.110/111, Satpur, MIDC	Mortgage of Land & Building situated at Plot No.110/111, Satpur, MIDC Nashik, at market Value.	



Particulars	ICICI Bank Ltd	Union Bank of India	TJSB Sahakari Bank Ltd	Apna Sahakari Bank Ltd	Apna Sahakari Bank Ltd	TOTAL
				Nashik, at market Value.		
Repayment Schedule	Immediately on demand	Immediately on demand	Immediately on demand	₹ 450 Lacs payable in 5 years w.e.f June 2017 and ₹ 250 lacs payable in 5.5 years w.e.f November 2017	₹ 500 Lacs payable in 5 years w.e.f June 2017 and ₹ 250 lacs payable in 6 years w.e.f July 2017	-

Details of unsecured loans:

Our promoter and Chairman and Managing Director, Mr. S.K. Nevatia, has brought in funds in the company in the form of unsecured loan in one or more tranches to meet the various business needs of the company including working capital requirements. The outstanding amount of unsecured loan brought in by Mr. S. K. Nevatia as on June 20, 2017 is ₹120 lacs. No interest is payable on the said unsecured loan.

Further the money brought in by Mr. S.K. Nevatia by way of unsecured loan shall be adjusted towards the amounts payable by him for acquiring equity shares under the Rights Issue of the Company against his entitlement and also towards the additional subscription (if any) by him. A communication to this effect has been received from Mr. S.K. Nevatia vide letter dated June 20, 2017.

The Company has not made any investment in debt instruments which are unsecured or which carry interest rate lower than the market rate.



SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Except as described below there are no outstanding litigation, suits or criminal or civil proceedings or tax liabilities against our Company, our Promoter, Directors or any other person, whose outcome would have a material adverse effect on our business. Except as stated below, there are no defaults, non-payment or over dues of statutory dues, institutional or bank dues or dues payable to instrument holders such as holders of any debentures, bonds and fixed deposits and arrears on preference shares that could have a material adverse effect on our business as of the date of this Draft Letter of Offer.

Furthermore, except as stated below, in the last five years preceding the date of this Letter of Offer, there have been (a) no instances of material frauds committed against our Company; (b) no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the case of our Company and no prosecutions have been filed (whether pending or not), fines imposed or compounding of offences for our Company; (c) no litigation or legal action pending or taken by any ministry or department of the government or any statutory body against the Promoter.

Except as described below, there are no proceedings initiated for economic offences (including past cases if found guilty) or any disciplinary action taken by SEBI or any stock exchange, penalties imposed by any authorities against our Company and Directors and no adverse findings in respect of our Company, as regards compliance with securities laws. Further, except as described below, there are no instances where our Company or Directors have been found guilty in suits or criminal or civil prosecutions, or proceedings initiated for economic or civil offences or any disciplinary action by SEBI or any stock exchange, or tax liabilities.

Except as disclosed below there are no (i) litigation against the Directors involving violation of statutory regulations or alleging criminal offence; (ii) past cases in which penalties were imposed by the relevant authorities on the Company and the Directors; (iii) outstanding litigation or defaults relating to matters likely to affect the operations and finances of our Company, including disputed tax liabilities and prosecution under any enactment in respect of Schedule V to the Companies Act, 2013; and (iv) any creditors to whom our Company owes a sum exceeding ₹ 1.00 Lac which is outstanding more than 30 days and dues to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Act, 2006.

Except as stated below, there are no litigations against any other person whose outcome may have a material adverse effect on the position of our Company. Unless stated to the contrary, the information provided below is as of the date of this Letter of Offer.

A summary of notices received by our company / litigations against our company are as follows:

a. Notice received by our Company Under Companies Act, 2013-

Our Company received show cause notice no. ROC/CSR/732/134/2017 dated 11/04/2017 under section 134(8) for violation of section 134(3)(o) read with section 135 of the Companies Act, 2013 from Assistant Registrar of Companies, Mumbai alleging that the company has not complied with the provisions of Corporate Social Responsibility in the financial year 2014-15. Company was of the opinion that since the relevant section was enforced w.e.f. 01/04/2014 and during the year 2013-14 company has suffered losses accordingly CSR is not applicable to Company. As the section was enforced w.e.f. 01/04/2014 and company had suffered losses during the financial year 2013-14, company interpreted that section 135 is not applicable to it and accordingly the Board Report 2014-15, a statement of non applicability of CSR was stated. Company has vide letter dated 26/04/2017 addressed to Registrar of Companies, Mumbai stated that the violation of the said provision was not intentional but a matter of interpretation. Further, in the best interest of the Stakeholders of the Company to avoid litigation, the company has filed a compounding application on 31/05/2017 for the said violation with the Registrar of Companies, Mumbai.

b. Pending litigations :

Sr. no	Category	No of proceedings	Amount (₹ in Lacs)
1.	ESIC Dispute	1	14.73
2.	Labour Related Dispute	2	Not Quantifiable
3.	Income Tax disputed in appeals	2	Not Quantifiable
4.	Excise duty and Service Tax disputed in appeals	9	127.88*
5.	Sales Tax disputed in appeals	7	145.74*

*Includes advance paid

1. ESIC Dispute

The Engineering Mazdoor Sabha (Recognized Union) had filed a writ petition in Bombay High Court against ESIC Corporation for increased wage coverage limit and had obtained a stay on 25/02/1997. In view of this Company had stopped ESI contribution from February 1997 to March 2004. The company restarted the payment from April 1, 2004 when the limit was increased. The stay obtained by EMS was vacated on May 08, 1998 but company was not informed of the same. The company received a recovery order from ESIC Corporation for ₹14,72,936/- for the amount due from the date of vacation of stay till the company had restarted paying. The matter was heard at various times in ESI Court and on July 30, 2011 the decision came in favour of the company wherein ESI Court quashed the order passed by the ESI Corporation. Thereafter ESI Corporation filed an appeal to Honourable High Court, Mumbai on 22/11/2011 against the decision given by ESI Court, which is pending for hearing.

2. Labour related dispute

- a) Our Company had issued charge sheet for domestic enquiry on 12/02/2002 and dismissed Mr. Shridhar Dukre, a Workman, vide dismissal order dated 25/10/2002 in accordance with Model Standing Order, due to continuous absenteeism. Upon dismissal, Mr. Shridhar Dukre filed a complaint before Labour Court at Thane which was dismissed by the court vide its order dated 07/02/2013. Aggrieved by the said order, Mr. Shridhar Dure filed an appeal in Industrial Court at Thane in April 2013, which is pending for hearing.
- b) Our company had on 22nd August 2016, informed the labour contractor at Dehradun unit to withdraw 13 workers out of the 38 contract workers employed due to acute shortage of orders in the factory. As per ID Act 1947, one month's salary was also allowed for payment. However, on instigation by the local CITU Union, these workers filed complaint with Deputy Labour Commissioner (DLC) for reinstatement, to take them on payroll of the company.

Based on the complaint, DLC issued notice for conciliation proceedings. With active support of the CITU Union, the workers started strike in support of these 13 workers. The company then, besides filing complaint with local Police Station, SDM, DM & Labour office for protection of men, machine and material from the agitators and their supporters, filed an injunction suit in the civil court to debar workers and their supporters to sit on strike 500 meters from the factory. The Civil court issued order against them on 01/09/2016 and directed the striking workers not to sit on Strike, protest/ agitation within 200 meters around the factory.

Of the initial striking 13 workers, 7 workers have taken their full & final settlement and have withdrawn from the agitation. Full and final settlement cheques were also issued to remaining workers (6) by the labour contractors, who have refused to accept them. The matter is under reconciliation presently.

3. Income Tax disputed in appeals

- a. For the assessment year 2011-12, our company had filed the revised return of income tax claiming an amount of ₹ 5,07,683 for refund and further submitted a TDS certificate of ₹ 2,56,384/- making the total refund of ₹ 7,64,067/- . We received an assessment order from the Deputy Commissioner of Income tax, Mumbai, dated 27/02/2014 for the assessment year 2011-12 with a notice adding a sum of ₹ 4,79,806/ to the total income on various grounds and interest u/s 234(b) of ₹2,66,959/- and u/s 234(c) of ₹ 79,733/- as against the interest u/s 234(c) of ₹ 72,154/- worked out by company, credit for TDS was short granted by ₹4,89,831/-.Our company had filed an appeal before the C.I.T. (Appeals), Mumbai on 01/04/2014. The matter is still pending for adjudication.

As per the management even if the appeal is decided against the company, the same would amount to reduction in the refund amount hence there is no liability on the company.

- b. Our company has received an assessment order under section 143(3) read with section 147 of the Income Tax Act, 1961 from the Deputy Commissioner of Income Tax, Mumbai dated November 11, 2013 for the assessment year 2009-10 alleging that the Company has obtained bogus purchase bills amounting to ₹ 2,88,900/- Aggrieved with the assessment order, Company filed an appeal before the Commissioner of Income Tax (appeals). After hearing the matter the concerned authority directed to add 12.5% of the net price (excluding VAT) i.e. ₹ 32,100/-. Thereafter a show cause notice as why an order imposing penalty should not be made under section 271 of the IT Act, 1961 was received. The matter is yet to be decided.

As per the management, the maximum penalty that can be levied by the authorities would be 300% of the tax amount involved. Presently the same is not quantifiable

4. Under Central Excise Act, 1944 and Chapter V of the Finance Act, 1194 – Service Tax

Excise Duty:

- a. Our Company received show cause notice no. V.Adj.(SCN)/BDN/M-III/2011/5680 dated 08/07/2011 for the period from July 2006 to March 2011 for ₹49,77,974/- as penalty for not following proper procedure in clearing the scrap materials recovered at the time repairing activities. The Additional Commissioner has confirmed the demand under his Order in Original No. 90/RG/2011-12 Dated 16/03/2012. Company has appealed against said order at Commissioner (Appeal), but again Commissioner (Appeal) upheld the said order under Order in Appeal No. BC/203/M-III/12-13 Dated 25/06/2012. Being aggrieved by the order company has filed appeal & stay application and same has been admitted by the CESTAT & appeal is pending for disposal at the Tribunal.
- b. Our Company received Show cause Notice No. V/adj(SCN)15-29/ADC/BDN/M-III/2012/6761 Dated 31/07/2012 and V/adj(SCN)15-19/ADC/BDN/M-III/2013-14/3074 Dated 29/05/2013 issued by the jurisdictional authority for the period from April 2007 to December 2012 proposing recovery ₹ 27,18,158/-of differential CENVAT credit. The Additional Commissioner under his OIO No. 23-24/PCB/2013-14 Dated 27/11/2013 dismissed Department's contention and ruled in our favour. Excise Department appealed against said order at Commissioner (Appeal) and under his OIA no. CD/698/M-III/2015 dated 01/10/2011 Commissioner has upheld the appeal filed by the Department. The Company being aggrieved with Order appealed at CESTAT and matter is pending before Tribunal for disposal.
- c. Our Company received Show cause Notice No. V/adj(SCN)15-29/ADC/BDN/M-III/2012/6761 Dated 31/07/2012 and V/adj(SCN)15-19/ADC/BDN/M-III/2013-14/3074 Dated 29/05/2013 issued by the jurisdictional authority for the period from April 2012 to December 2012 proposing recovery ₹ 8,22,555/-of differential CENVAT credit. The Additional Commissioner under his OIO No. 23-24/PCB/2013-14 Dated 27/11/2013 dismissed Department's contention and ruled in our favour. Excise



Department appealed against said order at Commissioner (Appeal) and under his OIA no. CD/698/M-III/2015 dated 01/10/2011 Commissioner has upheld the appeal filed by the Department. The Company being aggrieved with Order appealed at CESTAT and matter is pending before Tribunal for disposal.

- d. Our Company received Show Cause cum Demand Notice No.V.Adj(SCN)15-12/COMM/BDN/M-III/09/14659 Dated 20/09/2010 denying and recovering Input service CENVAT credit amounting to ₹53,22,471/- for the period from September 2005 to March 2010. The Excise Commissioner decided the said show Cause Notice under Order In Original No. 19/Commr/M-III/PKA/2011-12 Dated 30/11/2011. In the said order Commissioner has allowed cenvat credit of ₹ 23,62,710/- & denied cenvat credit of ₹ 29,57,548/- and against said order we have appealed at CESTAT on 05/03/2012 and same has been accepted by the tribunal and matter is pending for disposal.
- e. Our Company received show cause cum Demand Notice No. V. Adj(SCN)15-03/JC/BDN/M-III/2011 dated 28/04/2011 denying CENVAT credit of input services amounting to ₹7,92,018/- for the period from April 2010 to December 2010. Additional Commissioner decided said SCN under his Order IN Original No. 01/RG/2012-13 Dated 19/07/2012 wherein Company's claim was partially accepted and demand of ₹4,77,803/- was confirmed. Company filed an Appeal Before Commissioner of Central Excise(Appeals) & said appeal has been decided by the Commissioner under under OIA No. BC/607/MUM-III/2012-13 dated 26/02/2013. In the said OIA Commissioner have allowed partial claim of appellants but denied cenvat credit of ₹ 3,56,884/-. Being aggrieved with that part of OIA under which Input service tax credit has been denied, the appeal has been filed before CESTAT by the Company on 23/05/2013 and matter is pending for disposal at Tribunal.
- f. Our Company received show cause cum Demand Notice No. V. Adj(SCN)/KDN/HIND/34/2015-16 dated 30/08/2015 denying CENVAT credit of input services amounting to ₹ 1,68,428/- for the period from August 2014 to September 2014. Additional Commissioner decided said SCN under his Order IN Original No. 09-10/2015-16 Dated 26/05/2016 wherein claim of input services was rejected demand of ₹1,68,428/- was confirmed. Company filed Appeal Before Commissioner of Central Excise(Appeals) & said appeal has been decided by the Commissioner under OIA No. PK/96 & 97//2016 Dated 01/11/2016. In the said OIA Commissioner have modified the order and allowed partial claim of appellants and denied CENVAT credit of ₹1,05,372/-. Being aggrieved with the part of OIA under which Input service tax credit has been denied, the appeal has been filed before CESTAT by the Company on 02/02/2017 and matter is pending for disposal.
- g. Our Company received show cause cum Demand Notice No. V. Adj(SCN)15-293/JC/KDN/M-III/2015-16 dated 02/11/2015 denying CENVAT credit of input services amounting to ₹ 11,60,286/- for the period from October 2014 to March 2015. Additional Commissioner decided said SCN under his Order In Original No. 09-10/2015-16 Dated 26/05/2016 wherein partial claim of Company was accepted and confirmed the demand of ₹10,81,625/-. Company filed Appeal Before Commissioner of Central Excise (Appeals) & said appeal has been decided by the Commissioner under OIA No. PK/96 & 97/2016 Dated 01/11/2016. In the said OIA Commissioner have further modified the order and allowed partial claim of appellants and denied CENVAT credit of ₹6,86,472/-. Being aggrieved with that part of OIA under which Input service tax credit has been denied, the appeal has been filed before CESTAT by the Company on 02/02/2017 and matter is pending for disposal.
- h. Our Company received show cause cum Demand Notice No. V. Adj(SCN)/KDN/Hind/01/16-17 dated 24/05/2016 denying CENVAT credit of input services amounting to ₹ 2,57,025/- for the period from April 2015 to March 2016. Assistant Commissioner decided said SCN under her Order In Original No. 28/Adj/KDN/VK/16-17 dated 30/08/2016 wherein the claim of Input service was rejected and demand of ₹2,57,025/- was confirmed. Company filed Appeal Before Commissioner of Central Excise (Appeals) on 16/11/2016 & said appeal has been decided by the Commissioner under OIA No. PK/45/M-III/2017 Dated 16/02/2017. In the said OIA Commissioner have allowed partial claim of appellants and denied CENVAT credit of ₹1,04,518/-. Being aggrieved with that part of OIA under



which Input service tax credit has been denied, the appeal has been filed before CESTAT by the Company on 25/05/2017 and matter is pending for disposal.

Service Tax

- a. Our company received a show cause notice No.CEX/SCN/HIND/ST/2004/4145 dated 10/09/2004 in respect of demand and recovery of service tax on ten debit notes issued for the period of May 2000 to July 2003 for erection, installation and commissioning. Erection, installation and commissioning services were not under the scope of service tax at that period but Excise Department was contend that the said service is falling under definition of consulting engineer hence chargeable to service tax accordingly above mentioned show cause cum demand notice was issued. The said show cause notice was confirmed by the Adjudicating Authority under his Order in Original No. 16(YS)DC/Div.Vi/ST-II/2012 dated 22/06/2012. Company did not agree with impugned OIO and appealed at Commissioner (Appeals) but Commissioner (Appeals) also rejected Company's appeal and up held the order under his OIA No. MUM-SVTAX-002-APP-380-16-17 Dated 29/08/2016. Being aggrieved by the order Company has filed the appeal at CESTAT on 25/11/2016 which is pending for decision.

5. Sales tax disputes

- a. Our company received an assessment order under MVAT Act, 2002 vide order no. ASO/MUM-VAT-E-643/1314/4978981 dated 30/03/2013 with a sales tax demand on sale of Electronic and Electrical products like Devices, ESP, Transformers etc. of ₹ 29,48,253/- including interest towards differential tax amount. Being aggrieved with Assessment Order, the appeal has been filed before Jr. Commr. (Appeal) for the F.Y. 2008-09 by the Company on 31/08/2013 and matter is pending for disposal.
- b. Our company received an assessment order under MVAT Act, 2002 vide order no. ASO/MUM-VAT-E-643/1314/5804366 dated 30/11/2013 with a sales tax demand on sale of Electronic and Electrical products like Devices, ESP, Transformers etc. of ₹1,43,600/-. The department has also raised the VAT liability of ₹1,27,143/- due to the short adjustment of refund for the year 2005-06 in the year 2006-07 and passed the Order for ₹5,41,486/- including interest. Being aggrieved with Assessment Order, the appeal has been filed before Jr. Commr. (Appeal) for the F.Y. 2006-07 by the Company on 03/02/2013 and matter is pending for disposal.
- c. Since ours is the manufacturing industry, we purchase the materials for our production from within state as well as interstate vendors. We availed the benefit of input tax credit (ITC) on purchase of material from within state vendor's. But due to non filing of proper returns and cancellation of Registration of the Vendors the department has disallowed the ITC amount ₹ 19,33,899/- and also raised the demand of ₹ 7,24,488/- for non submission of Sales Tax forms for differential sales tax amount vide order dated 29/03/2014. The department has passed the order for ₹ 42,53,419/- including interest. The Company has filed an appeal against the said demand to Jr. Commr. (Appeal) for the F.Y. 2009-10 on 01/08/2014 and matter is pending for disposal.
- d. Our company received an assessment order under MVAT Act, 2002 vide order no. ASO/MUM-VAT-E-643/1415/6218262 dated 15/05/2014 with a sales tax demand on sale of Electronic and Electrical products like Devices, ESP, Transformers etc. of ₹ 11,95,000/- including interest towards differential tax amount. Being aggrieved with Assessment Order, the appeal has been filed before Jr. Commr. (Appeal) for the F.Y. 2007-08 by the Company on 01/08/2014 and matter is pending for disposal.
- e. Our company received an assessment order under MVAT Act, 2002 vide order no. ASO/MUM-VAT-D-830/1415/62328624 dated 31/07/2014 with a sales tax demand on sale of Electronic and Electrical products like Devices, ESP, Transformers etc. of ₹ 32,50,838/- including interest towards differential tax amount. Being aggrieved with Assessment Order, the appeal has been filed before Jr. Commr. (Appeal) for the F.Y. 2010-11 by the Company on 03/12/2014 and matter is pending for disposal.



- f. Since ours is the manufacturing industry, we purchase the materials for our production from within state as well as interstate vendors. We availed the benefit of input tax credit (ITC) on purchase of raw material from within state vendors. But due to non filing of proper returns and cancellation of Registration of the Vendors the department has disallowed the ITC amount ₹ 5,63,825/- and also raised the demand of ₹ 6,85,355/- for non submission of Sales Tax forms for differential sales tax amount. The department has passed the order for ₹19,47,026/- including interest vide Order No. ASO/MUM-VAT-E-817/1415/6681995(VAT) & ASO/MUM-VAT-E-817/1415/ 6682728(CST) DTD. 04/02/2015. The Company has filed an appeal against the said demand to Jr. Commr. (Appeal) for the F.Y. 2011-12 on 15/04/2015 and matter is pending for disposal.
- g. Since ours is the manufacturing industry, we purchase the materials for our production from within state as well as interstate vendors. We availed the benefit of input tax credit (ITC) on purchase of material from within state vendors. But due to non filing of proper returns and cancellation of Registration of the Vendors the department has disallowed the ITC amount ₹ 1,16,520/- and also raised the demand of ₹ 1,40,850/- for non submission of Sales Tax forms for differential sales tax amount. The department has passed the order for ₹4,37,535/- including interest vide Order No. ASO/MUM-SUR-E-002/1617/9101651 DTD. 16/03/2017The Company has filed an appeal against the said demand to Jr. Commr. (Appeal) for the F.Y. 2012-13 on 13/05/2017 and matter is pending for disposal.

Cases filed by our Company - NIL

Proceedings involving our Promoter

- a. Proceedings against/ by our Promoter - NIL*
- b. Notices against/ issued by our Promoter - NIL*

Proceedings involving our Directors

- a. Proceedings against/ by our Directors –NIL*
- b. Notices against/ issued by our Directors –NIL*

Proceedings involving our Group Companies

- a. Proceedings involving our Group Companies: NA*
- b. Notices involving our Group Companies - NA*



MATERIAL DEVELOPMENTS

Material Developments since the last Audited Accounts

Except as stated in this Letter of Offer, to our knowledge, no circumstances have arisen since latest balance sheet i.e March 31, 2017, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.



GOVERNMENT APPROVALS

Our Company is required to comply with various provisions under applicable laws and regulations and obtain registrations /approvals to carry out the operations. These include factory license, pollution control board license and other applicable consents and licenses. Our Company has received the necessary consents, licenses, permissions and approvals from the Governments and various Governmental agencies required for our present business and no further materials approvals are required for our present business except as mentioned below:

Company has made an application vide letter dated January 10, 2017 for the renewal of factory license of its factory at Bhandup which was valid till March 31, 2017. Company is yet to receive the fresh approval.

In the event, some of the approvals and licenses that are required for our business operations expire in the ordinary course of business, we shall apply for their renewal.



OTHER REGULATORY AND STATUTORY DISCLOSURES**Authority for the Issue**

This Issue of Equity Shares to the Equity Shareholders of our Company as on the Record Date is being made in accordance with the resolution passed by our Board of Directors under Section 62 of the Companies Act, 2013 at its meeting held on January 15, 2017.

Prohibition by SEBI and various agencies/ other regulatory bodies

Our Company, our associates, our Promoter, our Promoter Group companies, or the companies with which the Directors are associated as directors or promoters, have not been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our Company, our associates, our Promoters or the members of the Promoter Group have been declared willful defaulters by the RBI or any Government authority and no violations of securities laws have been committed by them in the past and no proceedings in relation to such violations are currently pending against them.

Except as stated below none of our Directors are associated in any manner with any entity which is engaged in securities market related business and is registered with SEBI for the same:

Mr. Parimal Merchant- Non-executive Independent Director

Sr. No	Name of Entity	SEBI Registration Number	Any Action initiated by SEBI
1	Dalal & Broacha Stock Broking Private Limited	NSE – INF 230980634 BSE – INF 010980633	No
2	South India Securities Member: Coimbatore Stock Exchange Limited	INB 210624414	No

None of our Directors hold current or have held directorship(s) in the last five years in a listed company whose shares have been or were suspended from trading on BSE or the NSE or in a listed company which has been / was delisted from any stock exchange.

We confirm that there are no proceedings initiated by SEBI, Stock Exchange or ROC, etc on our Company/Promoters/Directors.

Eligibility for the Issue

Our Company is an existing listed company registered under the Companies Act, 1956 whose equity shares are listed on BSE and NSE. It is eligible to make this Rights Issue in terms of Chapter IV of the SEBI Regulations.

Our Company is eligible to make reduced disclosures in the Letter of Offer as per clause 5 under Part E of Schedule VIII of the SEBI ICDR Regulations as it is in compliance with Clause (1) of Part E of Schedule VIII of the SEBI Regulations as explained below:

- (a) our Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing the Draft Letter of Offer with SEBI;
- (b) the reports, statements and information referred to in sub-clause (a) above are available on the website of any recognised stock exchange with nationwide trading terminals, i.e., BSE and the NSE



- or on a common e-filing platform specified by SEBI;
- (c) Our Company has investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by the Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

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

Our Company is in compliance with requirements of Reg. 4(2) of the SEBI (ICDR) Regulations, 2009 to the extent applicable.



DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE OFFER DOCUMENT HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED / CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS OFFER DOCUMENT. THE LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JULY 21, 2017 WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
 - a. THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - b. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c. THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**



-
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS. – NOT APPLICABLE AS THE RIGHTS ISSUE IS NOT PROPOSED TO BE UNDERWRITTEN.
 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER - NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE
 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN DRAFT LETTER OF OFFER - NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE
 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE.
 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THIS ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE
 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
-



11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
 - a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND
 - b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC. – ANNEXURE - A
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. ANNEXURE - B
16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR. NOT APPLICABLE
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. - COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTION REPORTED, IN ACCORDANCE WITH AS-18 IN THE FINANCIAL STATEMENTS AND DISCLOSURES INCLUDING DRAFT LETTER OF OFFER.

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

THE PROMOTER/ DIRECTORS OF OUR COMPANY CONFIRM THAT NO INFORMATION/ MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES OFFERED IN TERMS OF THE OFFER DOCUMENT HAS BEEN SUPPRESSED WITHHELD AND/ OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT/ MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPIRING AT ANY



POINT IN TIME TILL ALLOTMENT/ REFUND AS THE CASE MAY BE, THAT ANY INFORMATION/ MATERIAL HAS BEEN SUPPRESSED/ WITHHELD AND/ OR AMOUNTS TO A MIS-STATEMENT/ MISREPRESENTATION, THE PROMOTERS/ DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 34 OF THE COMPANIES ACT, 2013.

Caution

Investors who apply in this Issue will be required to confirm and will be deemed to have represented to our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares in the Issue.

Disclaimer clauses from Our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

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

Investors who invest in this Issue will be deemed to have represented to our Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, Maharashtra, India only.

Designated Stock Exchange

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

Disclaimer Clause of BSE

BSE has given vide its letter no. [●] dated [●] permission to our Company to use [●] name in the Letter of Offer as one of the Stock Exchange on which the Equity Shares are proposed to be listed. BSE has scrutinized the Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. BSE does not in any manner: (i) warrant, certify or endorse the correctness or completeness of any of the contents of the Letter of Offer; or (ii) warrant that this Company's securities will be listed or will continue to be listed on BSE; or (iii) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that the Letter of Offer has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so



pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

The NSE has given vide its letter no. [●] dated [●] permission to our Company to use NSE's name in the Letter of Offer as one of the Stock Exchanges on which the Equity Shares are proposed to be listed. The NSE has scrutinized the Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Letter of Offer has been cleared or approved by NSE, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Letter of Offer; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of our Company, the Promoters, its management or any scheme or project of our Company.

Every person who desires to apply for or otherwise acquire any securities of our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever

Filing

The Draft Letter of Offer will be filed with the Corporation Finance Department of the SEBI, located at SEBI Bhavan, C-4-A, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 Maharashtra for its observations. The Draft Letter of Offer will also be filed with BSE Limited and National Stock Exchange of India Limited for its in-principle approval.

Selling Restrictions

The distribution of this Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue to the shareholders of our Company and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to shareholders who have provided an Indian address. The Abridged Letter of Offer, along with CAF, shall be dispatched through registered post or speed post to all the existing shareholders at least three days before the date of opening of the issue; Provided that, the Letter of Offer shall be given by our Company or Lead Manager to any existing shareholder who has made a specific request in this regard. No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.



Listing

The existing equity shares of our Company are listed on BSE and NSE. We have received in-principle approvals for listing of equity shares being issued in terms of this letter of offer from BSE and NSE pursuant to their letter dated [●] and [●] respectively. We will apply to BSE and NSE for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to this Issue. If the listing and trading approvals for the Equity Shares to be issued pursuant to this Issue is not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer.

We will issue and dispatch Allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

If such allotment is not made or money is not repaid within eight days from the day we become liable to repay it, we and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under the applicable laws.

Issue Expenses

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

Particulars	Approximate Amount (₹ in lacs)	As percentage of total expenses (%)	As a percentage of Issue size (%)
Fees of the Intermediaries	20.00	50.00	[●]
Advertising, Printing and stationery expenses (including courier and distribution charges)	8.00	20.00	[●]
Statutory and others miscellaneous expenses (fees to regulators, listing fees, depositories' fees, auditor fees, out of pocket expenses, etc)	12.00	30.00	[●]
Total	40.00	100.00	[●]

Fees Payable to the Lead Manager to the Issue

The fees payable to the Lead Manager to the Issue are set out in the engagement letter issued by our Company to the Lead Manager, copies of which are available for inspection at the registered office of our Company.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue are set out in the engagement letter issued by our Company to the Registrar.

Investor Grievances and Redressal System

We have adequate arrangements for redressal of investor complaints in compliance with the corporate governance requirements under the Listing Regulation as well as a well-arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for our Company is being handled by the Registrar and Share Transfer Agent, Adroit Corporate Services Private Limited. The Redressal norm for response time for all correspondence including shareholders complaints is within 7 (seven) to 10



(ten) days.

The Stakeholders' Relationship Committee consists of Mr. V.K Bhartia as Chairman and Mr. Pradeep Goyal and Mr. Parimal Merchant as members of the said committee. All investor grievances received by our Company have been handled by the Registrar and Share Transfer agent in consultation with the compliance officer.

The contact details of the Registrar and Share Transfer agent to the company are as follows:

Adroit Corporate Services Private Limited

17-20, Jafferbhoy Industrial Estate, 1st Floor,
Makhwana Road, Marol Naka, Andheri – East
Mumbai - 400059

Tel: +91-22-42270400

Fax: +91 22 2850 3748

E-mail: info@adroitcorporate.com

Website: www.adroitcorporate.com

Contact Person: Mr. Sandeep Holam/ Mr. N.Surreash

SEBI Registration Number: INR 000002227

Investor grievances arising out of this Issue

Our Company's investor grievances arising out of the Issue will be handled by Adroit Corporate Services Private Limited, who is the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between our Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice/ share certificate / refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first applicant, number and type of shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 7-10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavor of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the Investor grievances in a time bound manner.

Investors may contact the compliance officer at the below mentioned address and/ or Registrar to the Issue at the above mentioned address in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice/share certificates/ demat credit/refund orders etc.

Additionally, we have been registered with the SEBI Complaints Redress System ("SCORES") as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website www.scores.gov.in

Ms. Meenakshi Anchlia

Hind Rectifiers Limited

Lake Road, Bhandup West, Mumbai - 400078

Tel: +91 22 25696789;

Fax: +91 22 25964114

Website: www.hirect.com

E-mail: investors@hirect.com



SECTION VIII - OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer the CAF, the SAF, the MOA and AOA of our Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, as amended, applicable guidelines and regulations issued by SEBI, or other statutory authorities and bodies from time to time, the Listing Agreements entered into by our Company, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time. **All rights/obligations of Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.**

All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities / centers where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please refer to “Procedure for Application through the Applications Supported by Blocked Amount Process” on page 118.

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

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

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of this Rights Issue in respect of the equity shares held in the electronic form and on the register of members of our Company in respect of the equity shares held in physical form at the close of business hours on the Record Date, fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the equity shares held in the electronic form or appears in the register of members as an Equity Shareholder of our Company, as on the Record Date, i.e. [●], you are entitled to the number of Equity Shares as set out in Part A of the CAFs.

The distribution of the Letter of Offer/Abridged Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. The Company is making the issue of Equity Shares on a rights basis to the Equity Shareholders and the Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India. Any person who



acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

Principal Terms of this Issue

Face Value

Each Equity Share will have the face value of ₹ 2/-.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Rights Equity Share).

Entitlement Ratio

The Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of [●] Equity Shares for every [●] fully paid-up equity shares held on the Record Date i.e., [●].

Terms of Payment

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

Fractional Entitlements

Fractional entitlement if any will be rounded off to the next higher integer and the share required for the same will be adjusted from promoter's entitlement in the rights issue.

Ranking

The Equity Shares being issued in terms of this letter of offer shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares shall rank *pari passu*, in all respects including dividend, with our existing equity shares.

Mode of payment of dividend

In the event of declaration of dividends, we shall pay dividends to equity shareholders as per the provisions of the Companies Act and the provisions of our Articles of Association.

Listing and trading of Equity Shares proposed to be issued

Our Company's existing equity shares are currently listed and traded on BSE (Scrip Code: 504036) and NSE (Symbol – HIRECT) under the ISIN INE835D01023. The Equity Shares proposed to be issued pursuant to the Issue shall, in terms of the circular (no. CIR/MRD/DP/21/2012) by SEBI dated August 2, 2012, be Allotted under a temporary ISIN which shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchanges. Upon receipt of such listing and trading approval, the Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN of our Company and be available for trading.

We have received "in-principle" approval for the listing of the Equity Shares to be issued pursuant to the Issue in accordance with Regulation 28(1) of the Listing Regulations from BSE and NSE pursuant to letters, both dated [●] & [●] respectively. We will apply to BSE and NSE for final approval for the listing and trading of the Equity Shares. All steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares to be allotted pursuant to the Issue shall be taken as per the regulatory requirement.



If permissions to list, deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange on the expiry of 15 days from the issue closing date, our Company will forthwith repay, without interest, all application moneys received from the Applicants in pursuance of this Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable law.

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

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders of our Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum of Association and Articles of Association.

Arrangements for Disposal of Odd Lots

Our Company has not made any arrangements for the disposal of odd lot Equity Shares arising out of this Issue. The Company will issue certificates of denomination equal to the number of Equity Shares being allotted to the Equity Shareholder.

Restrictions on transfer and transmission of shares and on their consolidation/ splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

General Terms of the Issue for ASBA and Non ASBA applicants

Market Lot

The equity shares of our Company are tradable only in dematerialized form. The market lot for the Equity Shares in dematerialised mode is one Equity Share. In case an Equity Shareholder holds equity shares in physical form, our Company would issue to the allottees one certificate for the Equity Shares allotted to each folio (“**Consolidated Certificate**”) and in case an Equity Shareholder seeks allotment in demat form (whether existing equity shares being held in demat or physical form) and provides all relevant and correct details we would allot him in demat form. In respect of Consolidated Certificates, we will upon receipt of a request from the respective Equity Shareholders, split such Consolidated Certificates into smaller denominations within one week’s time from the receipt of the request in respect thereof, subject to a maximum of five denominations. We shall not charge a fee for splitting any of the Consolidated Certificates.

***Joint Holders***

Where two or more persons are registered as the holders of any equity shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

In terms of Section 72 of the Companies Act, 2013 nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of the Company or such other person at such addresses as may be notified by the Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013 any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant (“DP”) of the investor would prevail. Any investor desirous of changing the existing nomination is requested to inform its respective DP.

Notices

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation in Marathi daily and/or, will be sent by ordinary post/registered post/speed post to the registered holders of the equity shares from time to time.

Additional Subscription by the Promoters

Except for Mrs. Kiran Bajaj, Mr. Madhur Bajaj, Mr. Shekhar Bajaj, Mr. Niraj Bajaj, Mrs. Veena Shah, Mrs. Jaya Sanghvi and Mrs. Mridula Bawari the other members of our Promoter/ Promoter Group have vide letters



dated June 23, 2017 have either jointly or severally, intend to subscribe to their Rights Entitlement in this Issue, in full, subject to the terms of this Letter of Offer and applicable laws. Subject to compliance with applicable laws including the Takeover Code, the Promoter/ Promoter Group, either jointly or severally, reserve the right to subscribe to (1) additional Equity Shares of our Company and/or (2) the unsubscribed portion if any, to the extent that the holding of Promoter/Promoter Group does not exceed requirement for minimum public shareholding criteria.

Procedure for Application

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

Please note that neither the Company nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit. Equity Shareholders should note that those who are making the application in such duplicate CAF should not utilise the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Equity Shareholders violates any of these requirements, they shall face the risk of rejection of both applications.

Please also note that by virtue of Circular No. 14, dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Any Equity Shareholders being an OCB is required to obtain prior approval from RBI for applying in this Issue.

The CAF consists of four parts:

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

Acceptance of the Issue

You may accept the offer to participate and apply for the Equity Shares offered, either in full or in part, by filling Part A of the CAFs and submit the same along with the application money payable to the Banker to the Issue or any of the collection branches as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard. Investors at centres not covered by the branches of collecting banks can send their CAFs together with the cheque drawn at par on a local bank at Mumbai/ demand draft payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see “Mode of Payment for Resident Equity Shareholders/Investors” and “Mode of Payment for Non-Resident Equity Shareholders/Investors” on pages 134 of this Letter of Offer.

Option available to the Equity Shareholders

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

If the Equity Shareholder applies for an investment in Equity Shares, then he can:



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

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “Basis of Allotment” on page 117 of this Letter of Offer.

Further, under the Foreign Exchange Regulations currently in force in India, transfers of shares between non-residents and residents are permitted subject to compliance with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or certain other conditions, then the prior approval of the RBI will be required.

Due to the aforementioned factors FPIs, FVCIs, multilateral and bilateral institutes intending to apply for additional Rights Equity Shares or intending to apply for Rights Equity Shares renounced in their favour shall be required to obtain prior approval from the appropriate regulatory authority.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register any Equity Shares in favour of the following Renouncees: (i) more than three persons (including joint holders), (ii) partnership firm(s) or their nominee(s), (iii) minors (except applications by minors having valid demat accounts as per the demographic details provided by the Depositors), (iv) HUF (however, you may renounce your Rights Entitlements to the Karta of an HUF acting in his capacity of Karta), or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorized under its constitutions or bye-laws to hold equity shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favor of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation (i) from a resident shareholder to a non-resident, or (ii) from a nonresident shareholder to a resident, or (iii) from a non-resident Eligible Equity Shareholder to a non-resident is subject to the renouncer / renouncee obtaining the necessary approvals, including from the RBI, and such approvals should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the



Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of our Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renounee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such renounee obtains a prior approval from the RBI. On submission of such approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF, without which the CAF shall be rejected on technical grounds. For further details please refer to “Grounds for Technical Rejection for ASBA Investors” and “Grounds for Technical Rejection for non- ASBA Investors” on page 124 and on page 132 respectively.

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for our Company of the person(s) applying for Equity Shares in Part ‘C’ of the CAF to receive Allotment of such Equity Shares. The Renounees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part ‘A’ of the CAF must not be used by the Renounee(s) as this will render the application invalid. Renounee(s) will have no further right to renounce any Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to an Equity Shareholder in favour of one Renounee

If you wish to renounce the offer indicated in Part ‘A’, in whole, please complete Part ‘B’ of the CAF. In case of joint holding, all joint holders must sign Part ‘B’ of the CAF. The person in whose favour renunciation has been made should complete and sign Part ‘C’ of the CAF. In case of joint Renounees, all joint Renounees must sign this part of the CAF.

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

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part ‘D’ of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with our Company, the application is liable to be rejected.

*Renouncee(s)*

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part ‘C’ of the CAF and submit the entire CAF to the Banker to the Issue on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

Change and/or introduction of additional holders

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

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

Instructions for Options

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the CAF:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (<i>All joint holders must sign</i>)
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (<i>All joint holders must sign</i>)
3. Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s)	Fill in and sign Part D (<i>all joint holders must sign</i>) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once.
OR	
Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renouncee	On receipt of the SAF take action as indicated below. For the Equity Shares you wish to accept, if any, fill in and sign Part A. For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncees should fill in and sign Part C for the Equity Shares accepted by them.
4. Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one).	Fill in and sign Part B (<i>all joint holders must sign</i>) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (<i>All joint Renouncees must sign</i>)
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that the options 3, 4 and 5 mentioned in the above table will not be available to the shareholders applying through ASBA process.



In case of equity shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of equity shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Equity Shareholder to whom this Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for Split Application Forms/SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof and one SAF for the balance Equity Shares, if any.
- Request by the Investor for the SAFs should reach the Registrar on or before [●].
- Only the Equity Shareholder to whom this Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor (s) by post at the applicant's risk.
- Equity Shareholders may not renounce in favour of persons or entities in the United States, who are not Qualified Institutional Buyers (as defined the US Securities Act), or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Equity Shares in Part 'C' of the CAF to receive Allotment of such Equity Shares.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us or the Depositories.
- Non-resident Equity Shareholders: Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares allotted as a part of this Issue shall, amongst other things, be subject to conditions, as may be imposed from time to time by the RBI in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- Applicants must write their CAF number at the back of the cheque / demand draft.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within eight days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he / she shall face the risk of rejection of both the applications.

Our Company or the Registrar to the Issue or the Lead Managers will not be responsible for postal delays or loss of duplicate CAFs in transit, if any.

**Application on Plain Paper – Non ASBA**

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft, net of bank and postal charges payable at Mumbai which should be drawn in favour of the “[●]” in case of the resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of the “[●]” in case of the non-resident shareholders applying on repatriable basis and send the same by registered/ speed post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date.

The Equity Shareholders can make an application on plain paper giving necessary details as given below.

The envelope should be superscribed “[●]” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis and “[●]” in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Hind Rectifiers Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share;
- Particulars of cheque/draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- Share certificate numbers and distinctive numbers of equity shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in our records or the Depositories’ records
- In case of Non Resident Equity Shareholders, NRE/ FCNR/ NRO A/c No. name and address of the bank and branch;
- If payment is made by a draft purchased from an NRE/ FCNR/ NRO A/c No., as the case may be, an Account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/FCNR/ NRO A/c; and
- Additionally, all such applicants are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to



the United States at any time. I/we understand that none of our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States.

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that our Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor.

Last date for Application

The last date for submission of the duly filled in CAF is [●].

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the invitation to offer contained in the Letter of Offer/ Abridged Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided in the Basis of Allotment” referred below.

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Equity Shares in the following order of priority:

- a. Full Allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
- b. Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as



part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of equity shares held by them on the Record Date, provided there is an under-subscribed portion after making full Allotment in (a) above. The Allotment of such Equity Shares will be at the sole discretion of the Board / Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

Fractional entitlement if any will be rounded off to the next higher integer and the share required for the same will be adjusted from one of the promoter's entitlement.

- c. Allotment to Renounees who having applied for all the Equity Shares renounced in their favour and have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment.
- d. Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full Allotment under (a), (b) and (c) above, and the decision of the Board in this regard will be final and binding.

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

Underwriting

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

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

Please note in accordance with the provisions of SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process. Renounees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process. For further details please refer to "Grounds for Technical Rejection for ASBA Investors" on page 124.

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up, specifying the number of the bank account maintained with the Self Certified Syndicate Bank ("SCSB") in which the Application Money will be blocked by the SCSB.

The Lead Manager, the Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

The list of banks who have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html. For details on designated



branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

In terms of SEBI circulars dated September 13, 2012 and January 2, 2013, SCSBs should ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

ASBA Investors who are eligible to apply under the ASBA Process

An ASBA Investor is an investor (Equity Shareholder) who is intending to subscribe the Equity Shares of our Company under this Issue applying through blocking of funds in a bank account maintained with SCSBs.

All QIBs and Non-Institutional Investors and investors making an application for an value of more than ₹ 2,00,000 and complying with the above conditions, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renounees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process.

CAF

The Registrar will despatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A and Part C of the CAF respectively. Application in electronic mode will only be available with such SCSBs who provide such facility. The Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

Mode of payment

The ASBA Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by our Company as per the provisions of section 40(3) of the Companies Act. The balance amount remaining after the finalisation of the basis of Allotment shall be either unblocked by the SCSBs or refunded to the Investors by the Registrar on the basis of the



instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Options available to the ASBA Investors applying under the ASBA Process

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

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement	Fill in and sign Part A of the CAF (<i>All joint holders must sign</i>)
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (<i>All joint holders must sign</i>)

The ASBA Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Equity Shareholder have selected to apply through the ASBA process option.

Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process. Renounees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled to, provided that you are eligible to apply for Equity Shares under applicable law and you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “Terms of the Issue - Basis of Allotment” on page 117.

If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renounee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Renunciation under the ASBA Process

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

Application on Plain Paper - ASBA

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper.



The Equity Shareholders can make an application on plain paper giving necessary details as given below.

The envelope should be superscribed “[●]” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis and “[●]” in case of non-resident shareholders applying on repatriable basis and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with our Company, must reach the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Hind Rectifiers Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of equity shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount to be blocked at the rate of ₹ [●] per Equity Share; and
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/ FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;

Additionally, all such applicants are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. I/we understand that none of our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States or other restricted jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement



and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that our Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Option to receive Equity Shares in Dematerialized Form

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

Issuance of Intimation Letters

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

- The number of Equity Shares to be allotted against each successful ASBA Application;
- The amount to be transferred from the ASBA Account to the separate bank account opened by the Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

General instructions for Equity Shareholders applying under the ASBA Process

- (a) Please read the instructions printed on the CAF carefully.
- (b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF must be filled in English.
- (c) The CAF/plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Banker to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.
- (d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended credit” and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.**
- (e) All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The



Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company/or Depositories.

- (g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- (h) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.
- (i) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws and not Renouncess(s) are eligible to participate.
- (j) ASBA Investors who intend to subscribe the Equity Shares of our Company under this Issue shall be eligible to participate under the ASBA Process.
- (k) All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities / centres where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available.
- (l) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading “Application on Plain Paper - ASBA” on page 120.

In terms of SEBI circulars dated September 13, 2012 and January 2, 2013, SCSBs should ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Do's:

- Ensure that the ASBA Process option is selected in the CAF and necessary details are filled in.
- Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- Ensure that the CAFs are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.
- Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.



- Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.
- Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts:

- Do not apply if you are not eligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the amount payable on application in cash, by money order or by postal order.
- Do not send your physical CAFs to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- Do not apply if the ASBA account has been used for five applicants.
- Do not apply through the ASBA Process if you are not an ASBA Investor.
- Do not instruct your respective banks to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection for ASBA Investors

- In addition to the grounds listed under “Grounds for Technical Rejection for non-ASBA Investors” on page 132 of this Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialized form).
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Sending CAF to a Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is



not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.

- Renounee applying under the ASBA Process.
- Insufficient funds are available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- Account holder not signing the CAF or declaration mentioned therein.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in/dispatched from restricted jurisdiction.
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Submission of more than five CAFs per ASBA Account.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR instead of the PAN.
- An Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor and is not a renouncer or a Renounee not applying through the ASBA process applying through the ASBA process,.
- Applications by SCSBs not complying with the SEBI circulars dated September 13, 2012 and January 2, 2013, whereby SCSBs need to ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account should be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

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

IT IS MANDATORY FOR ALL THE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank



account details for printing on refund orders and occupation (“Demographic Details”). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by the Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account linked to the DP ID. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

Issue Opening Date	[•]
Last date for receiving requests for Split Application Forms	[•]
Issue Closing Date	[•]

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Allotment Advices / Refund Orders

Our Company will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service (“NECS”) except where Investors have not provided the details required to send electronic refunds or where the investors are otherwise disclosed as applicable or eligible to get refunds through direct credit and real-time gross settlement (“RTGS”).

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.



In case of those Investors who have opted and are entitled to receive their Rights Entitlement in physical form, our Company will issue share certificates under Section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order would be sent by registered post/ speed post to the sole/ first Investors registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

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

- 1) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- 2) NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the registrar to our Company or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- 3) Direct Credit – Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- 4) RTGS – If the refund amount exceeds ₹ 2 lacs, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
- 5) For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- 6) Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and are permitted by the SEBI from time to time.

Refund payment to Non- resident

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian Rupees based on the U.S. dollars equivalent which ought to be refunded. Indian Rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.



Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the relative share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. The Company has signed a tripartite agreement with NSDL on June 30, 2001 and with CDSL on January 25, 2001 which enables the Investors to hold and trade equity shares in a dematerialized form, instead of holding the equity shares in the form of physical certificates. The ISIN number of the company is INE835D01023.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made.

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

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

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*
- For Equity Shareholders already holding equity shares in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original equity shares are not dematerialized. Nonetheless, it should be ensured that the



depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in our records.

- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.
- If incomplete/ incorrect beneficiary account details are given in the CAF, then such shares will be credited to a demat suspense a/c which shall be opened by the Company as specified in the SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009.
- The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.
- Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Rights Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

General instructions for non-ASBA Investors

Please read the instructions printed on the enclosed CAF carefully.

- a) Applicants that are not QIBs or are not Non - Institutional Investor or those whose application money does not exceed ₹ 2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Shareholders who have renounced their entitlement (in full or in part), Renounees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- b) Application should be made on the printed CAF, provided by our Company except as mentioned under the head "Application on Plain Paper – non ASBA" on page 120 of this Letter of Offer and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

The CAF together with the cheque/demand draft should be sent to the Banker to the Issue/Collecting Bank or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected.

- c) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the I.T. Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be**



rejected.

- d) Investors, holding equity shares in physical form, are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- e) All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.
- g) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker to the Issue.
- h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- i) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- j) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of equity shares held in physical form and to the respective depository participant, in case of equity shares held in dematerialized form.
- k) SAFs cannot be re-split.
- l) Only the person or persons to whom Rights Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.
- m) Investors must write their CAF number at the back of the cheque /demand draft.
- n) Only one mode of payment per application should be used. The payment must be by cheque / demand



draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.

- o) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected.
- p) No receipt will be issued for application money received. The Banker to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- q) The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.

Do's for non-ASBA Investors:

- Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;
- In the event you hold equity shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;
- Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- Ensure that the CAFs are submitted at the collection centres of the Banker to the Issue only on prescribed forms;
- Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;
- Ensure that you receive an acknowledgement from the collection centers of the collection bank for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the I.T. Act with the Application Form, except for Application on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

- Do not apply if you are not eligible to participate in this Issue in terms of the securities laws applicable to



your jurisdiction;

- Do not apply on duplicate CAF after you have submitted a CAF to a collection center of the collection bank;
- Do not pay the amount payable on application in cash, by money order or by postal order;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- Do not submit Application accompanied with Stock invest;

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications may be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or with the Registrar (in the case of physical holdings);
- Age of Investor(s) not given (in case of Renounees);
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialized form).
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for renounee(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs by OCBs without specific RBI approval;
- CAFs accompanied by outstation cheques / post-dated cheques / money order / postal order / outstation demand draft;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws);
- CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by Renounees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- QIBs and other Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹ 2,00,000 who hold equity shares in dematerialised form, applying through the non-ASBA process.
- Equity Shareholders not being individuals or HUFs applying for Equity Shares in this Issue for a value not exceeding ₹ 2,00,000, who hold equity shares in dematerialised form, applying through the non-ASBA process.



Please read the Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process.

Investment by FPIs, FIIs and QFIs

In terms of the SEBI (FPI) Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of the Company's post-Issue equity share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of the Company and the total holdings of all FPIs put together shall not exceed 24% of the paidup equity share capital of the Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Equity Shareholders of the Company. However, as on the date of this Letter of Offer, the Company has not increased the FII limit.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three (3) years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees as applicable under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Further, in terms of the SEBI (FPI) Regulations, a QFI may continue to buy, sell or otherwise deal in securities, subject to the provisions of the SEBI (FPI) Regulations, until January 6, 2015 (or such other date as may be specified by SEBI) or until the QFI obtains a certificate of registration as FPI, whichever is earlier.

The existing individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid-up capital of an Indian company, respectively. In terms of the FEMA Regulations, a QFI shall not be eligible to invest as a QFI upon obtaining registration as an FPI. However, all investments made by a QFI in accordance with the regulations, prior to registration as an FPI shall continue to be valid and taken into account for computation of the aggregate limit.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from FIIs in restricted jurisdictions.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset



management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Mode of payment for Resident Equity Shareholders/ Investors

All cheques / drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed 'A/c Payee only' and marked "[●]";

Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Banker to the Issue, crossed 'A/c Payee only' and marked "[●]" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager or the Registrar. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Equity Shareholders/ Investors

As regards the application by non-resident Equity Shareholders, the following conditions shall apply:

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

Adroit Corporate Services Private Limited
17-20, Jafferbhoy Industrial Estate, 1st Floor,
Makhwana Road, Marol Naka, Andheri – East
Mumbai - 400059

Tel: +91-22-42270400

Fax: +91 22 2850 3748

E-mail: info@adroitcorporate.com

Website: www.adroitcorporate.com

Contact Person: Mr. Sandeep Holam/ Mr. N.Surreash

SEBI Registration Number: INR 000002227

Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

- All non-resident Investors should draw the cheques/ demand drafts in favour of "[●]" in case of the resident shareholders and non-resident shareholders applying on non-repatriable basis and in favor of "[●]" in case of the non-resident shareholders applying on repatriable basis, crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/ collection centres or to the Registrar to the Issue.
- Non-resident Investors applying from places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with demand draft for the full application amount, net of bank and postal charges drawn in favour of Banker to the Issue, crossed "A/c Payee only" and marked "[●]" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.



- Payment by non-residents must be made by demand draft payable at Mumbai/ cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque/draft on a Non-Resident External Account (NRE) or FCNR Account maintained in India; or
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai; or FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- Non-resident investors applying with repatriation benefits should draw cheques/drafts in favour of and marked “[●]” and must be crossed ‘account payee only’ for the full application amount, net of bank and postal charges.
- FPIs/FIIs registered with SEBI must remit funds from special non-resident rupee deposit account; or
- Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- In the case of NRI Investors who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any, shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRI Investors who remit their application money through Indian Rupee drafts from abroad, refunds and other disbursements, if any, will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the Investor’s bankers.
- Payments through NRO accounts will not be permitted.

Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

- As far as non-residents holding equity shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of “[●]” and must be crossed ‘account payee only’ for the full application amount, net of bank and postal charges. The CAFs duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.



Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.
- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who makes or abates making of an application in a fictitious name to a Company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a Company in different names or in different combinations of his name or surname for acquiring or subscribing its securities; or otherwise induces directly or indirectly a Company to allot, or register any transfer of securities to him, or any other person in a fictitious name, shall be liable for action under Section 447.

Section 447 of the Companies Act provides for punishment for fraud which inter alia states punishment of imprisonment for a term which shall not be less than six months but which may extend to ten years and shall be liable to a fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Banker to the Issue / Registrar to the Issue / SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date.

If such money is not repaid within eight days from the day our Company becomes liable to repay it, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under applicable laws.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- All monies received out of this Issue shall be transferred to a separate bank account;



- Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- The Company may utilize the funds collected in this Issue only after finalization of Basis of Allotment and the listing and trading approvals are received for the Rights Equity Shares.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken within seven working days of finalization of basis of Allotment.
3. The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by our Company.
4. The Company undertakes that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the basis of Allotment.
6. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.
7. No further issue of securities affecting equity capital of the Company shall be made till the securities issued/offered through the Letter of Offer Issue are listed or till the application monies are refunded on account of non-listing, under-subscription etc.
8. At any given time there shall be only one denomination of equity shares of our Company.
9. Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
10. All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
11. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

- (A) If our Company does not receive the minimum subscription of ninety per cent of the issue, the entire subscription shall be refunded to the applicants within fifteen days from the date of closure of the issue.



- (B) If there is delay in the refund of subscription by more than 8 days after the issuer becomes liable to pay the subscription amount (i.e. fifteen days after closure of the issue), our Company will pay interest for the delayed period, at rates prescribed under Companies Act.

Important

- Please read the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed “[●]” on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Adroit Corporate Services Private Limited

17-20, Jafferbhoy Industrial Estate, 1st Floor,
Makhwana Road, Marol Naka, Andheri – East
Mumbai - 400059

Tel: +91-22-42270400

Fax: +91 22 2850 3748

E-mail: info@adroitcorporate.com

Website: www.adroitcorporate.com

Contact Person: Mr. Sandeep Holam/ Mr. N.Surreash

SEBI Registration Number: INR 000002227

The Issue will remain open for minimum 15 days However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.



SECTION IX – STATUTORY AND OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered into by our Company.

The contracts together with the documents referred to in para (B) below may be inspected at the registered office of our Company between 11.00 a.m. to 2.00 p.m. on any working day from the date of this Letter of Offer until the closure of the subscription list.

(A) MATERIAL CONTRACTS

1. Issue Agreement dated June 30, 2017 between our Company and Keynote Corporate Services Limited, Lead Manager to the Issue;
2. Agreement dated July 07, 2017 between our Company and Adroit Corporate Services Private Limited, Registrar to the Issue.
3. Tripartite Agreement dated June 30, 2001 between our Company, National Securities Depository Ltd. (NSDL) and Adroit Corporate Services Private Limited;
4. Tripartite Agreement dated June 25, 2001 between our Company, Central Depository Services (India) Limited (CDSL) and Adroit Corporate Services Private Limited;
5. Bankers to the Issue Agreement dated [●] between the Company, Keynote Corporate Services Limited, [●] and Adroit Corporate Services Private Limited.

(B) DOCUMENTS FOR INSPECTION

1. Memorandum & Articles of Association of our Company;
2. Resolution passed in Board Meeting on January 15, 2017 authorising the Issue;
3. Resolution of Rights Issue Committee dated July 21, 2017 approving Draft Letter of Offer;
4. Consents of the Directors, Company Secretary and Compliance Officer, Statutory Auditor, Lead Manager to the Issue, Banker to our Company and Registrar to the Issue to include their names in the Offer Document to act in their respective capacities;
5. Auditor Report dated May 26, 2017 received from M/s. Khandwala & Shah, Chartered Accountants, Statutory Auditors regarding audited financial statements of our Company for the financial year ended 2016-17.
6. A statement of tax benefits dated June 03, 2017 received from M/s. Khandwala & Shah, Chartered Accountants, Statutory Auditors regarding tax benefits available to our Company and its shareholders;
7. Certificate dated June 23, 2017 from M/s. Khandwala & Shah, Chartered Accountants, Statutory Auditors regarding “Sources & deployment of funds”;
8. Due Diligence Certificate dated July 21, 2017 by Keynote Corporate Services Ltd., Lead Manager to the Issue;



9. In-principle listing approval dated [●] from BSE and NSE respectively;
10. Observation letter no. [●] dated [●] received from SEBI and Compliance letter dated [●] by Keynote Corporate Services Limited;

Any of the contracts or documents mentioned in the Offer Document may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.



DECLARATION

We hereby certify that all relevant provisions of the Companies Act and the guidelines/ regulations issued by the Government of India or the guidelines/ regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Offer Document is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules made there under or guidelines or regulations issued, as the case may be. We further certify that all the disclosures and statements in this Offer Document are true and correct.

Name	Signature
Mr. Sushil Kumar Nevatia <i>Chairman & Managing Director</i>	Sd/-
Mrs. Akshada Suramya Nevatia <i>Additional Director Executive Director</i>	Sd/-
Mr. Pawan Kumar Golyan <i>Non-Executive Non-Independent Director</i>	Sd/-
Mr. Vandan Sitaram Shah <i>Additional Director Non-Executive Director</i>	Sd/-
Mr. Parimal Merchant <i>Non-executive Independent Director</i>	Sd/-
Mr. Vijay Kumar Bhartia <i>Non-executive Independent Director</i>	Sd/-
Mr. Pradeep Goyal <i>Non-executive Independent Director</i>	Sd/-
Mr. Binod Kumar Patodia <i>Non-executive Independent Director</i>	Sd/-
Mr. Anil Kumar Nemani <i>Chief Financial Officer</i>	Sd/-
Ms. Meenakshi Anchlia <i>Company Secretary & Compliance Officer</i>	Sd/-

Place: Mumbai

Date: July 21, 2017