

LETTER OF OFFER

June 22, 2019

For our Eligible Equity Shareholders only

**RELIANCE CHEMOTEX INDUSTRIES LTD**

Our Company was incorporated as Public Limited Company under the Companies Act, 1956 in the name of 'Reliance Chemotex Industries Ltd' vide a certificate of incorporation dated August 23, 1977 issued by Registrar of Companies, Mumbai, Maharashtra ("RoC"). For details of change in Registered Office of Company, please see chapter titled "History and Certain Corporate Matters" beginning on page no. 53 of this Letter of Offer.

Registered Office: Village Kanpur, Post Box No. 73, Udaipur-313003, Rajasthan, India, **Tel:** +91-294-2490488, **Fax:** +91-294-2490067

Corporate Office: 27, Jolly Maker Chambers No.2, Nariman Point, Mumbai – 400021, Maharashtra, India.

Tel: +91-22-2202 8581; **Fax:** +91-22-2204 5786

Contact Person: Mr. Vimal Tank, Company Secretary and Compliance Officer

Email: rights@reliancechemotex.com; **Website:** www.reliancechemotex.com

Corporate Identification Number: L40102RJ1977PLC001994

OUR PROMOTERS: MR. SHANKAR LAL SHROFF, MR. SANJIV SHROFF, MR. RAHUL SHROFF, MR. AMEYA SHROFF, MS. DIPIKA SHROFF, MS. BIMLA DEVI SHROFF, MR. NAND GOPAL KHAITAN, MODERN FIBOTEX INDIA LIMITED, SUNRISE PRODUCER PRIVATE LIMITED, A S CHEMOTEX PRIVATE LIMITED, A.R FIBTEX PRIVATE LIMITED, INDO TEXTILES & FIBERS LTD, SPELL FASHIONS PVT. LTD, SUNRISE COTTON INDUSTRIES LTD, AND A.R COMMERCIAL PRIVATE LIMITED

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY

ISSUE OF 38,16,818 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AT A PRICE OF ₹ 65 (INCLUDING PREMIUM OF ₹ 55 PER EQUITY SHARE) FOR AN AMOUNT AGGREGATING TO ₹ 2480.93 LAKH ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF RELIANCE CHEMOTEX INDUSTRIES LTD ("THE COMPANY" OR THE "THE ISSUER") IN THE RATIO OF 1 FULLY PAID UP EQUITY SHARE FOR EVERY 1 FULLY PAID-UP EQUITY SHARE) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON JUNE 20, 2019.

THE ISSUE PRICE IS 6.5 TIMES OF THE FACE VALUE OF ₹ 10/- EACH

FOR FURTHER DETAILS, PLEASE SEE "TERMS OF THE ISSUE" ON PAGE NO. 119 OF THIS 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 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 offering. For taking an investment decision, Investors must rely on their own examination of Issuer and the offer including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this document. **Specific attention of investors is invited to the statement of "Risk Factors" given on page number(s) 13 of this Letter of Offer.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in the 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 document 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"). We have received 'in-principle' approval from BSE for listing the equity shares arising from the present Rights Issue vide their letter dated **May 13, 2019**. For the purposes of the Rights Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE

Libord Advisors Private Limited
104, M.K Bhawan, 300, Shahid Bhagat Singh Road,
Fort, Mumbai, Maharashtra, India
Telephone: +91-22-22658108
Fax: +91-22-22662520
Email: mb1@libord.com
Website: www.libord.com
Investor Grievance Email: rightsissue@libord.com
Contact Person: Mr. Lalit Kumar Dangi
SEBI Registration No: INM000012094

REGISTRAR TO THE ISSUE

Bigshare Services Private Limited
1st Floor, Bharat Tin Works Building,
Opp: Vasant Oasis, Makwana Road
Marol, Andheri (East), Mumbai – 400059
Telephone: +91-22-62638200
Fax: +91-22- 62638299
Email: rightsissue@bigshareonline.com
Website: www.bigshareonline.com
Investor Grievance Email: investor@bigshareonline.com
Contact Person: Mr. Ashish Bhope
SEBI Registration No: INR000001385

ISSUE SCHEDULE

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUESTS FOR SPLIT OF APPLICATION FORMS	ISSUE CLOSES ON
MONDAY, JULY 8, 2019	MONDAY, JULY 15, 2019	MONDAY, JULY 22, 2019

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SECTION I – GENERAL DEFINITIONS AND ABBREVIATIONS

Definitions

In the Letter of Offer, unless the context otherwise indicates, requires or implies, the terms defined and abbreviations expanded below shall have the same meaning as stated in this section. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Conventional/General Terms

Term	Description
Companies Act	The Companies Act, 2013 and Rules issued there under, as amended and includes the Companies Act, 1956, which has been repealed and replaced by the new Companies Act, 2013
Depositories Act	The Depositories Act, 1996 and amendments thereto
EPS	Earnings per share
IT Act	The Income Tax Act, 1961 and amendments thereto
Indian GAAP	Generally Accepted Accounting Principles in India
Insider Regulation/PIT	SEBI (Prohibition of Insider Trading) Regulation 1992 and 2015
NAV	Net Asset Value Per Share
RONW	Return on Net Worth
SEBI Regulation/SEBI ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) regulations, 2018 and amendments thereto
SEBI Listing Regulations/LODR	SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015
Securities Act	United States Securities Act of 1933, as amended
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto
Takeover Code/ Regulations/SAST	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto
Wealth Tax Act	The Wealth Tax Act, 1957, and amendments thereto

Issue Related Terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Equity Shareholders with respect to the Issue in accordance with the SEBI ICDR Regulations, 2018
“Allot” or “Allotment” or “Allotted”	The allotment of Rights Equity Shares pursuant to the Issue.
Allottee(s)	Persons to whom Rights Equity Shares will be Allotted.
Application	Unless the context otherwise requires, refers to an application for Allotment of Rights Equity Shares
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
“ASBA” or “Application Supported by Blocked Amount”	The application (whether physical or electronic) used by ASBA Investors authorizing the SCSB to block the amount payable on application in ASBA Account
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the Application Money of the ASBA Investor/ Applicant.
ASBA Applicant/ ASBA Investor	Equity Shareholders proposing to subscribe to the Issue through ASBA process and: <ul style="list-style-type: none"> a. who are holding our Equity Shares in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/ or additional Equity Shares in dematerialized form; b. who have not renounced their Rights Entitlements in full or in part; c. who are not Renouncees; and d. who are applying through blocking of funds in a bank account maintained with SCSBs.

	All QIBs and other Investors whose application value exceeds ₹2 Lakhs complying with the above conditions must participate in this Issue through the ASBA process only notwithstanding anything contained hereinabove, all Renounces (including Renounces who are individuals) shall apply in the Issue only through non-ASBA process.
Banker(s) to the Issue/ Escrow Collection Bank(s)	ICICI Bank Ltd
Composite Application Form/ CAF	The form used by an Investor to make an application for the Allotment of Rights Equity Shares in the Issue
Consolidated Certificate	In case an Equity Shareholder holds Equity Shares in physical form, one certificate that will be issued to the allottees for the Equity Shares allotted to them in each 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 www.sebi.gov.in
Designated Stock Exchange	Bombay Stock Exchange 'BSE'
Depository	NSDL and CDSL or any other depository registered with the SEBI under Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time read with the Depositories Act, 1996.
Designated Branches	Such branches of the SCSBs, which shall collect the CAF or Application from ASBA Investors, a list of which is available on the website of SEBI at www.sebi.gov.in or at such other website as may be prescribed by SEBI from, time to time.
Letter of Offer/LoF	The Letter of Offer dated June 22, 2019 which contain complete particulars of the Issue.
Equity Shareholders/ Eligible Equity Shareholder(s)	A holder/beneficial owner of our Equity Shares as on the Record Date June 20, 2019
Investor	The Equity Shareholders(s) on the Record Date, applying in the Issue, and the Renouncees who have submitted an Application to subscribe to the Issue
Libord/Lead Manager	Libord Advisors Private Limited
Issue/ Rights Issue	Issue of 38,16,818 equity shares of face value of ₹10/- each at price of ₹ 65 (including premium of ₹ 55 per equity share) for an amount aggregating to ₹ 2480.93 lakh on a rights basis to the existing equity shareholders of Reliance Chemotex Industries Ltd ("the company" or the "the issuer") in the ratio of 1 fully paid up equity share for every 1 fully paid-up equity share held by the existing equity shareholders on the record date, that is on June 20, 2019
Issue Agreement	The agreement entered into on April 1, 2019 amongst our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	July 22, 2019
Issue Opening Date	July 8, 2019
Issue Price	₹ 65 per Rights Equity Shares
Issue Proceeds	The gross proceeds of the Issue available to our Company.
Issue Size	The issue of 38,16,818 Rights Equity Shares at issue price ₹ 65/- aggregating up to ₹ 2480.93 lakhs
Listing Agreement	The listing agreement(s) entered into by our Company with the Stock Exchanges as repealed by the Uniform Listing Agreement
Letter of Offer / LOF	The letter of offer dated June 22, 2019 to be filed with the Stock Exchanges after incorporating the observations as received from the SEBI on Dated May 30, 2019.
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, please see section "Objects of the Issue" on page 41 of this Letter of Offer
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process.

QIBs or Qualified Institutional Buyers	Qualified Institutional Buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	June 20, 2019
Refund Banker	ICICI Bank Ltd
Registrar or Registrar to the Issue	Bigshare Services Private Limited
Renouncee(s)	Any person(s) who has/ have acquired Rights Entitlements from Equity Shareholders
Retail Individual Investors	Individual Investors who have applied for Rights Equity Shares for an amount not more than ₹ 2 lakhs (including HUFs applying through their Karta)
Rights Entitlement	The number of Rights Equity Share that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date
Rights Equity Shares	Equity Shares of the Company to be allotted pursuant to the Rights Issue.
SAF(s)	Split Application Form(s), which is an application form used in case of renunciation in part by an Eligible Equity Shareholder in favour of one or more Renouncees
Self-Certified Syndicate Banks or SCSBs	A Self Certified Syndicate Bank, registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at www.sebi.gov.in
Stock Exchange	Bombay Stock Exchange 'BSE'
Systemically Important NBFCs	Systemically Important NBFC as defined under Regulation 2(1) (iii) of the SEBI ICDR Regulations, 2018
Uniform Listing Agreement	The uniform listing agreement entered into between each of the Stock Exchanges and our Company, pursuant to the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015

Company Related and Industry Related Terms

Term	Description
"Articles" or "Articles of Association" or "AoA"	The Articles of Association of our Company, as amended.
"Auditor" or "Statutory Auditor"	The statutory auditors of our Company, being Jain Pramod Jain & Co Chartered Accountants.
"Audited Financial Statements"/ "Financial Statements" and "Un-audited Financial Statements"	Unless the context otherwise requires, the audited financial information of our Company as at and for the financial years ended, March 31 2019, and March 31 2018, along with related notes and schedules thereto prepared in accordance with the requirements of the Companies Act, 2013 and IND AS.
"Board" or "Board of Directors" or "our Board"	The Board of Directors of our Company, as duly constituted from time to time including any committees thereof.
Equity Shares	Equity shares of our Company of ₹10 each, fully paid up
Group Companies/ Group Entities	The companies, firms, ventures, etc. covered under the applicable accounting standards (i.e. Accounting Standard 18 issued by the Institute of Chartered Accountants of India), or other companies as considered material by our Board. Our Group Companies are: Modern Fibotex India Limited, Sunrise Producer Private Limited, AS Chemotex Private Limited, A.R fibtex Private Limited Indo Textiles & Fibers Ltd., Spell Fashions Pvt. Ltd., Sunrise Cotton Industries Ltd., and A.R Commercial Private Limited
"Memorandum" or "Memorandum of Association" or "MoA"	The Memorandum of Association of our Company, as amended.
"Our Company" or "the Company" "the Issuer Company", "the Issuer" or "Reliance Chemotex"	Reliance Chemotex Industries Ltd, a public limited company incorporated under the Companies Act, 1956.

Promoters	Mr. Shankar Lal Shroff, Mr. Sanjiv Shroff, Mr. Rahul Shroff, Mr. Ameya Shroff, Ms. Dipika Shroff, Ms. Bimla Devi Shroff, and Mr. Nand Gopal Khaitan.
Registered Office	The registered office of our Company located at Village Kanpur, Post Box No. 73, Udaipur-313003; Rajasthan, India
Registrar of Companies / RoC	Registrar of Companies, Jaipur, Rajasthan located at Corporate Bhawan, G/6-7, Second Floor, Residency Area, Civil Lines, Jaipur-302001, India

Abbreviations

Term	Description
₹/Rs. / Rupees/INR	Indian Rupees
A/c	Account
AGM	Annual General Meeting
AS or Accounting Standards	Accounting Standards as notified under Companies (Accounting Standards) Rules, 2006
AY	Assessment Year
BSE	BSE Limited
CIN	Corporate Identity Number
CDSL	Central Depository Services (India) Limited
Companies Act or Act	Companies Act, 1956 and / or Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 and the rules made thereunder to the extent not repealed
Companies Act, 2013	Companies Act, 2013 and the rules made thereunder, to the extent in force pursuant to notification of the notified sections.
DIN	Director Identification Number
EEA	European Economic Area
EGM	Extraordinary General Meeting
EPS	Earnings per share, which is the profit after tax for a fiscal year divided by the weighted average of outstanding number of equity shares at the end of the fiscal year
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, as amended
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
Fiscal or Financial Year or FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
FVCI	Foreign Venture Capital Investor registered under the FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended.
GoI or Government of India or Central Government	The Government of India
HUF	Hindu Undivided Family.
IFRS	International Financial Reporting Standards
IND AS	Indian Accounting Standards
Indian GAAP	Generally accepted accounting principles in India.
ISIN	International Securities Identification Number
I.T. Act/Income Tax Act	Income Tax Act, as amended. India
J. V	Joint Venture
NACH	National Automated Clearing House
NAV	Net Asset Value
NBFC	Non-Banking Finance Company
NEFT	National Electronic Fund Transfer
NR or Non-Resident	A person resident outside India, as defined under FEMA, including an Eligible NRI and FII
NRE	Non-Resident External Account.

NRI	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, as defined under the Foreign Exchange Management (Deposit) Regulations, 2000
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited
NAV	Net Asset Value
P.A	Per Annum
PBT	Profit Before Tax
PAN	Permanent Account Number
RBI	Reserve Bank of India
RTGS	Real Time Gross Settlement

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of the Letter of Offer/ 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. Persons into whose possession the Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs may come are required to inform them about and observe such restrictions. Our Company is making the Issue to the Eligible Equity Shareholders and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to such shareholders who have provided an Indian address to our Company. Those overseas shareholders who have not updated our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer / Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer / Abridged Letter of Offer and CAFs.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI for observations. Accordingly, the rights or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer/ Abridged Letter of Offer and CAFs or any offering materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs should not, in connection with the Issue or the Rights Entitlements, distribute or send the Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs in or into jurisdictions where to do so would or might contravene local securities laws or regulations. If the Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe the Equity Shares or the Rights Entitlements referred to in the Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in the Issue must provide an Indian address.

Any person who makes an application to acquire rights and the Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that he is authorised to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of us reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of the Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of the Letter of Offer.

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

CERTAIN CONVENTIONS, USE OF FINANCIAL AND CURRENCY OF PRESENTATION

Certain Conventions

References in the Letter of Offer to “India” are to the Republic of India and the “Government” or the “Central Government” is to the Government of India and to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions.

Unless stated otherwise, all references to page numbers in the Letter of Offer are to the page numbers to the Letter of Offer.

Financial Data

Unless stated otherwise, financial data in the Letter of Offer with respect to our Company is derived from our Company’s Audited Financial Statements which has been prepared in accordance with IND AS and the Companies Act. Our fiscal year commences on April 1 of each year and ends on March 31 of the subsequent year, so all references to a particular “fiscal year” or “Fiscal” are to the 12-month period ended on March 31 of that year. Our audited financial statements as of and for FY ended March 31, 2019 have been prepared by our Company in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements (“Financial Statements”).

Further, with effect from April 1, 2017, we are required to prepare our financial statements in accordance with IND AS. Moreover, as per the requirements of the IND AS 101 “Governing First Time Adoption of Indian Accounting Standards” the company had to recast its figures for the period April 1, 2016 to 31 March, 2017” Given that IND AS is different in many respects from Indian GAAP, our financial statements for the period commencing from April 1, 2017 may not be comparable to our historical financial statements prepared under Indian GAAP relating to the periods before March 31, 2016. For details in connection with risks involving differences between Indian GAAP and other accounting principles and accounting standards and risks in relation to IND AS, please see “Risk Factors” on page 13 of this Letter of Offer.

We publish our financial statements in Indian Rupees.

In the 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. Numerical values have been rounded off to two decimal places.

Currency of Presentation

All references in the Letter of Offer to “Rupees”, “₹”, “Rs.”, “Indian Rupees” and “INR” are to Indian Rupees, the official currency of India.

Unless stated otherwise, throughout the Letter of Offer, all figures have been expressed in lakhs. One lakh represents 1,00,000.

Exchange Rates

The following table provides information with respect to the exchange rate for the Indian rupee per US\$1.00. The exchange rates are based on the reference rates released by the Reserve Bank of India, which is available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

				In ₹
Currency	As on March 31, 2016	As on March 31, 2017	As on March 31, 2018	As on March 31, 2019
1 US\$*	66.33	64.84	65.04	69.55

*Source: RBI reference rate at the end of the period (www.rbi.org.in). In case March 31 of any of the respective years is a public holiday, the previous working day has been considered.

FORWARD LOOKING STATEMENTS

Certain statements contained in the Letter of Offer that are not statements of historical fact constitute 'forward looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', 'future', 'forecast', 'target', 'guideline' or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. Forward-looking statements are not guarantees of performance and are based on certain assumptions, discuss future expectations, describe plans and strategies contain projections of results of operations or of financial condition or state other forward-looking information.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in the Letter of Offer that are not historical facts. These forward-looking statements contained in the Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company 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 Company's expectations include, among others:

- Dependence on limited number of customers for a sizeable portion of our revenues;
- No long-term agreements with any of our customers for purchasing its products;
- Timely availability of the desired quantity and quality of raw materials at reasonable cost;
- Our inability to meet obligations including financial and other covenants under credit facilities;
- Changes in laws and regulations relating to the industries in which we operate particularly the regulations applicable to synthetic yarn industry;
- Our inability to manage the working capital requirements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section titled "*Risk Factors*" on page 13 of this Letter of Offer. The forward-looking statements contained in the Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of the Letter of Offer or the respective dates indicated in the Letter of Offer, and our Company. Lead Manager along with its affiliates, employees and directors, undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. In accordance with SEBI/ Stock Exchanges requirements, our Company and the Lead Manager will ensure that prospective Investors in India are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

SECTION II - SUMMARY OF LETTER OF OFFER

A. Summary of Business:

The company was incorporated on August 23, 1977 and is in the business of manufacturing Synthetic and synthetic blended yarns. The company's plant is located in Udaipur, Rajasthan and has an installed capacity of 53,280 spindles and fibre dye house having capacity of 15 tonnes per day.

B. Objects of the issue:

Our Company intends to utilize the Net Proceeds for the following objects:

(₹ in lakhs)		
S. No	Particulars	Estimated Amount
1	Redemption of Preference Shares	2307.50
2	General Corporate Purposes	128.88
	Total	2436.38

C. Intention and extent of participation by the promoter and promoter group in the issue with respect to:

(₹ in lakhs)	
Promoters' Right Entitlement	1304.99
The unsubscribed portion over and above their rights entitlement	1002.51

D. The following details as per audited standalone financial statements for the previous years as on dated 31st March, 2019

(₹ in Lakhs)			
Particulars	31 st March 2019	31 st March 2018	31 st March 2017
Equity Share Capital	399.69	399.69	399.48
Preference Share Capital	2307.50	2307.50	2307.50
Net Worth*	8996.40	9349.17	9115.27
Revenue^	32549.79	28595.06	29894.60
Profit After Tax	405.38	280.92	644.12
Earnings Per Share	10.28	6.53	16.29
**Net Asset Value Per Equity Share (In Rs.)	168.03	176.88	171.18
Total Borrowings#	5870.28	7080.50	7156.03

Note: Figures for 31st March, 2017, 31st March, 2018 and 31st March, 2019 are as per INDAS.

* Including preference share capital.

^ Revenues are Gross revenues but excluding excise duty.

Total Borrowings does not include preference share capital.

** Calculation of NAV does not include the preference share capital.

For further details please see the chapter titled "Financial Information" beginning on page no 62 of this Letter of Offer.

E. Auditor qualifications which have not been given effect in Standalone Financial Information

There are no auditor qualifications which would require adjustments in the Standalone Financial Information and for which no such effect has been given. For further details, please refer "Financial Information" on page no 62 of this Letter of Offer.

F. Summary table of outstanding litigations as on 31st March, 2019

Following are the details of the outstanding litigations involving the Company, Promoters, and Directors:

₹ In Lakhs

S. No	Category	Filed by our Company (Amount Involved)	Filed Against Company (Amount Involved)
1	Civil Litigations	52.82	-
2	Criminal Litigations	33.62	-
3	Labour Cases filed	9.36	22.83
4	Income Tax Cases	-	159.50
5	Excise Duty Cases	-	60.97
6	Service Tax Case	-	2.40
7	Other Contingent Liabilities	-	389.23
Total		95.80	634.93

For further details please see the chapter titled “Outstanding Litigations and Defaults” beginning on page 101 of this Letter of Offer.

G. Risk Factors

For further details please see the chapter titled “Risk Factors” beginning on page 13 of this Letter of Offer.

H. Summary table of contingent liabilities as on 31st March, 2019

Particulars	Amount (₹ In Lakhs)
Certain Bonds in Consideration with Excise/Custom	100.00
Income Tax Appeals	154.44
Excise and Service Tax	63.38
Workers Compensation	10.52
Foreign bills discounted with banks under Letters of Credit	109.12
Other Contingent Liabilities	389.23
Total	826.69

For further details please see the chapter titled “Financial Information” beginning on page 62 of this Letter of Offer

I. Related Party Transactions

For further details please see the chapter titled “Financial Information” beginning on page 62 of this Letter of Offer.

J. Financing Arrangements

There are no financing arrangements wherein the Promoters, Promoter Group, the Directors of our Company and their relatives, have financed the purchase by any other person of securities of our company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of Letter of Offer.

K. The Company has not made any issuances of equity shares in the last one year for consideration other than cash.

SECTION III – RISK FACTORS

An investment in the equity shares involves a high degree of risk. The risks described below together with other information contained in the Letter of Offer should be carefully considered by the prospective investors before making an investment decision. Prospective investors should carefully consider all the information contained in the section titled “Financial Information” on page 62 for the information related to the financial performance of our Company. The risks described below are not the only risks which are relevant to our Company or investments in Equity Shares. Additional risks not presently known to us or that we currently deem immaterial may also adversely affect our business operations. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks, the trading price of the Equity Shares could decline, and all or part of your investment may be lost. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. Before making an investment decision, Investors must rely on their own independent examination of the Issue and Company.

The Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and “Forward Looking Statements” on page 10 of this Letter of Offer

MATERIALITY

1. Some events may not be material individually but may be found material collectively.
2. Some risks may have an impact which is qualitative though not quantitative.
3. Some risks may not be material at the time of making the disclosures in this Letter of Offer but may have a material impact in the future.

INTERNAL RISK FACTORS

1. ***There are certain material outstanding legal proceedings involving our Company which if determined against us, may have a material adverse effect on our business, financial results and reputation.***

Our Company is involved in certain litigations that includes civil, criminal, labour, income-tax, central excise, service tax, cases relating to various regulatory authorities and its Industrial Tribunal. 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 material adverse effect on our business, results of operations and financial conditions. Please below find the summary of cases as on March 31, 2019:

(₹ In Lakhs)

S. No	Category	Filed by our Company (Amount Involved)	Filed Against Company (Amount Involved)
1	Civil Litigations	52.82	-
2	Criminal Litigations	33.62	-
3	Labour Cases filed	9.36	22.83
4	Income Tax Cases	-	159.50
5	Excise Duty Cases	-	60.97
6	Service Tax Case	-	2.40
7	Other Contingent Liabilities	-	389.23
Total		95.80	634.93

For details regarding these cases, see the section titled “Outstanding Litigation and other Defaults” on page no. 101 of this Letter of Offer. We cannot assure you that any of these matters will be resolved in our favor, or that no additional liability will arise out of these proceedings. Further, there is no assurance that similar proceedings will not be initiated against the above-mentioned entities in the future. This could materially and adversely affect our financial results and our reputation.

2. ***We have certain contingent liabilities that, if materialized, may adversely affect our business and financial results***

As on 31st March, 2019 we had the following outstanding contingent liabilities as specified below:

Particulars	Amount (₹ In Lakhs)
Certain Bonds in Consideration with Excise/Custom	100.00
Income Tax Appeals	154.44
Excise and Service Tax	63.38
Workers Compensation	10.52
Foreign bills discounted with banks under Letters of Credit	109.12
Other Contingent Liabilities	389.23
Total	826.69

If the above-mentioned contingent liabilities materialize, our business and financial results may be adversely affected. For details, see the section “*Financial Information*” on page 62 of this Letter of Offer.

3. *Our Company has borrowed certain unsecured loans that may be repayable on demand*

As of March 31st, 2019, our Company had unsecured borrowings of ₹1868.50 lakhs from our Promoters Group and other body corporates which are repayable by our Company as and when demanded. It may be difficult for us to manage our cash flow and ensure that sufficient funds are available at all times to repay our unsecured lenders. In the event of any default on the repayment of unsecured loan, the unsecured lender could initiate legal proceedings against us to recover the amount due to such unsecured lender together with interest and penalty. Any such legal proceedings will have a material adverse effect on our reputation, creditworthiness and financial condition.

4. *Our inability to meet our obligations, including financial and other covenants under our credit facilities could adversely affect our business and financial results.*

As of March 2019, our aggregate outstanding indebtedness was ₹ 8177.78 lakhs comprising of short-term borrowings, long-term borrowings and preference shares of ₹ 2307.50 lakh. The total cost incurred by our Company to service such outstanding indebtedness ₹1307.18 for year ended on 31 March, 2019 and ₹ 1237.94 lakhs for fiscal year 2018. Our credit facilities contain certain restrictive covenants that may require prior written approval of lenders and limit our ability to undertake certain types of transactions, any of which could adversely affect our business and financial results.

Upon the occurrence of certain events or otherwise, certain lenders to our Company *inter alia* have the right to:

- the bank’s commitment to advance any undrawn balance of the loan shall cease and all the amounts due will become repayable forthwith on demand in writing being made by the bank at any time;
- impose penal/default interest;
- accelerate the facility and declare all amounts payable by our Company in respect of the facility to be due and payable immediately or otherwise payable on demand;
- enforce the security;

Additionally, some of our borrowings may be secured against all or a portion of our assets and lenders may be able to sell such assets to enforce their claims for repayment. Our failure to meet our obligations under credit facilities could have an adverse effect on our business and financial results. If we are unable to repay or refinance our outstanding indebtedness, or if we are unable to obtain additional financing on terms acceptable to us, our business, financial condition and results of operations may be adversely affected.

5. *We have experienced negative cash flow from investing and financing activities in prior periods and cannot assure you that we will not experience negative cash flows in future periods. Any negative cash flows in the future could have a material adverse effect on our financial condition and results of operations.*

We have in the past experienced negative cash flows from investing and financing activities. The details of our cash flows from investing activities and financing activities for the, Fiscal Years 2019 and 2018 is set forth below.

(₹ in Lakhs)		
Particulars	Fiscal 2019	Fiscal 2018
Net cash flow from (used in) investing activities	(24.13)	(10.59)
Net cash flow from (used in) financing activities	(2566.51)	(1118.77)
Net increase/ (decrease) in cash and cash equivalents	(10.12)	(54.99)

We may in the future, also incur negative cash flow in operating activities or negative cash flows in investing and financing activities which could materially impact our ability to operate our business and implement our growth plans. As a result, our business, financial condition and results of operations could be adversely affected. For further details on our cash flows please see section titled “Financial Information” on page 62 of this Letter of Offer

6. *Delays associated with the collection of trade receivables may adversely affect our business and results of our operations.*

There may be delays associated with the collection of trade receivables. As on March 31 2019, ₹71.07 Lakhs out of our total trade receivable of ₹ 1751.68 Lakhs were outstanding for a period of more than 6 months. Though the company has made provision for doubtful debts to the tune of ₹ 54.69 Lakh for the year ended 31.03.2019. This provision is being provided as against outstanding from three customers, (i) Aishwarya Textiles Mills: (₹ 9.65 Lakh) (ii) Mangal Cottons: (₹ 28.05 Lakh) and (iii) Purna Agencies (P) Ltd: (₹16.99 Lakh). The balance amount of ₹16.38 Lakhs is fully recoverable.

We cannot assure you that we will be able to collect our receivables in time or at all which may have an adverse effect on our cash flows, business, results of operations and financial condition.

7. *There have been instances of delays in regulatory filings made by us, which may subject us to penalties.*

Our Company has in the past made delayed filings in respect of certain regulatory filings required to be made by it pursuant to applicable regulations including certain filings with the RoC. While we have eventually made such regulatory filings with the relevant authorities, in certain instances such filings have not been duly acknowledged by the receiving authority and/or the copies of such filings are not available with us. While our Company believes that these forms were duly filed with the appropriate authority, we cannot assure you that we will not be subject to any penalties imposed by the competent regulatory authority in connection with these filings.

We cannot assure you that we, our Directors and our Promoters, will not be subject to penalties by the concerned regulatory authorities for such non-compliance with disclosure and filing requirements, in accordance with applicable law. Any such regulatory action may have a material adverse effect on our business and reputation and may require us to divert substantial resources, including our management’s attention and time to defend such actions.

8. *Any changes in regulations or applicable Government incentives would materially and adversely affect our operations and growth prospects*

The Government of India has provided several exports related incentives to the textile sector, from which we currently benefit like duty drawback scheme and MEIS (Merchandise Exports India Scheme). In the Fiscal Years 2019 and 2018, our revenue from operations (net) was ₹ 32,550 lakhs and ₹ 28,685 lakhs respectively, which included the Duty Drawback and premium on transfer of Duty credit scripts ₹ 355.14 lakhs and ₹ 322.82. lakhs for FY19 and ₹ 789.59lakhs and ₹ 365.45. lakhs for FY 17, respectively. These incentives could be modified or removed at any time, which could adversely affect our business and profitability.

Any failure on the part of our Company to adhere to the requirements of these incentives may result in our Company losing the benefit of some or all of these incentives and/or payment of penalties. Relevant authorities in India may also introduce additional or new regulations applicable to our business which could adversely affect our business and profitability.

9. *We do not own certain land on which we have established facilities and we enjoy a leasehold right over such properties and any revocation or adverse changes in the terms of our leases may have an adverse effect on our business and financial results.*

All of our premises from which we operate has been taken on leave and license basis from third parties including our Registered and Corporate Office. In the event that we are required to vacate these premises and relocate our Company's registered office/ branch office, we will be required to expend time and financial resources to locate suitable premises to set up these units, which may adversely affect our financial condition. Also, we may be unable to relocate to an appropriate location in a timely manner, or at all. Additionally, if the owner of such premises renews such agreements on terms and conditions that are unfavourable to our Company or terminates the agreements prior to its tenure, our business and results of operations may be adversely affected. In addition, any adverse impact on the title and ownership rights of the owners from whose premises we operate or any breach of the contractual terms of such leave and license agreements may adversely impact us. Further, some of our leave and license agreements have certain irregularities such as inadequate stamping and/or non-registration of deeds and agreements. The effect of inadequate stamping and non-registration is that the document is not admissible as evidence in legal proceedings, and parties to that agreement may not be able to legally enforce the same, except after paying a penalty for inadequate stamping and non-registration. In the event of any dispute arising out of such unstamped or inadequately stamped and/or unregistered agreements, we may not be able to effectively enforce our rights arising out of such agreements which may have an adverse impact on the business and operations of our Company.

10. *Our insurance coverage may be inadequate to satisfy future claims against us.*

We maintain insurance that we consider to be typical in our industry in India and in amounts which are commercially appropriate for a variety of risks, including fire and other perils. The Company does not have any key managerial insurance policy for its key management personnel. The existing insurance may not be adequate to cover all losses or liabilities that may arise from our business operations, particularly if the loss suffered is not easily quantifiable. Our insurance policies contain exclusions and limitations on coverage, as a result of which, we may not be able to successfully assert our claims for any liability or loss under such insurance policies. Additionally, there may be various other risks and losses for which we are not insured because such risks are either uninsurable or not insurable on commercially acceptable terms.

The insurance policies taken by the company covers all the assets of the company for normal risks arising day to day business operations of the company, but the exclusion clause in the insurance policy does not cover the risk of damages as a result of war or Terrorist activities i.e. to say that in case the company suffers any damage as result of war or terrorism activities or there is closure of the factory on account of external/ internal war though there will be no claim payable by the insurance company. **The details of amount and percentage of coverage of insurance vis-à-vis are as under:**

(₹In Lakhs)			
Particulars	Gross block as per balance sheet as on 31.03.2019	Insurance amount	% percentage coverage
Plant & machinery	7320.9	15200	201%
Office equipment	56.1		
Furniture & fixtures	187.66		
Buildings	3283.38	4600	140%
Stock (finished goods & raw material)	2223.99	4450	200%
Stock (work in process)	1421.88	1600	113%

Furthermore, there can be no assurance that in the future we will be able to maintain insurance of the types or at levels which we deem necessary or adequate or at premiums which we deem to be commercially acceptable. Further, despite such uninsured losses we may remain obligated for any financial indebtedness or other obligations related to our business. Any such uninsured losses or liabilities could result in an adverse effect on our business and financial results.

- 11. *Our business has high working capital requirements and if we are unable to secure financing for our working capital requirements, there may be an adverse effect on our business, growth prospects and results of operations.***

Our business requires a significant infusion of working capital. We may require additional capital to fund our operations and business strategies and repay our existing loans. The amount and timing of our future funding requirements may vary and will depend largely on our working capital requirements and the nature of our capital expenditures. In certain cases, significant amounts of working capital are required to finance the purchase of raw materials and other works before payments are received from our customers. All of these factors may result, and have resulted, in increase in our working capital needs.

Additionally, the failure of our customers to make timely payments could require us to write off accounts and make provisions against receivables or increase our working capital requirements, which could have a material adverse effect on our business growth and prospects, financial condition and results of operations. Further, if we are unable to provide sufficient collateral to secure the working capital facilities obtained by our Company, we may not be able to obtain the working capital facilities which may affect our business and growth prospects. The scale of operations of our business will significantly depend on quantum of working capital available to our Company.

- 12. *Our Company is subject to risks arising from interest rate fluctuations, which could adversely affect the financial results of our Company.***

As on 31st March, 2019 our Company has outstanding short-term loans to the tune of ₹2352.00. lakhs respectively. Any increase in the interest rates could significantly raise the costs of borrowing shall adversely affect the results of our Company.

- 13. *We depend on a limited number of customers for a sizeable portion of our revenues. The loss of one or more of our significant customers or significant reduction in production and sales of, or demand for our products from our significant customers may adversely affect our business, financial condition, result of operations and cash flows***

A sizeable proportion of our revenues have historically been derived from a limited number of customers. Our major customers are overseas and we supply our products in various geographical regions in which they operate. As a result, loss of one or more of our significant customers may result in a loss or non-receipt of orders from that customer which will affect our business, financial condition, result of operations and cash flows. We hereby specify below the percentage details of total sales from five significant customers in tabular format for Period FY 2019:

S. No	Name of Customers	Location	Percentage (%) of Total Sales
1	Ragolle Rugs NV	Belgium	13.58%
2	Kartal Hali Tekstil San Ve Tic. A. S.	Turkey	8.94%
3	Dillon Yarn Corp	U.S.A	6.93%
4	NV Verbatex	Belgium	5.73%
5	Om Sales Corporation	India	4.74%

We cannot assure you that we can maintain the historical levels of orders from these clients or that we will be able to find new clients in case we lose any of them. Furthermore, major events affecting our clients, such as adverse market conditions, regulatory changes, adverse cash flows, change of management, could adversely impact our business. If any of our major clients become bankrupt or insolvent, we may lose some or all of our business from that client and our receivables from that client may have to be written off, thus adversely impacting our cash flows and financial condition.

- 14. *Raw materials constitute a significant percentage of our Company's total expenses. Particularly, any increase in fibre prices and any decrease in the supply of polyester Staple Fibre and Viscose Staple Fibre would materially adversely affect our Company's business.***

As on March 2019, cost of procuring raw materials comprises approximately 59% of our Company's total expenses. We are dependent on third party suppliers for procuring the raw materials required for our yarn business, wherein the prices of which are controlled by various market factors beyond our control. The prices of the raw materials, in particular fibre have been volatile in the past few years. In the recent time, the textile industry has witnessed a huge fluctuation in the prices which in turn affects the prices of raw materials sourced by our Company. Any sudden increase or decrease in prices or supply of raw materials may affect our ability. Any material shortage or interruption in the supply or decrease in the quality / quantity of raw materials due to natural causes or other factors could result in increased production costs that we may not successfully be able to pass on to customers, which in turn would have a material adverse effect on our business and our operations.

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

Our Promoters and Directors may be deemed to be interested in our Company, in addition to regular remuneration or benefits and reimbursements of expenses, to the extent of Equity Shares or other securities, held by them and their relatives (if any) and their dividend or bonus entitlement, and benefits arising from their directorship in our Company and are also interested to the extent of sitting fee payable to them for attending each of our Board and committee meetings (to the extent relevant).

Our Promoters are also interested to the extent of the outstanding amount of loan borrowed by our Company from the Promoters to the tune of ₹1005.50 lakhs and ₹619.00 lakhs for the Fiscal Years 2019 and 2018.

For details of the related party transactions during the last two Financial Years, pursuant to the requirements under Accounting Standard 18 "Related Party Transactions", issued by the Institute of Chartered Accountants of India, see the section "*Financial Information*" on page 62 of this Letter of Offer

16. *We may be unable to obtain, renew or maintain statutory and regulatory permits, licenses and approvals required to operate our business.*

We require certain statutory and regulatory permits, licenses and approvals to operate our business such as consents to establish and operate from the state pollution control board, registration and licenses issued under the Factories Act, 1948, as amended for our various manufacturing facilities, commissioning certificates and safety certificates from the state electricity board, registration certificates issued under various labor laws. Our licenses, permits and approvals impose certain terms and conditions that require us to incur a significant cost and inter alia, restrict certain activities. There can be no assurance that the approvals, licenses, permits and registrations may not be revoked in the event of any non-compliance with any terms or conditions imposed thereof.

Further, certain approvals for our manufacturing facilities and trademarks for our business purposes are required to be applied or renewed on an ongoing basis, and accordingly, we have initiated process for obtaining certain approvals but not yet completed the applications with relevant authorities or not yet received the final registrations from the relevant authorities. For further information regarding such licenses and approvals, see the section "*Government and Other Statutory Approvals*" on page 108 of this Letter of Offer

In the future, we will be required to regularly renew permits, licenses and approvals for our business, and to obtain new permits, licenses and approvals for any proposed expansion. While we will endeavour to renew or obtain such approvals as required, there can be no assurance that the relevant authorities will issue any such approvals within our anticipated timeframe or at all. An inability to renew, maintain or obtain any required permits, licenses or approvals may result in the interruption of our operations and have a material adverse effect on our business, financial condition and results of operations.

17. *If our Company is unable to develop new yarns as per global demand then our business and our sales could be affected*

Our Company is in the business of manufacturing yarn primarily for export market. To retain our customers the company has to continuously keep developing newer types of yarns keeping in mind the global trends and our customers changing requirements. Any inability on our Company's part to understand the prevailing

global trends or our inability to forecast changes at per latest global trends or understand the needs of our customers in this industry well in time may affect our growth prospects.

- 18. *We are subject to stringent labour laws or other industry standards and any strike, work stoppage or increased wage demand by our employees or any other kind of disputes with our employees could adversely affect our business, financial condition and results of operations***

There is significant competition for management and other skilled personnel in the textile industry in which we operate, and it may be difficult to attract and retain the personnel we require in the future. There can be no assurance that our competitors and yarn manufacturer will not offer better compensation packages and incentives to such key managerial personnel. We are subject to a number of stringent labour laws that protect the interests of workers, including legislation that stipulates rigorous procedures for dispute resolution and retrenchment of workers that imposes financial obligations on employers. Strikes, lock-outs and other labour action may have an adverse impact on our operations, and we cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future. Also, our third-party suppliers may experience strikes or other labour disruptions and shortages that could affect our operations, possibly for a significant period of time, result in increased wages, shortage in manpower and other costs and otherwise have a material adverse effect on our business, results of operations or financial condition. Additionally, our inability to recruit employees, in particular skilled employees and retain our current workforce could have a material adverse effect on our business, financial condition and profitability.

- 19. *Our Promoters have given personal guarantees in relation to certain financing arrangements provided to us by our lenders. Our Promoters may or may not continue to provide such personal guarantees in future which may have an adverse effect on our ability to borrow.***

Under certain financial arrangements with our lenders, our Promoters have given personal guarantees for repayment of certain credit facilities availed by us. We have in the past depended on guarantees provided to our lenders by our Promoters in order to help fund our operations and business expansion. Our Promoters may or may not provide any financial or other support in future. Additionally, if the financial condition of our Promoters deteriorates, our existing financing arrangements with our lenders may be adversely affected. We cannot assure you that such contributions to us by our Promoters will continue in future. This could have a material adverse effect on our business and financial condition.

- 20. *Our Company may not be able to obtain sufficient quantities or required quality of raw materials in a timely manner for our manufacturing operations which could have an impact on the timelines for supplying products to our customers.***

Our business and operations are dependent on the timely availability of the desired quality of raw materials at a reasonable cost. Our major raw material is viscose staple fibre and polyester staple fibre wherein the prices of which are generally volatile due to various factors including inflationary tendencies in the economy and changes in macro-economic indicators, which is beyond our control and may in turn result in rise in the price. Any increase in prices of raw materials could create a strain on the operating margins of our Company.

Fibre prices in India may fluctuate based on the demand and supply in the market and there can be no assurance that the price levels of fibre will remain where they currently are or not significantly increase. Any fluctuation in its price that results in an increase in raw material and production costs which our Company may be unable to pass on to our customers would have a material adverse effect on our business.

- 21. *We are dependent on a number of key management personnel, including our senior management, and the loss of or our inability to attract or retain such persons could adversely affect our business, financial results and prospects.***

Our future success is highly dependent on our senior management including the key managerial personnel to maintain our strategic direction and manage our current operations for business expansion.

The loss of, or inability to attract or retain, such persons could materially and adversely affect our business and financial results. If one or more of these key management personnel are unwilling or unable to continue in their present positions, we may not be able to replace them with persons of comparable skill and expertise promptly or at all, which could have a material adverse effect on our business, financial results and prospects. We may take a long period of time to hire and train replacement personnel when skilled personnel terminate

their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting skilled employees that our business requires. If we are unable to hire and train replacement personnel in a timely manner or increase our levels of employee compensation to remain competitive, our business, financial results and prospects may be materially and adversely affected.

22. ***We have, in the past, entered into related party transactions and may continue to do so in the future and there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.***

We have entered into transactions with several related parties, aggregating ₹ 1412.58 lakhs and ₹ 904.72 lakhs, for FY 2019 and FY 2018, which were conducted in compliance with applicable laws. For further details please refer to section titled “Financial Statements” on page 62 of this Letter of Offer

Whilst we believe that all our related party transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Further, the transactions we have entered into, or any future transactions with our related parties, have involved or may potentially involve conflicts of interest. It is likely that we may continue to enter into related party transactions in the future and we cannot assure you that such transactions, individually or in the aggregate, will not adversely affect our financial condition and results of operations.

23. ***Exchange rate fluctuations may adversely affect our results of operations as our sales from exports and a portion of our expenditures are denominated in foreign currencies.***

Our financial statements are prepared in Indian Rupees. However, our sales from exports are denominated in foreign currencies, mostly the U.S. dollars. Therefore, changes in the relevant exchange rates could also affect sales, operating results and assets and liabilities reported in Indian Rupees as part of our financial statements. While we have a credit facility for forward contracts sanctioned to enable us to protect our exposure, we are still affected by fluctuations in exchange rates among the U.S. dollar and the Indian Rupee and we cannot assure you whether hedging or other risk management strategies will be effective.

24. ***Our inability to effectively manage our growth or to successfully implement our business plan and growth strategy could have an adverse effect on our business, results of operations and financial condition***

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Our growth strategy requires us to develop and strengthen relationships with existing customers for our business of grey and dyed synthetic yarns which may drive high volume orders on an ongoing basis. In order to remain competitive, we seek to increase our business from existing customers and by adding new customers. Our success in implementing our growth strategies amongst others may be affected by:

- a. our ability to maintain the quality of our products;
- b. our ability to increase our customer base;
- c. the general condition of the global economy (particularly of India and the other markets that we currently or may operate in); and
- d. changes in the Indian or international regulatory environment applicable to us.

Many of these factors are beyond our control and there is no assurance that we will succeed in implementing our strategy. Separately, our growth strategy also involves expanding into new geographic markets which will involve additional risk.

While we may have been successful in executing our business strategies in the past, there can be no assurance that we will be able to execute our strategy on time and effectively, or that our expansion and development plans will increase our profitability. We expect our growth strategy to place significant demands on our management, financial and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to manage our business and growth strategy could have a material adverse effect on our business, financial condition and profitability.

25. ***Our Company is dependent on third party transportation providers for the supply of raw materials and delivery of our products and any disruption in their operations or a decrease in the quality of their services could affect our Company's reputation and results of operations.***

As a manufacturing business, our success depends on the smooth supply and transportation of the raw materials required for our manufacturing process and transportation of our products from our units or warehouses to our customers and distributors, both of which are subject to various uncertainties and risks. We use third party transportation providers for the delivery of raw materials to us and delivery of our products to our customers and distributors. Transportation strikes have had in the past, and could again in the future, have an adverse effect our supplies and our deliveries to and from our customers and suppliers in a timely and cost-efficient manner. In addition, raw materials and products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of raw materials and products which may also affect our business and our results of operation negatively. A failure to maintain a continuous supply of raw materials or to deliver our products to our customers in an efficient and reliable manner could have a material and adverse effect on our business, financial condition and results of operations.

EXTERNAL RISK FACTORS

1. ***General economic conditions in India and globally could adversely affect the business and results of operation of our Company.***

Our results of operations and financial condition depend significantly on worldwide economic conditions. Various factors may lead to a slowdown in the Indian or world economy which in turn may adversely impact our business, financial performance and operations.

Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, European nations also have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy, Industry and our business.

2. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations, financial condition and prospects.***

Our business and financial performance could be adversely affected by any change in laws or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to us and our business including those relating to the textiles industry in India. There can be no assurance that the Government of India or state governments will not introduce new laws, regulations and policies which will require us to obtain additional approvals and licenses or impose onerous requirements on our business.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations, financial condition and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the GAAR are proposed to be made effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us. Further, the GoI proposed to revamp the implementation of direct taxes by way of the introduction of the Direct Tax Code, 2013.

Further, the Government of India has implemented The Goods and Services Act, 2017 with effect from July 1, 2017 that combines taxes and levies by the central and state Governments into a unified rate structure. While the Government of India and other state governments have announced that all committed incentives will be protected following the implementation of the GST, given that the said act has been notified recently and is still in the process of implementation, which may be affected by any disagreement between certain state governments, which may create uncertainty.

Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.

We have not determined the impact of these proposed legislations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

3. *Companies operating in India are subject to a variety of taxes and surcharges.*

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, GST, turnover tax, stamp duty, tax on dividends and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time.

Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business, cash flows and results of operations.

4. *Terrorist attacks, civil unrest, and other acts of violence or war involving India and other countries or the occurrence of natural or man-made disasters may adversely affect the financial markets and our business.*

The occurrence of natural disasters, including hurricanes, floods, tsunamis, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, may adversely affect our financial condition or results of operations. Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, and adversely affect our business. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which may adversely affect the price of our Equity Shares.

An outbreak of a communicable disease in India or in the particular region in which we have operations would adversely affect our business and financial conditions and the result of operations. We cannot assure that such events will not occur in the future or that our business, results of operations and financial condition will not be adversely affected.

Some states in India have also witnessed civil unrest including communal disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India may have a negative impact on us. Such incidents may also create a greater perception that investment in Indian companies involves a higher degree of risk and may have an adverse impact on our business and the price of our Equity Shares.

5. *Our business and activities will be regulated by the Competition Act, 2002 ("Competition Act") and any application of the Competition Act to us could have a material adverse effect on our business, financial condition and results of operations.*

The Competition Act, 2002, or the Competition Act, prohibits practices that could have an appreciable adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial penalties and compensation to be paid to persons shown to have suffered losses. Any agreement among competitors which directly or indirectly determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or the provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the market, is presumed to have an appreciable adverse effect on competition. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise either directly or indirectly, including by way of unfair or discriminatory pricing or conditions in the sale of goods or services, using a dominant position in one relevant market to enter into, or protect, another relevant market, and denial of market access, and such practices are subject to substantial penalties and may also be subject to compensation for losses and orders to divide the enterprise. Further, the Competition Commission of India

has extraterritorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. There can be no assurance that we will be able to obtain approval for such future transactions on satisfactory terms, or at all.

If we or any member of our group are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any proceedings initiated by the Competition Commission of India or any other relevant authority (or any other claim by any other party under the Competition Act) or any adverse publicity that may be generated due to scrutiny or prosecution under the Competition Act, including by way of financial penalties, our business, financial results and reputation may be materially and adversely affected.

6. *Investors may have difficulty enforcing judgments against our Company or our management.*

We are incorporated under the laws of India and all our Directors; key management personnel and senior management personnel reside in India. All of our assets, and majority of the assets of our Directors, key management personnel and other senior management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Civil Code. Further, the Civil Code only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a like nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India cannot be enforced or executed in India.

As a result, you may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws.

7. *Public companies in India, including our Company, will be required to prepare financial statements under IFRS or IndAS (a variation of IFRS). The transition to IFRS or IndAS in India is very recent and still unclear and our Company may be negatively affected by such transition.*

Our Company had been preparing its annual and interim financial statements under Ind AS. For details, please refer “*Certain Conventions, Use of Financial, Industry and Currency of Presentation*” on page no. 9 of this Letter of Offer. Public companies in India, including our Company, are required to prepare annual and interim financial statements under Indian Accounting Standard 101 “First-time Adoption of Indian Accounting Standards (“IndAS”). On January 2, 2015, the Ministry of Corporate Affairs, Government of India (the “MCA”) announced the revised roadmap for the implementation of Ind-AS (on a voluntary as well as mandatory basis) for companies other than banking companies, insurance companies and non-banking finance companies through a press release (the “**Press Release**”). Further, on February 16, 2015, the MCA has released the Companies (Indian Accounting Standards) Rules, 2015 (the “**Ind AS Rules**”) which has come into effect from April 1, 2015. The Ind AS Rules provide for voluntary adoption of Ind AS by companies in fiscal 2015. Ind-AS will be required to be implemented on a mandatory basis by companies. The timing of such mandatory implementation depends *inter alia* on the net worth of the companies and whether the company has securities listed or not. In preparing their first annual financial statements under IND AS, companies in India, including ourselves, will be required to prepare annual accounts as per Indian Accounting Standard 101 “First-time Adoption of Indian Accounting Standards (“**Ind-AS**”). The recognition and measurement principles of IND-AS (including IND AS 101) will also be applicable in the preparation of our interim financial results. Further, from April 1, 2017 onwards, our Company is required to prepare its financials as per Ind-AS.

There is not yet a significant body of established practice on which to draw informing judgments regarding its implementation and application. Additionally, Ind-AS differs in certain respects from IFRS and Indian GAAP and therefore financial statements prepared under Ind-AS may be substantially different from financial statements prepared under IFRS and Indian GAAP. There can be no assurance that our financial condition, results of operation, cash flow or changes in shareholders' equity will not be presented differently under Ind-AS than under Indian GAAP or IFRS. When we adopt Ind-AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems.

There can be no assurance that the adoption of Ind-AS by us will not adversely affect its results of operation or financial condition and hence the financials of the current financial year will not be comparable to the financials of the previous financial year.

8. *Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.*

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company may be reduced.

9. *There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect an Equity Shareholder's ability to sell, or the price at which an equity shareholder can sell the Equity Shares at a particular point in time.*

Our Company is subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility 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 breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares may be adversely affected.

10. *Any future issuance of the Equity Shares may dilute your future shareholding and sales of the Equity Shares by the Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.*

Any future equity issuances by our Company may lead to dilution of your future shareholding in our Company. Any future equity issuances by our Company or sales of the Equity Shares by the Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Share. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Share.

Except as otherwise stated in the Letter of Offer, there is no restriction on our Company's ability to issue the Securities or the relevant shareholders' ability to dispose of their Equity Share, and there can be no assurance that our Company will not issue Equity Share or that any such shareholder (including Promoters and Promoter Group) will not dispose of, encumber, or pledge its Securities.

11. *Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.*

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. However, any gain realized on the sale of listed equity shares on or before September 30, 2018 on a stock exchange held for more than 12 months will not be subject to long term capital gains tax in India if Securities Transaction Tax (“STT”) is paid on the sale transaction and, additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of equity shares which are not subject to STT, as notified by the Central Government under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017.

However, the Finance Act, 2018, has now levied taxes on long-term capital gains arising from sale of Equity Shares. However, where specified conditions are met, such long-term capital gains are only taxed to the extent they exceed ₹ 100,000 and unrealized capital gains earned up to January 31, 2018 continue to be exempt. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity shares. Prospective Investors should consult their own advisors about the particular consequences of investing in the issue.

12. *Political instability or significant changes in the economic liberalisation and deregulation policies of the Government or in the government of the states where the Company operates could disrupt its business.*

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. The Company’s businesses, and the market price and liquidity of its securities may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments in or affecting India. In recent years, India has been following a course of economic liberalisation and the Company’s business could be significantly influenced by economic policies followed by the Government.

However, there can be no assurance that such policies will continue in the future. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

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

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

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

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

- Quarterly variations in the rate of growth of our financial indicators such as earnings per share;
- Changes in revenue or earnings estimates or publications of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions;
- Domestic and international economic, legal and regulatory factors unrelated to our performance;

SECTION IV – INTRODUCTION

SUMMARY OF THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section titled “Terms of the Issue” on page no. 119 of this Letter of Offer

Rights Equity Shares being offered by our Company	38,16,818 Equity Shares
Rights Entitlement	1 (one) Rights Equity Share for every 1 (one) Equity Share held on the Record Date.
Record Date	June 20, 2019
Face value per Equity Share	₹10
Issue Price per Rights Equity Share	₹ 65/- per Rights Equity Share
Issue Size	Up to ₹ 2480.93 Lakhs
Equity Shares issued and outstanding prior to the Issue	40,22,100 Equity Shares
Equity Shares subscribed and paid up outstanding prior to the Issue	39,80,850 Equity Shares
Equity Shares issued and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	77,97,668 Equity Shares
Terms of the Issue	For more information, please see the section titled “Terms of the Issue” on page 119 of this Letter of Offer
Use of Issue Proceeds	For more information, please see the section titled “Objects of the Issue” on page no 41 of this Letter of Offer
Security code / Symbol	ISIN: INE750D01016
	BSE: 503162

Terms of Payment

The entire issue price will be paid on application basis.

SUMMARY OF THE FINANCIAL INFORMATION

The following tables set forth the summary of financial information derived from our Audited Financial Statements for Year Ended March 31, 2019 and March 31, 2018 prepared in accordance with the Companies Act, the Ind AS and other applicable statutory and/or regulatory requirements. Our summary financial information presented below should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in the chapter titled “Financial Information” beginning on page 62 of this Letter of Offer

Balance Sheet as at March 31, 2019 and March 31, 2018

		<i>(Amount ₹ in Lakhs)</i>	
Particulars	As at 31.03.2019	As at 31.03.2018	
ASSETS			
(1) Non- Current Assets			
(a) Property, Plant and Equipment	13,732.02	14,308.97	
(b) Investment – Property	214.42	218.11	
(c) Capital work - in – progress	-	-	
(d) Other intangible assets	9.49	16.01	
(e) Financial Assets			
(i) Investments	-	-	
(ii) Others	373.59	260.45	
(2) Current Assets			
(a) Inventories	3,787.84	4,145.02	
(b) Financial Assets			
(i) Trade Receivables	1,751.68	1,726.50	
(ii) Cash and Cash Equivalents	12.76	22.88	
(iii) Bank Balances	396.10	413.24	
(iv) Others	700.04	507.07	
(c) Current tax assets (net)	72.95	97.89	
(d) Other current assets	756.28	1,060.44	
TOTAL ASSETS	21,807.17	22,776.58	
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	399.69	399.69	
(b) Other Equity	6289.21	6,641.98	
LIABILITIES			
(1) Non- Current Liabilities			
(a) Financial Liabilities			
A (i) Borrowings	5032.10	5,170.32	
(ii) Other financial liabilities	82.49	70.27	
(b) Provisions	72.38	186.13	
(c) erred Tax Liabilities	1974.02	1,039.73	
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2352.00	3,147.10	
(ii) Trade Payables	3588.00	3,570.39	
(iii) Other Financial liabilities	1673.04	2,194.20	
(b) Other current liabilities	259.97	314.89	
(c) Provisions	83.67	41.88	
TOTAL EQUITY AND LIABILITIES	21,807.17	22,776.58	

Statement of Profit & Loss for Financial Year Ended March 31, 2019 and March 31, 2018

		(Amount ₹ in Lakhs)	
	Particulars	As at 31.03.2019	As at 31.03.2018
I	Revenue from Operations	32,319.32	28,545.65
II	Other Income	230.47	140.13
III	Total Income (I+II)	32,549.79	28,685.78
IV	Expenses		
	Cost of Materials Consumed	18,654.95	15,972.93
	(Increase)/Decrease in Inventories of Finished Goods, Work-in-Progress etc.	73.92	(447.09)
	Employee Benefits Expense	3,758.52	3,675.06
	Finance Costs	1,307.18	1,237.94
	Depreciation and Amortisation Expense	670.97	739.35
	Excise Duty	-	90.72
	Other Expenses	7,280.59	7,335.39
	Total Expenses	31,746.13	28,604.30
V	Net Profit before tax (I - IV)	803.66	81.48
VI	Tax Expense		
	(1) Current Tax	334.00	108.00
	(2) Tax on earlier year	10.61	0.39
	(3) Deferred Tax	49.91	(254.48)
	(4) MAT Credit Entitlement	-	(32.20)
VII	Net Profit for the year (V-VI)	409.14	259.77
VIII	Other Comprehensive Income		
A	Items that will not be reclassified to (loss) or profit		
	(i) Remeasurement (gain)/loss on dividend benefit plan	(5.64)	31.60
	(ii) Tax above	1.88	(10.45)
IX	Total Income for the Period (VII+VIII)	405.38	280.92
X	Earnings Per Equity Share		
	(1) Basic	10.28	6.53
	(2) Diluted	10.28	6.53

Cash Flow Statement for Financial Year Ended March 31st, 2019

(Amount ₹ in Lakhs)

	Particulars	31st March, 2019	31st March, 2018
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Profit before exceptional items and tax as per statement of profit & loss	803.66	81.48
	<i>Adjustments for:</i>		
	Depreciation and amortization expenses	670.97	739.35
	Finance cost	1,308.30	1,237.94
	Unrealized exchange difference	-	14.15
	Provision for doubtful debts	54.69	-
	Interest income	(76.57)	(97.13)
	Balances written back	(6.77)	(20.39)
	(Profit)/ loss on sale of fixed assets (net)	(0.23)	(2.19)
	Operating Profit before working capital changes	2,754.05	1953.21
	<i>Adjustments for:</i>		
	(Increase)/decrease in trade & other receivables	(79.87)	129.12
	(Increase)/decrease in inventories	357.18	(335.21)
	(Increase)/ Decrease in other current assets	304.16	(572.54)
	(Increase)/ Decrease in other financial assets	(306.11)	80.34
	Increase/ (Decrease) in other current financial liabilities	(232.03)	(184.56)
	Increase/(decrease) in trade & other payables	10.84	57.22
	Increase/ (Decrease) in other current liabilities	(54.92)	118.09
	Increase/(decrease) in provisions	(66.32)	(63.30)
		(67.07)	1182.37
	<i>Less: Direct taxes paid (net of refunds)</i>	106.44	108.00
	Net cash flows (used in)/ generated from operating activities	2,580.54	1,074.37
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Inflows		
	Sale proceeds of property, plant and equipment	0.32	4.17
	Interest received	76.57	97.13
	Other Bank Balance including Deposits within 3 to 12 Months Maturity	(17.14)	6.85
	Outflows		
	Purchase of property, plant and equipment/ intangible assets including CWIP	(83.88)	(118.74)
	Net cash (used in) generating from investing activities	(24.13)	(10.59)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Inflows		
	Proceeds from Issuance of Share Capital	-	0.21
	Proceeds from Premium on issue of Shares	-	0.63
	Proceeds of short term borrowings (net)	-	1,023.28
	Outflows		
	Repayment of long term borrowings	(415.12)	(857.07)
	Repayment of Short Term Borrowings	(795.10)	-
	Dividend paid	(230.75)	(230.75)
	Dividend distribution tax on preference shares	(47.43)	(46.98)
	Dividend and DDT paid on Equity Shares	(47.99)	(47.86)
	Interest paid	(1,030.12)	(960.22)
	Net Cash used in generating financing activities	(2,566.51)	(1,118.77)
	NET INCREASE/DECREASE IN CASH AND BANK BALANCES	(10.12)	(54.99)
	Add: Cash and Cash Equivalent at the beginning of the year	22.88	77.86
	Cash and Cash Equivalent at the end of the year	12.76	22.87

GENERAL INFORMATION

Our Company was incorporated as Public Limited Company under the Companies Act, 1956 in the name of 'Reliance Chemotex Industries Ltd' vide certificate of incorporation dated August 23, 1977 issued by Registrar of Companies, Mumbai, Maharashtra, ("RoC") India. The Corporate Identification Number (CIN) of the Company is L40102RJ1977PLC001994.

Registered Office of our Company

Reliance Chemotex Industries Ltd

Village Kanpur, Post Box No. 73,
Udaipur-313003; Rajasthan,

Tel: +91-294-2490488,

Fax: +91-294-2490067

Corporate Office Address:

27, Jolly Maker Chambers No.2,
Nariman Point, Mumbai – 400021,
Maharashtra, India.

Tel: +91-22-2202 8581

Fax: +91-22-2204 5786

Website: www.reliancechemotex.com

CIN: L40102RJ1977PLC001994

Registration Number: 019816

Address of Registrar of Companies

Our Company is registered with the Registrar of Companies, Jaipur located at the following address:

Registrar of Companies

Corporate Bhawan
G/6-7, Second Floor
Residency Area,
Civil Lines, Jaipur-302001,
Rajasthan, India.

Board of Directors of our Company

Details regarding our Board of Directors as on date of filing this Letter of Offer is as follows:

Name	Designation	DIN	Address
Mr. Sanjiv Shroff	Managing Director	00296008	92, Maker Tower-L, G.D. Somani Marg, Cuffe Parade Mumbai 400005, Maharashtra, India
Mr. Rahul Shroff	Executive Director	02301693	92, Maker Tower-L, G.D. Somani Marg, Cuffe Parade Mumbai 400005, Maharashtra, India
Mr. Ameya Shroff	Executive Director	05315616	92, Maker Tower-L, G.D. Somani Marg, Cuffe Parade Mumbai 400005, Maharashtra, India
Ms. Dipika Shroff	Non-Executive Director and Non-Independent Director	00226941	18, New Road Alipore, Kolkata
Mr. Narayan Shroff	Independent Director	05207412	Basak Bhaban, P-24, C.I.T Housing Scheme XII, Maniktalla Main Road, Kolkata – 700054, West Bengal, India
Mr. Nand Gopal Khaitan	Non-Executive Director and Non- Independent Director	00020588	3, Queens Park, Ballygunge, Kolkata – 700019, West Bengal, India
Mr. Kishori Lal Sonthalia	Independent Director	00899958	501, Victoria Building B/24, Shastri Nahar, Off JP Road, Andheri (west) - 400058, Mumbai, Maharashtra, India
Mr. Ram Niwas Sharma	Non-Executive Director and Non-Independent Director	00368947	D-902, La Lagune, Golfcourse Road, Near Suncity, Sector-54, Chakarpur (74) Gurgaon 122002, Haryana, India.
Mr. Ramadoss Srinivasan	Non- executive independent Director	00235831	9 Riveria Apartment, Crescent Avenue Road, Gandhi Nagar Adyar Road, Adyar Chennai – 600002, Tamil Nadu, India

Compliance Officer & Company Secretary

Mr. Vimal Tank

Village Kanpur, Post Box No. 73,
Udaipur-313003; Rajasthan,
Tel: +91-294-2490488
Fax: +91-294-2490067
Email: cs@reliancechemotex.com

Chief Financial Officer

Mr. Amar Inder Singh Jassar

27, Jolly Maker Chambers No.2,
Nariman Point, Mumbai – 400021,
Maharashtra, India.
Tel: +91-22-2202 8581
Fax: +91-22-2204 5786
Email: finance@reliancechemotex.com

Lead Manager of the Company

Libord Advisors Private Limited

104, M.K Bhawan, 300, Shahid Bhagat Singh Road, Fort
Mumbai, Maharashtra, India
Tel: +91-22-22658108
Fax: +91-22-22662520
Email: mb1@libord.com
Investor Grievance Email: rightsissue@libord.com
Contact Person: Mr. Lalit Kumar Dangi
SEBI Registration No: INM000012094
CIN No: U67120MH2007PTC174533

Legal Advisor to the Issue

Lex Favios (Legal Counsel & Consultants)

E-277, Greater Kailash – 1 (Level – 3),
New Delhi – 110048
Tel: +91-11-41435188
Fax: +91-11- 45264524
Contact Person: Mr. Sumes Dewan
Email: admin@lexfavious.com

Registrar to Issue

Bigshare Services Private Limited

1st Floor, Bharat Tin Works Building,
Opp, Vasant Oasis, Makwana Road,
Marol, Andheri – East, Mumbai – 400059,
Maharashtra, India.
Tel: +91-22-62638200
Fax: +91-22-62638299
Email: rightsissue@bigshareonline.com
Website: www.bigshareonline.com
Investor's Grievances Email: investor@bigshareonline.com
Contact Person: Mr. Ashish Bhope
SEBI Registration Number: INR000001385

Statutory Auditors of our Company

M/s. Jain Pramod Jain & Co.

Chartered Accountants

F-591, Sarita Vihar

New Delhi - 110076

Tel: +91-11-41401901

Membership No: 010479

Firm Registration Number: 016746N

Contact Person: Mr. Pramod Kumar Jain

Email: jainpjco@gmail.com

Peer Review No: 009283

Banker(s) and Financial Institutions to the Company

IDBI Bank

Specialised Corporate Branch
Mittal Court, 224 'B' Wing, 2nd Floor, Nariman Point,
Mumbai – 400021, Maharashtra, India

Tel: +91-22-61279215

Fax: +91-22-61279324

Contact Person: Mr. Pruthviraj Tambde

Email ID: pruthviraj.tambde@idbi.co.in

ICICI Bank

Venture House, Fourth Floor,
SMEAG Department,
Appasahab Marathe Marg, Prabhadevi,
Mumbai-400025, Maharashtra, India

Tel: +91-22-49665207

Fax: +91-22-66538888

Contact Person: Mr. Nimit Malhotra

Email ID: nimit.malhotra@icicibank.com

SBI Bank

Commercial Branch, N. G. N. Vaidya Marg,
Horniman Circle, Fort, Mumbai – 400 023,
Maharashtra, India

Tel: +91-22-22665915

Fax: +91-22-22626474

Contact Person: Mr. Arbind Ranjan Sahay

Email ID: ar.sahay@sbi.co.in

EXIM Bank

Centre One Building, Floor 21, World Trade
Centre Complex, Cuffe Parade,
Mumbai- 400005, Maharashtra, India

Tel: +91-22-22160376

Fax: +91-22-22182572

Contact Person: Ms. Bakhtavar F Patel

Email ID: bakhtavar@eximbankindia.in

Rajasthan State Industrial Development & Investment Corporation Limited (RIICO)

Udyog Bhavan, Tilak Marg, C-Scheme, Jaipur – 302005,
Rajasthan, India.

Tel: +91-141-2227751

Fax: +91-141-2227266

Contact Person: Mr. DK Sharma

Email ID: riico@ricco.co.in

Banker(s) to Issue and Refund Bank

ICICI Bank Ltd

Capital Market Division,
1st Floor, 122 Mistry Bhavan,
Dinshaw Vachha Road, Backbay Reclamation,
Churchgate, Mumbai – 400020

Tel: +91-22-66818911/933/923/924

Fax: +91- 22-22662520

Contact Person: Mr. Saurabh Kumar

Email ID: kmr.saurabh@icicibank.com

CIN No: L65190GJ1994PLC021012

The Bankers to the issue and collection banks will be appointed prior to filing of Letter of Offer with the Stock Exchange.

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on www.sebi.gov.in.

Details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above-mentioned link.

Statement of responsibilities of the Lead Manager to the Issuer

Libord Advisors Private Ltd is the sole Lead Manager and its responsibilities are as follows:

Sr. No.	Activity
1.	Capital structuring with relative components and formalities such as type of instruments, etc.
2.	Drafting, design and distribution of the Letter of Offer, Abridged Letter of Offer, CAF, etc.
3.	Assistance in selection of various agencies connected with the Issue, namely Registrar to the Issue, Banker to the Issue, printers and advertising agency.
4.	Drafting and approval of all publicity material including statutory advertisements, corporate advertisements, brochures, corporate films, etc.
5.	liaisoning with the Stock Exchanges and SEBI, including for obtaining in-principle approval and completion of prescribed formalities with the Stock Exchanges and SEBI
6.	Post-Issue activities, which shall involve essential follow-up steps including finalisation of basis of allotment, listing of instruments and dispatch of certificates or demat credit and refunds, with the various agencies connected with the post-Issue activities such as Registrar to the Issue and Banker to the Issue.

Expert

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Auditor to include its name as an expert under Section 2(38) and Section 26(5) of the Companies Act in the Letter of Offer in relation to the report of the Auditors on audited financial statements dated 17th May, 2018. Our Company has also received written consent from Auditor, to include its name as an expert under Section 26(5) of the Companies Act in the Letter of Offer in relation to the report on statement of tax benefits dated March 25, 2019 and such consent has not been withdrawn as of the date of the Letter of Offer. The term “expert” and consent thereof does not represent an expert or consent within the meaning under the Securities Act, 1933 of the United States of America.

Debenture Trustee

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

Monitoring Agency

There is no requirement for a monitoring agency in terms of sub regulation (1) of Regulation 82 of SEBI ICDR Regulations, 2018 since the Issue size is less than 100 crores. However, as per the SEBI Listing Regulations, the audit committee appointed by the Board would be monitoring the utilization of the proceeds of the Issue.

Credit rating

As the Issue is a rights issue of Equity Shares, no credit rating is required.

Appraising Entity

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

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount received 15(fifteen) days from the issue closing date. If there is any delay in the refund of subscription amount of more than 8 (eight) days after our Company becomes liable to pay the subscription amount within (i.e. 15 (fifteen) after the Issue Closing Date), our Company and its Directors (who are officers in default) shall pay interest for the delayed period, at such rates as prescribed under Companies Act, 2013.

Principal Terms of Loans and Assets charged as security. For details in relation to the principal terms of loans and assets charged as security of our Company, please see the section “Financial Information” on page 62 of this Letter of Offer

Issue Schedule

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

<u>Issue Opening Date</u>	<u>Monday, July 8, 2019</u>
<u>Last Date for request for Split Application Forms</u>	<u>Monday, July 15, 2019</u>
<u>Issue Closing Date</u>	<u>Monday, July 22, 2019</u>

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

CAPITAL STRUCTURE

Our share capital and related information as on Date of the Letter of Offer, is set forth below:

(₹In Lakhs except share data)

Particulars	Aggregate Nominal Value	Aggregate Value at Issue Price
AUTHORISED SHARE CAPITAL		
1,35,00,000 Equity Shares of face value of ₹ 10 each	1350.00	-
30,25,000 Redeemable Preference Shares of face value of ₹ 100each	3025.00	-
	4375.00	
ISSUED, SUBSCRIBED AND FULLY PAID UP SHARE CAPITAL BEFORE THE ISSUE		
39,80,850 Equity Shares of ₹ 10each	398.08	-
23,07,500 10% Cumulative Redeemable Preference Shares of Rs. 100 each	2307.50	-
PRESENT ISSUE BEING OFFERED TO THE EQUITY SHAREHOLDERS THROUGH THE LETTER OF OFFER ⁽¹⁾		
38,16,818 Rights Equity Shares of face value ₹10 each at a premium of ₹ 55 i.e. at an Issue Price of ₹65 per equity share	381.68	2480.93
ISSUED, SUBSCRIBED AND FULLY PAID UP EQUITY SHARE CAPITAL AFTER THE ISSUE ⁽²⁾		
77,97,668 Equity Shares of ₹ 10 each	779.76	-
SECURITIES PREMIUM ACCOUNT		
Existing securities premium account	643.96	-
Securities premium account after the Issue ⁽³⁾	2743.21	-

- The Issue has been authorized by the Board of Directors under section 62(1) (a) of the Companies Act, 2013 in its meeting held on dated June 28, 2018 and February 9, 2019.*
- The present Issue of Equity Shares on a rights basis is in the ratio of 1 Rights Equity Shares for every 1 Equity Shares held by our existing equity shareholders on the Record Date June 20, 2019*
- Assuming full subscription for and allotment of the Rights Entitlement.*
- During the Financial Year 2017-18, the Company has forfeited 21000 Equity Shares and converted 4200 Equity shares from partly paid up to fully paid. The Intimation for the aforesaid event has been filed with the stock exchange.*

Notes to the Capital Structure

- Details of outstanding instruments:

Our Company does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of the Letter of Offer.

- Our Company does not have stock option scheme.

3. Build-up of Shareholding of the Company

Financial Year Ended	Nature of Allotment/Mode of Issue	No. of Equity Shares	Paid Up Capital at Face Value ₹ 10/-	Cumulative No. of Shares	Cumulative Paid Up Capital (In ₹)
1977-78	General	4,50,000	45,00,000	4,50,000	45,00,000
1978-79	Public Issue	1,70,000	17,00,000	1,70,000	62,00,000
1978-79	Public Issue	6,30,000	63,00,000	12,50,000	1,25,00,000
1990-91	Forfeiture of Shares I	20,250		12,29,750	1,25,00,000
1993-94				12,29,750	1,22,97,500
1994-95	Further Public Offer	22,37,500	2,22,25,000	34,67,250	3,45,22,500
1995-96			24,000	34,67,250	3,45,46,500
2008-09	Preferential Allotment	1,64,600	16,46,000	36,31,850	3,61,92,500
2012-13	Preferential Allotment	1,80,000	18,00,000	38,11,850	3,79,92,500
2013-14	Preferential Allotment	1,90,000	19,00,000	40,01,850	3,98,92,500
2017-18	Forfeiture of Shares II	21,000	-	39,80,850	3,97,87,500
				39,80,850	3,98,08,500

Note:

- The Company has forfeited 20,250 Equity Shares in the Financial Year 1990-91 and further 21,000 Equity Shares in financial Year 2017-18 Equity Shares of ₹10/- each.
- 4,200 No of equity shares (as partly paid up shares) at ₹ 5/- is been converted into fully paid up (4,200*5=21,000) as disclosed in above build up of shareholding.
- The current paid up capital is ₹ 3,98,08,500

4. The shareholding pattern of our Company as on March 31st 2019 is as follows:

- The table below presents the summary statement holding of specified securities as on March 31, 2019 is as follows:

Table I – Summary statement holding of specified securities as on March 31st,2019

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of Shares pledged or otherwise encumbered		No. of equity shares held in dematerialized form
							No.(a)	As a % of total Shares held(b)	
(A) Promoter & Promoter Group	9	20,07,679	20,07,679	50.43	20,07,679	50.43	5,86,400	29.21	20,07,679
(B) Public	7,819	19,73,171	19,73,171	49.57	19,73,171	49.57		0.00	17,05,693
(C1) Shares underlying DRs	-	-	-	0.00	0	0.00	0	0.00	-
(C2) Shares held by Employee Trust	-	-	-	0.00	0	0.00	0	0.00	-
(C) Non Promoter-Non Public	-	-	-	0.00	0	0.00	0	0.00	-
Grand Total	7,828	39,80,850	39,80,850	100	39,80,850	100	5,86,400	14.73	37,13,372

Table II- Statement showing shareholding pattern of our Promoter and Promoter Group as on March 31st, 2019 is as follows:

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
					No.(a)	As a % of total Shares held(b)	
A1) Indian				0		0	
Individuals/Hindu undivided Family	6	8,54,500	8,54,500	21.47	5,86,400	68.62	8,54,500
NAND GOPAL KHAITAN	1	100	100	0		0	100
DIPIKA SHROFF	1	2,31,150	2,31,150	5.81	1,49,150	64.53	2,31,150
SANJIV SHROFF	1	1,45,800	1,45,800	3.66	83,800	57.48	1,45,800
SHANKER LAL SHROFF	1	1,95,650	1,95,650	4.91	1,95,650	100	1,95,650
BIMLA DEVI SHROFF	1	1,57,800	1,57,800	3.96	1,57,800	100	1,57,800
AMEYA SHROFF	1	1,24,000	1,24,000	3.11		0	1,24,000
Any Other (specify)	3	11,53,179	11,53,179	28.97		0	11,53,179
MODERN FIBOTEX INDIA LIMITED	1	7,83,179	7,83,179	19.67		0	7,83,179
A S CHEMOTEX PRIVATE LIMITED	1	1,90,000	1,90,000	4.77		0	1,90,000
SUNRISE PRODUCERS PRIVATE LIMITED	1	1,80,000	1,80,000	4.52		0	1,80,000
Sub Total A1	9	20,07,679	20,07,679	50.43	5,86,400	29.21	20,07,679
A2) Foreign				0		0	
A=A1+A2	9	20,07,679	20,07,679	50.43	5,86,400	29.21	20,07,679

Table III - Statement Showing Shareholding Pattern of the Public Shareholder held as on March 31st, 2019 , is as follows:

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form(Not Applicable)
B1) Institutions	0	0		0		0	
Financial Institutions/ Banks	1	150	150	0	150	0	
Sub Total B1	1	150	150	0	150	0	
B2) Central Government/ State Government(s)/ President of India	0	0		0		0	
B3) Non-Institutions	0	0		0		0	
Individual share capital upto Rs. 2 Lacs	7659	928795	9,28,795	23.33	9,28,795	23.33	6,92,717
Individual share capital in excess of Rs. 2 Lacs	10	687891	6,87,891	17.28	6,87,891	17.28	6,87,891
BANSURI MRUGANKUMAR MEHTA	1	65473	65,473	1.64	65,473	1.64	65,473
BHARATI BHARAT DATTANI	1	66310	66,310	1.67	66,310	1.67	66,310
INDU BHANDARI	1	175005	1,75,005	4.4	1,75,005	4.4	1,75,005
KUSHAL JAYESH KHANDWALA	1	40779	40,779	1.02	40,779	1.02	40,779
MUKESH CHOURADIA	1	51737	51,737	1.3	51,737	1.3	51,737
RAJESH AGRAWAL	1	133246	1,33,246	3.35	1,33,246	3.35	1,33,246
SANGEETHA S	1	61090	61,090	1.53	61,090	1.53	61,090
Any Other (specify)	149	356335	3,56,335	8.95	3,56,335	8.95	3,25,085
Bodies Corporate	70	134497	1,34,497	3.38	1,34,497	3.38	1,33,847
Clearing Members	21	2297	2,297	0.06	2,297	0.06	2,297
Director or Director's Relatives	3	300	300	0.01	300	0.01	
IEPF	1	164032	1,64,032	4.12	1,64,032	4.12	1,64,032
Non-Resident Indian (NRI)	53	54209	54,209	1.36	54,209	1.36	23,909
Trusts	1	1000	1,000	0.03	1,000	0.03	1,000
Sub Total B3	7818	1973021	19,73,021	49.56	19,73,021	49.56	17,05,693
B=B1+B2+B3	7819	1973171	19,73,171	49.57	19,73,171	49.57	17,05,693

Table IV- Statement showing shareholding pattern of the Non-promoter – Non- public shareholder as on March 31st, 2019

Category & Name of the Shareholders(I)	No. of shareholder(III)	No. of fully paid up equity shares held(IV)	Total no. shares held(VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)(VIII)	Number of equity shares held in dematerialized form(XIV)(Not Applicable)
C1) Custodian/DR Holder	0	0		0	
C2) Employee Benefit Trust	0	0		0	

Table V –Details of disclosures made by the Trading Members holding more than 1% of the total no of the shares of our Company as on March 31st, 2019

Sl. No.	Name of the Trading Member	Name of the Beneficial Owner	No. of shares held	% of total no. of shares	Date of reporting by the Trading Member
-	NIL	NIL	NIL	NIL	NIL

Table VI -Details of Shareholders holding more than 1% of the total No. of Shares of Our Company as on dated 31st March, 2019

S. No	Name of the Shareholders	No. of Equity Shares Held	% of Total Share Capital
1	Dipika Shroff	2,31,150	5.81
2	Sanjiv Shroff	1,45,800	3.66
3	Shanker Lal Shroff	1,95,650	4.91
4	Bimla Devi Shroff	1,57,800	3.96
5	Ameya Shroff	1,24,000	3.11
6	Modern Fibotex India Limited	7,83,179	19.67
7	AS Chemotex Private Limited	1,90,000	4.77
8	Sunrise Producers Private Limited	1,80,000	4.52
9	Bansuri Mrugankumar Mehta	65,473	1.64
10	Bharati Bharat Dattani	66,310	1.67
11	Indu Bhandari	1,75,005	4.40
12	Kushal Jayesh Khandwala	40,779	1.02
13	Mukesh Chouradia	51,737	1.30
14	Rajesh Agrawal	1,33,246	3.35
15	Sangeetha S	61,090	1.53
16	Investor Education Protection Fund	1,64,032	4.12

- Intention and extent of participation by our Promoters and Promoter Group in the Issue: Our Promoters on behalf of other members of Promoter and Promoter Group have also confirmed that they intend to either through themselves or through other members of the Promoter and Promoter Group or through underwriters and /or investors: (i) subscribe to additional Equity Shares; and (ii) subscribe for unsubscribed portion in the Issue, if any, such that at least minimum subscription of 90% of the Issue is achieved.

Further, Our Promoters and Promoter Group reserve the right either through themselves or through underwriters and /or investors to additionally subscribe for any unsubscribed portion over and above minimum subscription in order to achieve full subscription in the Issue. Such subscription to additional Equity Shares and the unsubscribed portion, if any, may be subject to their shareholding not exceeding 75% of the issued, outstanding and fully paid up Equity Share capital in accordance with the provisions of the SEBI Listing Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

- None of our Promoters and Promoter Group have acquired any Equity Shares in the last one year immediately preceding the date of the Letter of Offer:
- The ex-rights price of the Equity Shares as per Regulation 10(4) (b) of the Takeover Regulations is ₹ 79.15 per Equity Share.

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. Redemption of Preference Shares.
2. General corporate purposes.

The existing activities of our Company are within the ambit of the main objects and the objects incidental or ancillary to the main objects of the Memorandum of Association.

Requirement of Funds

The details of the Net Proceeds are set forth in the following table:

		(₹ In Lakhs)
Particulars	Amount	
Gross proceeds from the Issue	2480.93	
Less: Issue Related Expenses	44.55	
Net Proceeds of the Issue	2436.38	

Means of Finance

Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Utilization of Net Proceeds

Our Company intends to utilize the Net Proceeds for the following objects:

		(₹ in lakhs)
S. No	Particulars	Estimated Amount
1	Redemption of Preference Shares	2307.50
2	General Corporate Purposes	128.88
	Total	2436.38

Schedule of Deployment

Our Company proposes to deploy the entire Net Proceeds in objects of issue as stated and described below.

Details of the Objects of the Issue

1. Redemption of Preference Shares

The below table provides the details of preference shares which are proposed to redeemed out of the Net proceeds on full basis:

S. No	Name of Preference Shareholders	No. of Preference Shares Held	Amount of Preference Shares	Date of Allotment	Interest	Redemption
1	A R Commercial Private Limited	1,25,000	1,25,00,000	17.01.2015	10% Cumulative	On Demand
2	A R Fibtex Private Limited	1,00,000 95,000	1,00,00,000 95,00,000	28.01.2011 26.03.2011	10% Cumulative	On Demand
3	A S Chemotex Private Limited	75,000	75,00,000	28.01.2011	10% Cumulative	On Demand

4	Modern Fibotex India Limited	52,000 10,000 6,000 82,000 25,000 72,000 8,000 5,00,000 3,25,000 2,77,500 1,00,000 90,000	52,00,000 10,00,000 6,00,000 82,00,000 25,00,000 72,00,000 8,00,000 5,00,00,000 3,25,00,000 2,77,50,000 1,00,00,000 90,00,000	28.03.2002 31.10.2002 31.10.2002 29.04.2006 28.01.2011 24.03.2011 26.03.2011 31.03.2011 07.03.2013 30.03.2013 01.03.2014 17.01.2015	10% Cumulative	On Demand
5	Sunrise Producers Private Limited	75,000	75,00,000	28.01.2011	10% Cumulative	On Demand
6	Shri Madan Gopal Rathi	25,000	25,00,000	17.01.2015	10% Cumulative	On Demand
7	Smt Beena M. Rathi	25,000	25,00,000	17.01.2015	10% Cumulative	On Demand
8	Smt. Bimla Devi Shroff	10,000	10,00,000	26.03.2011	10% Cumulative	On Demand
9	Sanjiv Shroff HUF	5,000	5,00,000	17.01.2015	10% Cumulative	On Demand
10	Shanker Lal Sanjiv Shroff HUF	10,000	10,00,000	17.01.2015	10% Cumulative	On Demand
11	Shri Rahul Shroff	20,000 20,000	20,00,000 20,00,000	17.01.2015 26.03.2011	10% Cumulative	On Demand
12	Shri Shankar Lal Shroff	60,000	60,00,000	28.03.2002	10% Cumulative	On Demand
13	Shri Sanjiv Shroff	1,04,000 11,000	1,04,00,000 11,00,000	28.03.2002 31.01.2003	10% Cumulative	On Demand
	Total	23,07,500	23,07,50,000			

(Note: The Amount paid up per share is ₹ 100/-. All the dividends till date have been paid and there is no cumulative dividend outstanding as on date against the preference shares)

Few preference shareholders from above list also hold equity shares of Company and are entitled to apply for equity shares on rights basis. Our Company has received consents letters dated 22 March 2019 from preference shareholders to adjust their redemption proceeds of their preference shares held by them. Subsequently, no fresh Issue proceeds would be received by our Company to such extent.

In case of any surplus after utilization of the Issue Proceeds post redemption, our Company may use such surplus towards General Corporate Purposes subject to total utilization not exceeding 25% of the gross proceeds of the Issue.

2. General corporate purposes

Our Company proposes to use ₹ 128.88 lakhs towards general corporate purposes, being not exceeding 25% of the gross proceeds of the Issue.

Our Board will have flexibility in applying the amount towards general corporate purposes, including repayment of outstanding loans, meeting our working capital requirements, capital expenditure, funding our growth opportunities, including strategic initiatives, meeting expenses incurred in the ordinary course of business including salaries and wages, administration expenses, advertisement, brand building expenses, insurance related expenses, meeting of exigencies which our Company may face in course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act. Our management will have flexibility in utilizing any amounts for general corporate purposes in accordance with policies of our Board. The quantum of utilization of funds towards any of the purposes mentioned above will be determined by the Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.

Issue related expenses

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

Particulars	Amount (₹ in Lakhs) *	As a percentage of total Issue Expenses*	As a percentage of Issue Size*
Fees of the Lead Manager, Bankers to the Issue, Registrar to the Issue, Legal Advisor, Auditor's Fees, including out of pocket expenses, regulatory fees, filing fees, listing fees and other miscellaneous expenses	38.90	87.32%	1.57%
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	5.65	12.68%	0.23%
Total Estimated Issue Expenses	44.55	100.00%	1.80%

Interim use of funds

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board of Directors.

Our Company confirms that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not use the Net Proceeds for any investment in the equity markets.

Bridge Financing Facilities

Our Company has currently not raised any bridge loan towards any of the stated objects of the Issue as on the date of the Letter of Offer, which are proposed to be repaid from the Net Proceeds. However, depending on business requirements, our Company might consider raising bridge financing facilities, pending receipt of the Net Proceeds.

Appraising Entity

None of the objects of the Issue for which the Net Proceeds will be utilised have been appraised.

Monitoring of utilization of funds

Since the proceeds from the Issue are less than ₹10,000 lakhs, in terms of Regulation 16(1) of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for this Issue. As required under the SEBI Listing Regulations, the audit committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulation 18 of the SEBI Listing Regulations, we will disclose to the audit committee the uses/ applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Letter of Offer and place it before the audit committee. The said disclosure shall be made till such time that the Issue Proceeds have been fully spent. The statement shall be certified by our Auditor.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Letter of Offer. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Regulation 33 of the SEBI Listing Regulations and be published in the newspapers

simultaneously with the interim or annual financial results, after placing it before the audit committee in terms of Regulation 18 of the SEBI Listing Regulations

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Directors, Key Managerial Personnel and the members of our Promoter Group or Group Entities, except as stated above and in the ordinary course of business.

SECTION V – STATEMENT OF TAX BENEFITS

To

The Board of Directors,
Reliance Chemotex Industries Ltd
Village Kanpur, Post Box No. 73
Udaipur-313003; Rajasthan

AND

104, M.K Bhawan, 300, Shahid Bhagat Singh Road,
Fort Mumbai, Maharashtra, India
(Referred to as the “**Lead Manager**”)
Libord Advisors Private Ltd

Dear Sirs,

Sub: Proposed Rights Issue of Equity Shares of Reliance Chemotex Industries Ltd (“Company”) (the “Issuer”)

We, M/s. Jain Pramod Jain & Co Chartered Accountants., hereby report the possible tax benefits available to the Company and the Shareholders of the company under the Income Tax Act, 1961, as amended (the “IT Act”), in the enclosed statement.

Several of these tax benefits/consequences are dependent on the Company fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions.

This certificate may be relied upon by the legal counsel to the Issue and lead manager in relation to the Issue. We hereby consent to this certificate or extracts thereof being included in the Letter of Offer, Letter of Offer proposed to be filed by the Company with BSE Limited (**Stock Exchange**), Securities and Exchange Board of India (“**SEBI**”) and any other authorities and in any other material used in connection with the Issue. Further, we authorize you to deliver this certificate to SEBI or the Stock Exchanges or any other regulatory authority as required by law in connection with the Issue.

This certificate has been issued at the request of the Company for use in connection with the Issue.

Yours sincerely,

For M/s Jain Pramod Jain & Co
Chartered Accountants
Firm’s Registration No. FRN 016746N
By the hand of

Sd/-

P.K. Jain
Partner
Membership No.010479

Place : Mumbai

Date : March 25, 2019

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO RELIANCE CHEMOTEX INDUSTRIES LIMITED (“COMPANY”) AND TO ITS SHAREHOLDERS

1. Under the Income-tax Act, 1961 (“the Act”)

I. Special tax benefits available to the Company

There are no special tax benefits available under the Act to the Company.

II. General tax benefits available to the Company

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O received on the shares of any Indian company is exempt from tax. Such dividend is to be excluded while computing Minimum Alternate Tax (“MAT”) liability.
2. As per section 115BBD of the Act, the dividends received from a specified foreign company (i.e. where Indian company holds 26% or more of the equity share capital of foreign company) is taxable at the rate of 15% (plus applicable surcharge, education cess and secondary and higher education cess) under the Act.
3. As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:
 - a. Income received in respect of units of a Mutual Fund specified under clause (23D) of section 10; or
 - b. Income received in respect of units from the Administrator of the specified undertaking; or
 - c. Income received in respect of units from the specified company.

(Such income is to be excluded while computing MAT liability. However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be)
4. As per provisions of section 48 of the Act, long term capital gains (LTCG) arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government and Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015) and depreciable assets, is computed by deducting expenses incurred in relation to the transfer, the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
5. As per the provisions of section 50 of the Act, capital gain on the sale of an asset forming part of a block of assets in respect of which depreciation has been allowed under this Act shall be computed by reducing the net sales consideration from the block of asset. If the net sales consideration exceeds the written down value of the block of asset, such excess would result Short term capital gains (STCG). If the net sales consideration is less than the written down value of the block of assets and the block of assets has been wiped out as a result of sale of asset, then it would result in short term capital loss (STCL).
6. As per section 10(38) of the Act, LTCG arising from the transfer of a long-term capital asset being an equity share of the company, where such transaction has been entered into on a recognized stock exchange of India and is chargeable to Securities Transaction Tax (“STT”), will be exempt in the hands of the shareholder. However, LTCG on sale of equity shares in a company, will not be exempt if the transaction of acquisition, other than the acquisition notified by the Central Government, of such equity share has been entered on or after October 1, 2004 and such transaction has not been chargeable to STT. The Central Board of Direct Taxes (“CBDT”) has vide Notification no. F. No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity shares entered into on or after October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification. However, Income arising from transfer of long term capital asset being an equity share or unit of equity oriented fund or a unit of a business trust on or after 1st April 2018 shall be taxed at LTCG @10% in excess of Rs one lakh in year. Income by way of LTCG exempt under section 10(38) of the Act shall not be

reduced in computing the book profits for the purposes of computation of MAT under section 115JB of the Act.

7. In accordance with section 112 of the Act, LTCG on sale of capital assets to the extent not exempt under section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess) with indexation benefits. However, as per the proviso to section 112 of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero-coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following:
 - a. 20% (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed after indexation of the cost; or
 - b. 10% (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed without indexation.

(No deduction under Chapter VIA of the Act shall be allowed from such LTCG)
8. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a “long term specified asset”. A “long term specified asset” means any bond, redeemable after three years and issued on or after 1st day of April 2007 by the:
 - a. National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988; or
 - b. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956; or
 - c. Any other bond notified by central Government such as bonds issued on or after 15th day of June 2017 by power Finance Corporation Limited and bonds issued on or after 8th day of August 2017 by Indian Railway Finance Corporation Limited.

The total deduction with respect to investment in the long term specified assets restricted to Rs. 50 lakhs, whether invested during the financial year in which the asset is transferred or subsequent year. Where the “long term specified asset” is transferred or converted into money within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer/ conversion.
9. As per section 111A of the Act, STCG arising to the Company from the sale of an equity share or a unit of an equity oriented fund or a unit of business trust, where such transaction is chargeable to STT will be taxable at the rate of 15% (plus applicable surcharge, education cess and secondary and higher education cess.) Further, STCG as computed above that are not liable to STT would be subject to tax as calculated under the normal provisions of the Act. No deduction under Chapter VIA of the Act shall be allowed from such STCG.
10. As per section 32(I)(iia) of Act, where any new machinery or plant (other than ships and aircraft) has been acquired and installed after the 31st day of March, 2005, by an assessee engaged in the business of manufacture or production of any article or thing or the business of generation, transmission or distribution of power, a further sum equal to twenty per cent of the actual cost of such machinery or plant shall be allowed as deduction, subject to certain conditions.
11. The Company is entitled to a deduction under section 80G of the act either for whole of the sum paid as donation to specified funds or institution or 50% of sums paid, subject to limits and conditions as provided in section 80G of the Act.
12. As per the provisions of section 80JJAA of the Act, the Company can claim a deduction of 30% of additional wages paid to the new regular workmen employed by the Company for three assessment years starting with the year in which the employment is provided subject to such conditions specified in section 80JJAA of the Act.
13. As per section 115JJAA(IA) of the Act, credit is allowed in respect of any MAT paid under section 115JB of the Act for any assessment year commencing on or after 1st day of April 2006. Tax credit to be allowed shall be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. The MAT credit is allowed to be set-

off in the subsequent years to the extent of difference between MAT payable and the tax payable as per the normal provisions of the Act for that assessment year. The MAT credit shall not be allowed to be carried forward beyond fifteenth assessment year immediately succeeding the assessment year in which tax credit become allowable.

III. General tax benefits available to Resident Shareholders

1. As per Section 10(34) of the Act, any income by way of dividends referred to in section 115-O received on the shares of any Indian company is exempt from tax.
2. However, as per section 115BBDA of the Act, income by way of dividend in excess of Rs. 10 lakhs shall be chargeable to tax in the case of an assessee other than a domestic company, a fund or institution or trust or any university or other educational institutions or any hospital or other medical institution referred to in section 10(23C)(iv), 10(23C)(v), 10(23C)(vi), 10(23C)(via), a trust or institutions registered under section 12A or section 12AA, who is resident in India, at the rate of ten percent (plus applicable surcharge, education cess and secondary and higher education cess).
3. Also, section 14A of the Act restricts the claim for deduction of expenses incurred in relation to exempt income. Thus, any expense incurred to earn exempt dividend income is not an allowable expenditure.
4. As per section 10(38) of the Act, LTCG arising from the transfer of a long-term capital asset being an equity share of the company, where such transaction has been entered into on a recognized stock exchange of India and is chargeable to STT, will be exempt in the hands of the shareholder.

(However, LTCG on sale of equity shares in a company, will not be exempt if the transaction of acquisition, other than the acquisition notified by the Central Government, of such equity shares had been entered on or after October 1, 2004 and such transaction has not been chargeable to STT. The CBDT has vide notification no. F. No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity shares entered into on or after October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification)

5. In accordance with section 112 of the Act, LTCG to the extent not exempt under section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess) with indexation benefits. However, as per the proviso to section 112 of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero-coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following: -
 - a. 20% (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed after indexation of the cost; or
 - b. 10% (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed without indexation
 (No deduction under Chapter VIA of the Act shall be allowed from such LTCG)
6. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a Long-Term Capital Asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a “long term specified asset”.

A “long term specified asset” means any bond, redeemable after three years and issued on or after 1st day of April 2007 by the:

- a. National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988; or
- b. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956; or
- c. Any other bond notified by Central Government such as bonds issued on or after 15th day of June 2017 by Power Finance Corporation Limited and bonds issued on or after 8th day of August 2017 by Indian Railway Finance Corporation Limited. (The total deduction with

respect to investment in the long term specified assets is restricted to Rs 50 lakhs, whether invested during the financial year in which the asset is transferred or subsequent year. Where the “long term specified asset” is transferred or converted into money within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer/ conversion)

7. As per section 54F of the Act, LTCG [in case not covered under section 10(38)] arising on the transfer of the shares of the company held by an Individual or Hindu Undivided Family (“HUF”) will be exempt from capital gains tax if the net consideration is utilized to purchase or construct one residential house in India. The residential house is required to be purchased within a period of one year before or two years after the date of transfer or to be constructed within three years after the date of transfer.
8. As per section 54EE of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of any long term capital asset would be exempt from tax, if the sale consideration is invested within six months of the transfer, in units of a specified fund, issued before April 1, 2019 of such funds as may be notified by the Central Government. The total deduction with respect to investment in the long term specified assets is restricted to Rs. 50 lakhs when invested during the financial year in which the asset is transferred or subsequent year. Further, such units need to be held for a period of three years to avail the exemption.
9. As per section 111A of the Act, STCG arising from the sale of equity shares of the company, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge, education cess and secondary and higher education cess). Further, STCG as computed above that are not liable to STT would be subject to tax as calculated under the normal provisions of the Act. No deduction under Chapter VIA of the Act shall be allowed from such STCG.
10. On facts of the case, where the investment in equity shares is considered as “stock-in-trade”, the income on transfer of such equity shared would be chargeable under the head “Profits or gains from business or profession”.
11. Under section 36(1)(xv) of the Act, the amount of STT paid by an assessee in respect of taxable securities transaction offered to tax as “profits and gains of Business or profession” shall be allowable as a deduction against such Business Income.
12. Under section 56(2)(x) of the Act and subject to exception provided therein, if any person receives from any person, any property, including, inter alia, share of a company, without consideration or for inadequate consideration, the following shall be treated as ‘Income from other sources’ in the hands of the recipient:
 - a. Where the shares are received without consideration, aggregate Fair Market Value (“FMV”) exceeds Rs. 50,000/-, the whole FMV;
 - b. Where the shares are received for a consideration less than FMV but exceeding Rs. 50,000/-, the aggregate FMV in excess of the consideration paid.
 (Rule 11UA of the Income-tax Rules, 1962 (“the Rules” provides for the method for determination of the FMV of various properties)

IV. General tax benefits available to Non- Resident Shareholders

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O received on the shares of any Indian company is exempt from tax.
2. As per section 10(38) of the Act, LTCG arising from the transfer of a long-term capital asset being an equity share of the company, where such transaction has been entered into on a recognized stock exchange of India and is chargeable to STT, will be exempt in the hands of the shareholder.
(However, LTCG on sale of equity shares in a company, will not be exempt if the transaction of acquisition, other than the acquisition notified by the Central Government, of such equity share has been entered on or after October 1, 2004 and such transaction has not been chargeable to STT. The CBDT has vide Notification No. F. No. 43/2017 dated June 5, 2017 notified all

transactions of acquisition of equity shares entered into on or after October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification.)

3. As per section 112 of the Act, LTCG to the extent not exempt under section 10(38) of the Act, would be subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess) after giving effect to the first proviso to section 48 of the Act. If the tax payable on transfer of listed securities exceeds 10% (plus applicable surcharge, education cess and secondary and higher education cess) of the LTCG, the excess tax shall be ignored for the purpose of computing tax payable by the assessee. (No deduction under Chapter VIA of the Act shall be allowed from such LTCG.)
4. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a Long-Term Capital Asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a “long term specified asset”.

A “long term specified asset” means any bond, redeemable after three years and issued on or after 1st day of April 2007 by the:

- a. National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988; or
- b. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956; or
- c. Any other bond notified by Central Government such as bonds issued on or after 15th day of June 2017 by power Finance Corporation Limited and bonds issued on or after 8th day of August 2017 by Indian Railway Finance Corporation Limited.

(The total deduction with respect to investment in the long term specified assets is restricted to Rs. 50 lakhs, whether invested during the financial year in which the asset is transferred or subsequent year. Where the “long term specified asset” is transferred or converted into money within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer/ conversion)

5. As per section 54EE of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of any long term capital asset would be exempt from tax, if the sale consideration is invested within six months of transfer, in units of a specified fund, issued before April 1, 2019, of such funds as may be notified by the Central Government. The total deduction with respect to investment in the long term specified assets is restricted to Rs.50 lakhs when invested during the financial year in which the asset is transferred or subsequent year. Further, such units need to be held for a period of three years to avail the exemption.
6. As per section 54F of the Act, LTCG [in cases not covered under section 10(38)] arising on the transfer on the shares of the company held by an Individual or HUF will be exempt from capital gains tax, if the net consideration is utilized to purchase within a period of one year before or two years after the date of transfer or to be constructed within three years after the date of transfer
7. As per section 111A of the Act, STCG arising from the sale of equity shares of the Company, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge, education cess and secondary and higher education cess). Further, STCG as computed above that are not liable to STT would be subject to tax as calculated under the normal provisions of the Act. No deduction under Chapter VIA of the Act shall be allowed from such STCG.
8. On facts of the case, where the investment in equity shares is considered as “stock-in-trade”, the income on transfer of such equity shares would be chargeable under head “Profits or gains from business or profession”.
9. Under section 36(1)(xv) of the Act, the amount of STT paid by an assessee in respect of taxable securities transaction offered to tax as “Profits and gains of business or profession” shall be allowable as a deduction against such Business Income.
10. Under section 56(2)(x) of the Act and subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without

consideration or for inadequate consideration, the following shall be treated as ‘Income from other sources’ in the hands of the recipient:

- a. Where the shares are received without consideration, aggregate Fair Market Value (“FMV”) exceeds ₹ 50,000/-, the whole FMV;
- b. Where the shares are received for a consideration less than FMV but exceeding ₹ 50,000/-, the aggregate FMV in excess of the consideration paid.

(Rule 11UA of the Income-tax Rules, 1962 (“the rules”) provides for the method for determination of the FMV in excess of various properties)

Benefits under the Double Taxation Avoidance Agreement (“DTAA”)

11. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA, If any, between India and the country in which the non-resident in terms of such DTAA. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident.

(As per section 90(4) of the Act, the non-residents shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of their being a resident in any country outside India or specified territory outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the Act, the non-resident shall also be required to provide such other information as mentioned in Form 10F)

V. Special tax benefits available to non-Resident Indians

12. As per section 115E of the Act, in case of a shareholder being a non-resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions. LTCG on transfer of the shares of the Company (in case not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess), without any indexation benefits.
13. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long term capital asset being shares of the Company, which were acquired, or purchased with or subscribed to in, convertible foreign exchange, will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. Further, if the specified asset or saving certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such specified asset or savings certificates are transferred.
14. As per section 115G of the Act, non-resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per provisions of Chapter XVII-B of the Act.
15. As per section 115I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing a declaration along with his return of income for that assessment year under section 139 of the Act, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.
16. In a situation where the shareholder transfers the shares of the company, which are held as ‘long-term capital assets’ and such transaction is not covered by the provisions of section 10(38) of the Act as referred to earlier, the shareholder can consider availing the benefits as provided in sections 54F, 54EC and 54EE of the Act. Shareholders being individuals can consider the

conditions so stated in sections 54F, 54EC and 54EE of the Act and examine the availability of the benefits based on their individual tax position.

SECTION VI – HISTORY AND CERTAIN CORPORATE MATTERS

Brief Corporate History/Business of our Company

Our Company was incorporated as Public Limited Company under the Companies Act, 1956 in the name of ‘Reliance Chemotex Industries Ltd’ vide a certificate of incorporation dated August 23, 1977 issued by Registrar of Companies, Mumbai, Maharashtra (“RoC”). and in the business of manufacturing Synthetic Yarn, and blended yarn which categorized as home furnishing yarns, industrial yarns and apparel yarns. Though it also conceives, develops and manufactures unique, value-added, synthetic ring-spun yarns to serve the most discerning weavers and knitters around the world. Its ascent to the pinnacle as of one of the most-revered Indian spinners of synthetic, blended yarns has not been sudden; rather it has been strategically built upon creative product development, a highly flexible and consumer-centric marketing ideology, a recruiting philosophy that values long-term commitment and perhaps most importantly, an unconditionally strong value system.

The company’s plant is set up in Udaipur, Rajasthan and currently operates 53,280 spindles and a high temperature/high pressure fibre dyeing unit. It manufactures 100% Polyester, 100% Viscose, 100%Acrylic, 100% Bamboo Viscose as well as Polyester / Viscose, Polyester / Acrylic, Polyester / Viscose /Acrylic blended yarns which are used for knitting, weaving, upholstery, carpet, medical and other industrial end-uses.

Change in Registered Office of the Company

Date of Change in Registered Office	Old Address	New Address	Reason for Change
20 February, 1980	27, Jolly Maker Chambers No.2, Nariman Point, Mumbai – 400021, Maharashtra, India	Village Kanpur, Post Box No. 73, Udaipur-313003; Rajasthan, India	Administrative Convenience

Currently the registered office of the Company is situated at Village Kanpur, Post Box No. 73, Udaipur-313003; Rajasthan, India. In, 1979, our Company had made an initial public offer. At present the equity shares of our Company are listed on BSE.

The Corporate Identification Number (CIN) of the Company is L40102RJ1977PLC001994.

Corporate Structure of our Company

Our Company does not have any holding company, subsidiary company or associate company.

Main Objects of our Company

The main objects of our Company, as contained in our Memorandum of Association, are as follows:

- To carry on the business of spinners, weavers, manufacturers, ginner, processors, packers and balers of cotton, jute, hemp, silk, artificial silk, linen, rayon, nylon, manmade synthetic fibres and yarns, staplefibres, wool waste droppings, and any other fibrous material and the cultivation thereof, and the business of weaving or otherwise manufacturing, bleaching, printing, processing and selling yarn, cloth, linen and other goods and fabrics whether textile, felted, knitted or looped.*
- To carry on the business of buying, selling, importing, exporting and dealing cotton, silk, art silk, rayon, man-made synthetic fibres, staple fibres, wool, hemp and other fibrous materials, yarn, cloth, linen, rayon and other goods or merchandise made therefrom.*
- To carry on the business of bleachers, dyers, printers, makers of vitriol, bleaching and dyeing materials and to transact all manufacturing or curing and preparing processes.*
- To generate, harness, develop, accumulate, distribute and supply electricity by setting up power plants by use of liquid, gaseous or solid fuels for the purpose of light, heat, motive power and for all other purpose for*

which electric energy can be employed, to carry on and generate power supply either by hydro, thermal, gas, diesel oil, furnace oil or through renewable energy sources such as solar, photovoltaic, wind mill and or any other means. To transmit, distribute supply and sell such power either directly or through transmission lines and facilities of central/state Governments, other consumers of electricity including for captive consumption for any industrial project promoted by this company, promoter companies or promoters and generally to develop, generate, accumulate power at any other place or places and to transmit distribute, sell and supply such power.

5. *To manufacture, buy, sell, import export and deal in chemicals, chemical compounds, chemical products, acids, alkalis, petrochemicals, chemical medicines, drugs, pharmaceuticals, antibiotics, tannin, tannin extracts, essences, solvents, plastics of all types, dyes, dye stuffs, intermediates, paints, varnishes, disinfectants, insecticides, fungicides, deodorants, biochemicals and sizing, bleaching and photographic material.*

Key Events and Milestones

Following are some of the key events and milestones in relation to our Company:

Calendar Year	Events
1977	The Company was incorporated as public limited company to set up a spinning mill in Udaipur, Rajasthan
1978	Our Company made a public issue of its equity shares and got the same listed on BSE (Bombay Stock Exchange)
1979	Commissioning of 12,480 spindles was completed and started production of “ Reliwool ” which was 100% Dyed Acrylic yarns for sweater knitting
1981	A new production line of 7200 spindles was commissioned to increase flexibility and product diversification
1983	Mr. Sanjiv Shroff joined RCIL and shifted company focus from domestic market to global frontiers
1987	For the first time started the export of viscose greige yarn.
1994	Further expanded the capacity by 4800 spindles to cater to the growing market in export market.
2000	Conceptualised and developed multifold fibre dyed viscose yarns for artificial silk carpet industry.
2006	Our Company expanded capacity to produce greige and fibre-dyed chenille yarns for high end upholstery and carpet industry.
2008	Our Company extended its capacity and added additional 12480 spindles
2009	Our Company introduced polyester yarns under “ Lamigold ”, “Religold” and “Primus” trade names specifically targeted for artificial leather and laminated industry which was traditionally cotton based
2010	Mr Rahul Shroff, the first of the third generation of the Shroff family joined the business after completing his education from MIT (Massachusetts Institute of Technology) USA.
2012	Our Company added a new fully automated ultra-modern unit of 10080 spindles specifically producing high quality, fine count griegge knitting yarns.
2013	Mr Ameya Shroff inducted into the company after completing his education from MIT (Massachusetts Institute of Technology) USA. This completed the induction of second generation of the Shroff family in the business.
2017	Our Company adopted its new logo of a beautiful and noble peacock, a symbol of integrity, elegance and self-awareness depicting the true expression of company’s vision and underscoring the future aspirations of the company while remaining true to its longstanding ideals.

SECTION VII – OUR MANAGEMENT

Under the Articles of Association of our Company, our Company is required to have a minimum of 3 (three) directors and a maximum of 15 (fifteen) directors, unless otherwise determined by our Company through a special resolution and subject to the provisions of the Companies Act.

At present, the Board of our Company comprises of 9 (Nine) Directors, comprising 3 (three) executive directors, 3 (three) Non-executive Non-independent directors and 3 (three) Independent directors. The present composition of our Board of Directors and its committees are in accordance with the corporate governance requirements provided under the Companies Act, 2013 and SEBI Listing Regulations.

The following table sets forth details regarding our Board as of the date of the Letter of Offer:

Name, Date of Birth, Designation, Date of Expiration of the Current Term, Term, Occupation, DIN and Address	Nationality	Age (In Years)	Other Directorships
Ramadoss Srinivasan Designation: Chairman Term: 5 Years Occupation: Business DIN: 00235831 Date of Birth: 26.10.1946 Date of Expiration: 28.09.2019 Address: 19, Riveria Apartment, Crescent Avenue Road, Gandhi Nagar, Adya Road, Adyar Chennai-6000072	Indian	72	1. Volant Textiles Mills Limited
Mr. Sanjiv Shroff Designation: Managing Director Term: 3 Years Occupation: Business DIN: 00296008 Date of Birth: 17.05.1961 Date of Expiration: 31.08.2020 Address: 92, Maker Tower L, G.D Somani Marg, Cuffe Parade, Mumbai- 400005, Maharashtra, India	Indian	57	1. AS Chemotex Private Limited 2. Sunrise Cotton Industries Limited 3. A.R. Fibtex Pvt. Ltd 4. Spell Fashion Private Limited 5. Sunrise Producers Private Limited
Mr. Rahul Shroff Designation: Executive Director	Indian	30	1. AS Chemotex Private Limited 2. Sunrise Cotton Industries Limited 3. Spell Fashions Private Limited

Term: 3 Years Occupation: Business DIN: 02301693 Date of Birth: 31.12.1986 Date of Expiration: 25.09.2021 Address: 92, Maker Tower L, G.D Somani Marg, Cuffe Parade, Mumbai- 400005 Maharashtra, India			4. Sunrise Producers Private Limited 5. Indo Textiles & Fibres Ltd.
Mr. Ameya Shroff Designation: Executive Director Term: 3 Years Occupation: Business DIN: 05315616 Date of Birth: 24.08.1990 Date of Expiration: 31.07.2019 Address: 92, Maker Tower L, G.D Somani Marg, Cuffe Parade, Mumbai- 400005 Maharashtra, India	Indian	28	1. AR Commercial Private Ltd 2. Spell Fashions Private Limited
Mr. Narayan Shroff Designation: Independent Director Term: 5 Years Occupation: Service DIN: 05207412 Date of Birth: 06.05.1937 Date of Expiration: 28.09.2019 Address: Basak Bhaban, P- 24C.I. T Housing Scheme XII, Maniktalla Main Road, Kolkata- 700054, West Bengal, India	Indian	81	NIL
Ms. Dipika Shroff Designation: Non - Executive Director and Non-Independent Director	Indian	56	1. AR Commercial Private Limited 2. Indo Textiles and Fibres Limited

Term: No fixed term but subject to retire by rotation Occupation: Business DIN: 00226941 Date of Birth: 27.10.1962 Date of Expiration: Not Applicable Address 18, New Road Alipore, Kolkata- 700027 West Bengal, India			
Mr. Nand Gopal Khaitan Designation: Non - Executive Director Non-Independent Director Term: No fixed term but subject to retire by rotation Occupation: Professional DIN: 00020588 Date of Birth: 21.05.1951 Date of Expiration: Not Applicable Address: 3, Queens Park, Ballygunge, Kolkata – 700019, West Bengal, India	Indian	67	1. Mangalam Timber Products Ltd 2. Mangalam Cement Ltd 3. India Power Corporation Limited 4. HSIL Limited 5. JK Lakshmi Cement Limited 6. Chase Bright Steel Limited 7. Xenis Servis Pvt Ltd 8. Ushodaya Marketing Pvt Ltd 9. Rowdon Business Pvt Ltd 10. Srijan Vinimay Private Limited
Mr. Kishori Lal Sonthalia Designation: Independent Director Term: 5 years Occupation: Retired Professional DIN: 00899958 Date of Birth: 12.10.1937 Date of Expiration: 28.09.2019 Address: 501, Victoria Building B/24, Shastri Nagar, Off JP Road, Andheri (W), Mumbai – 400058, Maharashtra, India	Indian	81	1. Gopala Polyplast Ltd 2. Jai Amaani Vyapaar Private Limited 3. Spell Fashions Private Limited

Mr. Ram Niwas Sharma Designation: Non-Executive Director Non-Independent Director Term: No fixed term but subject to retire by rotation Occupation: Service DIN: 00368947 Date of Birth: 29.12.1947 Date of Expiration: Not Applicable Address: D-902,La Lagune, Golfcorse Road, Near Suncity,Sector-54,Chakarpur(74) Gurgaon 122002, Haryana, India.	Indian	71	1. Spell Fashions Pvt Limited 2. Arnit Syntex Private Limited
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Relationship between the Directors

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

S. No	Name	Designation	Relationship with other Directors
1	Mr. Sanjiv Shroff	Managing Director	Husband of Ms. Dipika Shroff and Father of Mr. Rahul Shroff and Mr. Ameya Shroff
2	Mr. Rahul Shroff	Executive Director	Son of Mr. Sanjiv Shroff and Ms. Dipika Shroff and Brother of Mr. Ameya Shroff
3	Mr. Ameya Shroff	Executive Director	Son of Mr. Sanjiv Shroff and Ms. Dipika Shroff and Brother of Mr. Rahul Shroff
4	Ms. Dipika Shroff	Non-Executive Director	Wife of Mr. Sanjiv Shroff and Mother of Mr. Rahul Shroff and Mr. Ameya Shroff

Brief Biographies of the Directors

Mr. Ramadoss Srinivasan, aged 72 years is a Chairman of our Company. He possesses B.sc (AMII) chem, DFM from IMD Business School at Lausanne, Switzerland. He has retired from IDBI Bank as General Manager in 2005. During his tenure he has managed more than 400 corporate accounts in textiles/fabrics segment.

Mr. Sanjiv Shroff, aged 57 years is Managing Director of Our Company since 1988. He is the promoter of company and joined organization in the year 1983. He possesses a Bachelor Degree in chemistry honours from Calcutta University. His thorough operational expertise, extraordinary industry insight and uncompromising value system have moulded Reliance Chemotex into the widely-respected organisation.

Mr. Rahul Shroff, aged 32 years is Executive Director of our Company. He possesses (ME) Master of Engineering in Electrical Engineering & Computer Science, BS (Bachelor in Science) in Management, and BS (Bachelor in science) in Electrical Engineering Computer Science from MIT (Massachusetts Institute of Technology), USA. He joined organization in the year 2010 and has been instrumental in streamlining the company's manufacturing processes with a specific emphasis on lean ideologies, analytical reasoning and increased flexibility.

He has been driving force behind the organisation's focus on diversifying into quality-conscious industrial and medical textile markets.

Mr. Ameya Shroff, aged 28 years is Executive Director of our Company. He possesses (ME) Master of Engineering in Electrical Engineering & Computer Science, BS (Bachelor in Science) in Management, and BS (Bachelor in science) in Electrical Engineering&Computer Science from MIT (Massachusetts Institute of Technology), USA. He joined organization in the year 2013 revamped the administrative framework of the organisation, by keenly focussing on enterprise resource planning, inventory management and stores procurement. He has given a new direction to the company's domestic marketing, enabling it to minimise its reliance on volatility-stricken commodity products.

Mr. Nand Gopal Khaitan, aged, 67 years is Non-Executive & Non-Independent Director of the Company. He passed his attorney ship examination from Calcutta High Court in the year 1974. He is practising as Attorney and Advocate in the Hon'ble Calcutta High Court and Hon'ble Supreme Court of India and has more than 40 years' experience in the legal profession. He is a senior partner of Khaitan & Co based in Kolkata. He has varied experience in all aspects of law and more particularly, Real Estate, Corporate laws and has handled important litigations covering different branches of law including Mergers and Acquisition, Restructuring and Demergers. He is into the role of advisory and consulting.

Mr. Ram Niwas Sharma, aged 71 years is Non-Executive & Non-Independent Director since 2016, prior from 1999 to 2016 He served as whole time director of the company. He possesses Bachelor's Degree in textile technology from TIT, Bhiwani, Haryana. He has 46 years of experience in textile industry. He is into the role of advisory and consulting with respect to company/industry expansion plans.

Mr. Narayan Shroff, aged 81 years is an Independent Director of the Company. He possesses bachelor degree in commerce and has 40 years of experience across various industries. He is into the role of advisory and consulting.

Ms. Dipika Shroff, aged 56 years is Non-Executive & Non-Independent Director of the Company. She possesses (BA) Bachelor's in Arts in Economics and Sociology and Minor in Political Science from St. Xavier's College, Mumbai University. She is into the role of advisory with respect to business operations of the company.

Mr. Kishori Lal Sonthalia, aged 81 years is an Independent Director of our Company. He possesses Bachelor's Degree in Commerce and into the advisory role of strategic planning, project implementation, business operations. Previously he was a Whole Time Director of our Company for more than 12 years advising the company in strategic planning, project implementation and business operations.

Terms of Appointment of Mr. Sanjiv Shroff as Managing Director of the Company

Pursuant to the resolution passed by the Board of Directors of our Company at the meeting held on May 27, 2017 and the resolution passed by the Shareholders of our Company in the meeting held on August 28, 2017, Mr. Sanjiv Shroff was re-appointed as Managing Director of our Company for a period of 3 (three years with effect from September 1, 2017 up to August 31, 2020). The details of maximum remuneration payable to him are as under:

S. No	Particulars
1	Salary: ₹ 4,00,000/- (Rupees Four Lakhs Per Month Only)
2	Perquisites and Other Allowances: He is entitled to perquisites in the form of furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, company maintained car, telephone and such other perquisites in accordance with Company's rule being restricted to ₹ 72,00,000/- (Seventy-Two Lakhs Rupees only) per annum.
3	Others: The contribution of our Company to the provident fund and superannuation fund or annuity fund, gratuity payment as per Company's rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on the remuneration and perquisites as aforesaid.

Terms of Appointment of Mr. Rahul Shroff as Executive Director of the Company

Pursuant to the resolution passed by the Board of Directors of our Company at the meeting held on August 13th, 2018, and the resolution passed by the Shareholders of our Company in the meeting held on, Mr. Rahul Shroff was re-appointed as Executive Director of our Company for a period of 3 (three) years with effect from September 26, 2018 up to September 25, 2021. The details of maximum remuneration payable to him are as under:

S. No	Particulars
1	Salary: ₹ 3,15,000/- (Rupee Three Lakhs Fifteen Thousand Per Month Only)
2	Perquisites and Other Allowances: He is entitled to perquisites in the form of furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, company maintained car, telephone and such other perquisites in accordance with Company's rule being restricted to ₹ 82,20,000/- (Rupees Eighty-Two Lakhs Twenty Thousand Rupees Only) per annum.
3	Others: The contribution of our Company to the provident fund and superannuation fund or annuity fund, gratuity payment as per Company's rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on the remuneration and perquisites as aforesaid.

Terms of Appointment of Mr. Ameya Shroff as Executive Director of the Company

Pursuant to the resolution passed by the Board of Directors of our Company at the meeting held on May 24, 2016 and the resolution passed by the Shareholders of our Company in the meeting held on September 12, 2016, Mr. Ameya Shroff was re-appointed as Executive Director of our Company for a period of 3 (three years with effect from August 1, 2016 up to July 31, 2019). The details of maximum remuneration payable to him are as under:

S. No	Particulars
1	Salary: ₹ 2,75,000/- (Two Lakhs Seventy-Five Thousand Rupees Per Month Only Rupees)
2	Perquisites and Other Allowances: He is entitled to perquisites in the form of furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, company maintained car, telephone and such other perquisites in accordance with Company's rule being restricted to ₹ 87,00,000/- (Rupees Eight Seven Lakhs Rupees Only) per annum
3	Others: The contribution of our Company to the provident fund and superannuation fund or annuity fund, gratuity payment as per Company's rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on the remuneration and perquisites as aforesaid.

Past Directorship in the listed Companies

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

Other confirmations

We have not entered into any service contracts with our Directors for providing benefits upon termination of employment.

As of the date of the Letter of Offer, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which we have appointed any of our Directors or member of senior management.

DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

Neither our Company, nor our Promoter, Promoter group or any of our Directors are or have been categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

SECTION VIII – FINANCIAL INFORMATION

Particulars	Page Nos.
Standalone Audited Financial Statements for the Year Ended 31 st March, 2019 (Independent Auditor's Report)	62 – 95

INDEPENDENT AUDITORS' REPORT

To the Members of RELIANCE CHEMOTEX INDUSTRIES LTD.
Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of RELIANCE CHEMOTEX INDUSTRIES LIMITED ("the Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	Auditors' Response
1.	Evaluation of contingent Liability of Income Tax The Company has contingent Liability of Income Tax of Rs. 154.44 Lacs for A.Y. 2011-12 Note No. 40(iii a)	Principal Audit Procedures We involved our Internal experts and they considered legal precedence and other ruling in evaluating management's position to consider the same as contingent liability.
2.	Recoverability of Export Incentive receivable AS at March 31, 2019 non-current assets of export incentive receivable of Rs. 439.85 Lacs are outstanding	Principal Audit Procedures We have involved our internal experts to review the nature of the amounts recoverable, the sustainability and the likelihood of recoverability

We have determined that there are no other key audit matter to communicate in each report



Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report 2018-19, but does not include the Standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

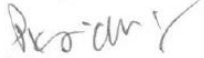
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the 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.
 - c) The Balance sheet, the statement of Profit and Loss, the cash flow statement and statement of Changes in Equity dealt with by this Report are in agreement with the books of account
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".



- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;
 - ii. As per information & explanation given to us the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amount, required to be transferred to the investor education and protection fund by the company.

For Jain Pramod Jain & Co.
Chartered Accountants
(Firm Registration No. 016746N)


(P.K.Jain)
Partner
Membership No. 010479



Camp: Mumbai

Date: 04.05.2019

Annexure 'A' to Independent Auditors' Report of Reliance Chemotex Industries Limited (Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) Fixed assets have been physically verified by the management according to the regular programme of periodical verification in phased manner designed to cover all items over a period of 3 years, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification;
- (c) The title deeds of immovable properties are held in the name of the company.
- ii. The inventories of the Company at all its locations (except stock in transit) have been physically verified by the management at reasonable intervals and the discrepancies which were noticed on physical verification of inventory as compared to book records were not material;
- iii. The Company has not granted any loan to companies, firms, or other parties covered in the Register maintained under section 189 of the Act. Therefore the provisions of clause 3 (iii) of the order are not applicable to the company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with provisions of section 185 and 186 of the Companies Act, 2013 with respect of loans, investments, guarantees and securities. .
- v. The Company has not accepted any deposit from public.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013 and are of the opinion that, prima-facie, prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate and complete;
- vii. (a) According to the information and explanations and records of the Company, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Goods and Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues for a period of more than six months from the date they became payable as on 31st March, 2019;
- (b) According to the records and information and explanations given to us, there are no dues in respect of custom duty and Goods and Service Tax that have



not been deposited on account of any dispute. In our opinion and according to the information and explanations given to us, the dues in respect of income tax or sales tax or service tax or excise duty or value added tax that have not been deposited with the appropriate authority on account of dispute and the forum where the dispute is pending are given below:

Name of Statute	Nature of Dues	Amount involved in Rs.	Period to which it relates to (Year ended)	Forum where matter is pending
Income tax Act 1961	Income Tax	1,54,33,480	F.Y. 2011-12	ITAT Kolkata
Service Tax Act	Service Tax	2,40,837	16.07.2017 to 16.10.2018	The Asst. commissioner Central Excise, Udaipur
Central Excise Act	Excise Duty	23,567	F.Y 1979-80	The Asst. Commissioner Central Excise, Udaipur
Central Excise Act	Excise Duty	63,10,184	F.Y 2012-13 to 2015-16	CESTAT(Department Appeal)

- viii. The Company has not defaulted in repayment of loans or borrowings to a financial institution, banks or government.
- ix. In our opinion the term loans have been applied for the purpose for which the loans were raised,
- x. Based upon the audit procedure performed and information and explanation given to us, we report that no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the course of our audit.
- xi. Managerial Remuneration has been paid or provided in accordance with the requisite approvals mandated by the provision of Section 197 read with schedule V of the Companies Act, 2013.
- xii. Provision of Nidhi Company is not applicable to the Company..
- xiii. According to the information and explanation give to us and based on our examination of the records of the company, all transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the financial statements, etc as required by the applicable accounting standard.
- xiv. The company has not made any preferential allotment or private placements of shares or fully or partly convertible debentures during the year under review.



- xv. The company has not entered into any non-cash transaction with Directors or persons connected with him.
- xvi. The company is not required to be registered under section 45-1A of the Reserve Bank of India Act 1934.

For JAIN PRAMOD JAIN & CO.
Chartered Accountants)
(FRN 016746 N)



P. K. Jain
(P. K. JAIN)
Partner
M. No. 010479

Camp: Mumbai
Date: 04.05.2019

Annexure B to the independent Auditors' report of even date on the standalone Financial Statement of **Reliance Chemotex Industries Limited .**

Report on the Internal Financial Controls under Clause (i) of sub –section 3 of section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of **Reliance Chemotex Industries Limited.** as at March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The company's Management is responsible for establishing and maintaining internal financial controls based on the Internal Control over financial reporting criteria established by the Company considering the essential components of Internal control stated in the Guidance Note on Audit of "the 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 Guidance note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standard on Auditing, issued by ICAI 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 and 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 statement, 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 details, accurately and fairly reflect the transactions and disposition of the assets of the company;(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitation 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 respect, an adequate internal financial controls systems over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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"

For Jain Pramod Jain & Co.
Chartered Accountants)
(Firm Registration No. 016746 N)



P.K. Jain

(P.K.Jain)
Partner

Membership No. 010479

Camp: Mumbai

Date: 04.05.2019

RELANCE CHEMOTEX INDUSTRIES LIMITED
BALANCE SHEET AS AT 31ST March 2019

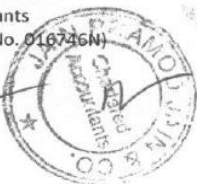
Particulars	Note No.	AS at 31.03.2019 (Rs. In Lacs)	AS at 31.03.2018 (Rs. In Lacs)
ASSETS			
(1) Non - current assets			
(a) Property, Plant and Equipment	1	13,732.02	14,308.97
(b) Investment - Property	2	214.42	218.11
(c) Other intangible assets	3	9.49	16.01
		13,955.93	14,543.09
(d) Financial assets			
(i) Investments	4	-	-
(ii) Loans	5	342.27	260.45
(iii) Others	6	31.32	-
		373.59	260.45
(2) Current assets			
(a) Inventories	7	3,787.84	4,145.02
(b) Financial Assets			
(i) Trade receivables	8	1,751.68	1,726.50
(ii) Cash and cash equivalents	9	12.76	22.88
(iii) Bank Balances	10	396.10	413.24
(iv) Others	11	700.04	507.07
(c) Current tax assets (net)	12	72.95	97.89
(d) Other current assets	13	756.28	1,060.44
		7,477.65	7,973.04
Total ASSETS		21,807.17	22,776.58
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	14	399.69	399.69
(b) Other Equity	15	6,289.21	6,641.98
		6,688.90	7,041.67
LIABILITIES			
(1) Non - current liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	5,032.10	5,170.32
(ii) Other financial liabilities	17	82.49	70.27
(b) Provisions	18	72.38	186.13
(c) Deferred tax liabilities (net)	19	1,974.62	1,039.73
		7,161.59	6,466.45
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	20	2,352.00	3,147.10
(ii) Trade payables	21		
- MSME		53.50	-
- OTHERS		3,534.50	3,570.39
(iii) Other financial liabilities	22	1,673.04	2,194.20
(b) Other current liabilities	23	259.97	314.89
(c) Provisions	24	83.67	41.88
		7,956.68	9,268.46
Total EQUITY AND LIABILITIES		21,807.17	22,776.58

Significant Accounting Policies and Notes
to Accounts (Note No. 34 to 50)

As per our Report of even date

For Jain Pramod Jain & Co.
Chartered Accountants
(Firm Registration No. 018746N)

P.K. JAIN
Partner
M.No. 010479



Place : Mumbai
Dated 04.05.2019

For & on behalf of Board of Directors

VIMAL TANK
Company Secretary
M.No. 22370

AMARINDER SINGH JASSAR
Chief Financial Officer

SANJIV SHROFF
Managing Director
DIN - 00296008

MAHUL SHROFF
Executive Director
DIN - 02301693

RELANCE CHEMOTEX INDUSTRIES LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2019

	Particulars	Note. No.	2018-2019 (Rs. In Lacs)	2017-2018 (Rs. In Lacs)
I	Revenue from operations	25		
II	Other income	26	32,319.32	28,545.65
III	Total income (I + II)		230.47	140.13
			32,549.79	28,685.78
IV	Expenses			
	Cost of Materials Consumed	27	18,654.95	15,972.93
	(Increase)/Decrease in Inventories of Finished Goods, Work-in-Progress etc.	28	73.92	(447.09)
	Employee Benefits Expense	29	3,758.52	3,675.06
	Finance Costs	30	1,307.18	1,237.94
	Depreciation and Amortisation Expense	31	670.97	739.35
	Excise Duty		-	90.72
	Other Expenses	32	7,280.59	7,335.39
	Total expenses		31,746.13	28,604.30
V	Net Profit before tax (III-IV)		803.66	81.48
VI	Tax expense	33		
	(1) Current Tax		334.00	108.00
	(2) Tax for earlier year		10.61	0.39
	(2) Deferred Tax		49.91	(254.48)
	(3) Mat Credit Entitlement		-	(32.20)
			394.52	(178.29)
VII	Net Profit for the year (V - VI)		409.14	259.77
VIII	Other comprehensive income			
A	(i) Items that will not be reclassified to (loss) or profit			
	i) Remeasurement (gain)/loss on defined benefit plan		(5.64)	31.60
	ii) Tax (i) above		1.88	(10.45)
IX	Total comprehensive Income for the period (VII+VIII)		405.38	280.92
X	Earnings per equity share			
	(1) Basic		10.28	6.53
	(2) Diluted		10.28	6.53

Significant Accounting Policies and Notes
to Accounts (Note No. 34 to 50)

As per our Report of even date
For Jain Pramod Jain & Co.
Chartered Accountants
(Firm Registration No. 016746N)

P.K. JAIN
Partner
M.No. 010479



VIMAL TANK
Company Secretary
M.No. 22370

AMARINDER SINGH JASSAR
Chief Financial Officer

SANJIV SHROFF
Managing Director
DIN - 00296008

RAHUL SHROFF
Executive Director
DIN - 02301693

For & on behalf of Board of Directors

Place : Mumbai
Dated 04.05.2019

RELIANCE CHEMOTEX INDUSTRIES LIMITED **STATEMENT OF CASH FLOW**

For the year ended 31.03.2019

Particulars	Year ended 31st March, 2019	Amount in Lacs Previous Year ended 31st March ,2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before exceptional items and tax as per statement of profit and loss		
Adjustments for:	803.66	81.48
Depreciation and amortization expenses		
Finance cost	670.97	739.35
Unrealised Exchange difference	1,308.30	1,237.94
Provision for doubtful debts	-	14.15
Interest income	54.89	-
Balances written back	(76.57)	(97.13)
(Profit)/ loss on sale of fixed assets (net)	(6.77)	(20.39)
	(0.23)	(2.19)
Operating profit before working capital changes	2,754.05	1,953.21
Adjustments for:		
(Increase)/decrease in trade & other receivables		
(Increase)/decrease in inventories	(79.87)	129.12
(Increase)/ Decrease in other current assets	357.18	(335.21)
(Increase)/ Decrease in other financial assets	304.16	(572.54)
Increase/ (Decrease) in other current financial liabilities	(306.11)	80.34
Increase/(decrease) in trade & other payables	(232.03)	(184.56)
Increase/ (Decrease) in other current liabilities	10.84	57.22
Increase/(decrease) in provisions	(54.92)	118.09
	(66.32)	(63.30)
Less: Direct taxes paid	(67.07)	1,182.37
	106.44	(108.00)
Net cash flows (used in)/ generated from operating activities after exceptional items	2,580.54	1,074.37
CASH FLOW FROM INVESTING ACTIVITIES:		
Inflows		
Sale proceeds of property, plant and equipment		
Interest received	0.32	4.17
Other Bank Balance	76.57	97.13
	(17.14)	6.85
Outflows		
Purchase of property, plant and equipment/ intangible assets		
	(83.88)	(118.74)
Net cash (used in) / generated from investing activities	(24.13)	(10.59)
CASH FLOW FROM FINANCING ACTIVITIES:		
Inflows		
Proceeds from issuance of Share Capital		
Proceeds from Premium on issue of Shares	-	0.21
Proceeds of short term borrowings (net)	-	0.63
	-	1,023.28
Outflows		
Repayment of long term borrowings		
Repayment of Short Term Borrowings	(415.12)	(857.07)
Dividend paid on Preference Share	(795.10)	-
Dividend distribution tax on Preference Share	(230.75)	(230.75)
Dividend and DDT paid on Equity Share	(47.43)	(46.98)
Interest paid	(47.99)	(47.86)
	(1,030.12)	(960.22)
Net cash (used in) / generated from financing activities	(2,566.51)	(1,118.77)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		
Add : Cash and cash equivalence at beginning of the year	(10.12)	(54.99)
Cash and cash equivalence at end of the year	22.88	77.86
Notes:	12.76	22.87
1 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.		
2. Cash and Cash equivalent as per above comprises of the following		
Balances with Banks		
- In Current Accounts		
- In Saving Accounts (against Employee's Security)	6.49	15.29
Cash on Hand	2.27	1.59
Balances as per statement of Cash Flows	4.00	5.99
	12.76	22.87

As per our Report of even date

For Jain Pramod Jain & Co.
Chartered Accountants
(Firm Registration No. 016746N)

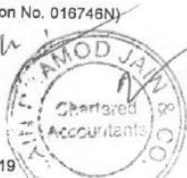
P.K. JAIN

Partner

M.No. 010479

Place : Mumbai

Dated: 04.05.2019



VIMAL TANK
Company Secretary
M.No. 22370

AMAR INDER SINGH JASSAR
Chief Financial Officer

SANJIV SHROFF
Managing Director
DIN - 00296008

RAHUL SHROFF
Executive Director
DIN - 02301693

For & on behalf of Board of Directors

RELIANCE CHEMOTEX INDUSTRIES LIMITED

Statement of Change in Equity for the year ended 31st March 2019

A. Equity Share Capital					
Particulars	Amount (Rs. in Lacs)				
Balance at 01.04.2017	399.48				
Movement during the year	0.21				
Balance at 31.03.2018	399.69				
Movement during the year	-				
Balance at 31.03.2019	399.69				
B. Other Equity					
Particulars	Amount(Rs. in Lacs)				
	Reserve and Surplus			Other Comprehensive	Total (Rs. In Lacs)
	Securities Premium	General Reserve	Retained Earning	Re-measurement Gain/Loss on defined Benefit Plans	
Balance as at 31st March 2017	643.33	644.79	5124.05	(3.88)	6408.29
Profit for the year	-	-	259.77	-	259.77
Premium Received during the year	0.63	-	-	-	0.63
Other comprehensive income for the year	-	-	-	21.15	21.15
Final Dividend and Tax	-	-	(47.86)	-	(47.86)
Balance as at 31st March 2018	643.96	644.79	5335.96	17.27	6641.98
Profit for the year	-	-	409.14	-	409.14
Deferred Tax of earlier year	-	-	(710.16)	-	(710.16)
Other comprehensive income	-	-	-	(3.76)	(3.76)
Financial Dividend & Tax	-	-	(47.99)	-	(47.99)
Balance as at 31st March 2019	643.96	644.79	4986.95	13.51	6289.21

As per our Report of even date
For Jain Pramod Jain & Co.
Chartered Accountants
(Firm Registration No. 016746N)

P.K. JAIN
Partner
M.No. 010479



VIMAL TANK
Company Secretary
M.No. 22370

AMARINDER SINGH JASSAR
Chief Financial Officer

SANJIV SHROFF
Managing Director
DIN - 00296008

RAHUL SHROFF
Executive Director
DIN - 02301693

Place : Mumbai
Dated 04.05.2019

For & on behalf of Board of Directors

NOTES TO FINANCIAL STATEMENTS
NOTE NO.1

PROPERTY, PLANT AND EQUIPMENT

	Free Hold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block								
Cost as at 1st April, 2017	350.00	3974.27	3250.48	7066.97	179.34	135.09	33.94	14990.09
Additions during the year	0.00	0.00	21.76	57.53	4.97	21.25	12.14	117.65
Deduction/Adjustment during the year	0.00	0.00	0.00	0.22	1.92	18.62	0.00	20.78
Balance as at 31st March, 2018	350.00	3974.27	3272.24	7124.29	182.38	137.71	46.08	15086.96
Additions during the year	0.00	0.00	11.14	54.63	7.00	0.00	10.02	82.79
Deduction/Adjustment during the year	0.00	0.00	0.00	0.00	1.72	0.00	0.00	1.72
Balance as at 31st March, 2019	350.00	3974.27	3283.38	7178.92	187.66	137.71	56.10	15168.03
Accumulated Depreciation								
Balance as at 1st April, 2017	0.00	68.95	0.00	0.00	0.00	0.00	0.00	68.95
Depreciation for the year	0.00	65.09	127.84	459.50	27.69	31.39	16.32	727.83
Deduction/Adjustment during the year	0.00	0.00	0.00	0.19	0.91	17.69	0.00	18.79
Balance as at 31st March, 2018	0.00	134.04	127.84	459.31	26.78	13.70	16.32	777.99
Depreciation for the year	0.00	65.09	137.75	394.64	22.90	28.35	10.93	659.65
Deduction/Adjustment during the year	0.00	0.00	0.00	0.00	1.63	0.00	0.00	1.63
Balance as at 31st March, 2019	0.00	199.13	265.58	853.96	48.04	42.06	27.25	1436.01
Net Block								
Balance as at 31st March, 2018	350.00	3840.22	3144.40	6664.97	155.60	124.02	29.76	14308.97
Balance as at 31st March, 2019	350.00	3775.14	3017.79	6324.96	139.62	95.65	28.85	13732.01

('Rs. In Lacs')



NOTES TO FINANCIAL STATEMENTS
NOTE NO.2
INVESTMENT PROPERTY

	(`Rs. In Lacs)
Gross Block	Leasehold Land
Cost as at 1st April, 2017	225.73
Additions during the year	0.00
Deduction/Adjustment during the year	0.00
Balance as at 31st March, 2018	225.73
Additions during the year	0.00
Deduction/Adjustment during the year	0.00
Balance as at 31st March, 2019	225.73
Accumulated Depreciation	
Balance as at 1st April, 2017	3.92
Depreciation for the year	3.70
Deduction/Adjustment during the year	0.00
Balance as at 31st March, 2018	7.62
Depreciation for the year	3.69
Deduction/Adjustment during the year	0.00
Balance as at 31st March, 2019	11.31
Net Block	
Balance as at 31st March, 2018	218.11
Balance as at 31st March, 2019	214.42

The Fair Value of Investment Property as at 31st March, 2019 is Rs. 225.73 Lacs (as 31st March, 2018 Rs. 225.73 Lacs) after considering the rental income from Current Lease and other assumptions that market participants would use while pricing Investment Property under current market condition.

	(`Rs. In Lacs)	
Information regarding Income and Expenditure of Investment Property	Year ended 31.03.2019	Year ended 31.03.2018
Rental Income derived from Investment Property	3.60	3.60
Less : Direct Operating Expenses (including Repair & Maintenance for generating Rental Income	-	-
Less : Depreciation	3.69	3.70
Profit (Loss) arising from Investment Properties	(0.09)	(0.10)



Note No. 3
INTANGIBLE ASSETS

Particulars	As at 31st March, 2019 (` Rs. In Lacs)	As at 31st March, 2018 (` Rs. In Lacs)
INTANGIBLE ASSETS (Computer Software)		
Gross Block		
Opening Balance	31.01	29.90
Additions during the year	1.09	1.11
Deduction/Adjustment during the year	-	-
Closing Balance	32.10	31.01
	-	-
Amortisation		
Opening Balance	14.99	7.16
Amortization during the year	7.62	7.83
Deduction/Adjustment during the year	-	-
Closing Balance	22.61	14.99
Net Block	9.49	16.01



	AS at 31.03.2019 (Rs. In Lacs)	AS at 31.03.2018 (Rs. In Lacs)
NOTE NO. 4		
INVESTMENTS (UNQUOTED)		
("Class A" Shares of M/s V S Lignite Power Pvt.Ltd.)		
16,74,719 Equity Shares of Rs.10/- each	167.47	167.47
1485629, 0.01% Cumulative Redeemable Preference Shares of Rs.10/- each	148.56	148.56
Less:- Provision for diminution in value of Investment	(316.03)	(316.03)
Aggregate book value of unquoted Investment	-	-
NOTE NO. 5		
LOANS		
Security Deposits	176.98	110.19
Security Deposit For Rental Premises	165.29	150.26
	342.27	260.45
NOTE NO. 6		
OTHERS		
Other Advances	31.32	-
	31.32	-
NOTE NO. 7		
INVENTORIES		
Raw Materials (including in Transit Rs. 47.76 P.Year Rs. 74.04)	892.71	1,175.41
Stores and Spares (including in Transit Rs. 28.17 P.Year Rs. 14.22)	141.98	142.54
Work-in-Progress	1,421.88	1,022.94
Finished Goods (including in Transit Rs. 409.24 P.Year Rs.487.28)	1,301.66	1,790.46
Waste	28.68	10.89
Scrap and Residual Materials	0.93	2.78
	3,787.84	4,145.02
NOTE NO. 8		
TRADE RECEIVABLES (Unsecured) Considered Good		
Considered Good	1,751.68	1,726.50
Trade Receivables which have significant increase in Credit Risk	54.69	-
	1,806.37	1,726.50
	54.69	-
	1,751.68	1,726.50
NOTE NO. 9		
CASH AND CASH EQUIVALENTS		
Balances with Banks		
- In Current Accounts	6.49	15.29
- In Saving Accounts (against Employee's Security)	2.27	1.59
Cash In Hand	4.00	6.00
	12.76	22.88



NOTE NO. 10**OTHER BANK BALANCES**

In Unpaid Dividend Account
 In Fixed Deposit Accounts (Includes Rs. 11.92 (PY Rs. 3.39) having maturity more than 12 months)

NOTE NO. 11**OTHER FINANCIAL ASSETS****(Unsecured and Considered good)**

Export Incentive Receivable
 Staff & Other Advances
 Interest Subsidy Receivable
 Interest receivable on deposits

NOTE NO. 12**CURRENT TAX ASSETS (NET)**

Advance Income Tax/Tax Deducted at Source
 Less:- Provision for Income Tax

NOTE NO. 13**OTHER CURRENT ASSETS****(Unsecured and Considered good)**

Prepaid Expenses
 Balance With Government Authorities
 Advance to Suppliers
 Other Advances

AS at 31.03.2019 (Rs. In Lacs)	AS at 31.03.2018 (Rs. In Lacs)
24.31	26.05
371.79	387.19
396.10	413.24
439.85	232.27
86.69	150.82
169.74	119.23
3.76	4.75
700.04	507.07
281.32	205.89
(208.37)	(108.00)
72.95	97.89
75.35	58.61
479.34	845.41
88.62	56.66
112.97	99.76
756.28	1,060.44



	As at 31st March, 2019	As at 31st March, 2018
NOTE NO.14		
EQUITY SHARE CAPITAL		
Authorised		
1,35,00,000 Equity Shares of Rs. 10/- each	1,350.00	1,350.00
30,25,000 Preference Shares of Rs. 100/- each	3,025.00	3,025.00
	4,375.00	4,375.00
Issued, Subscribed and Fully Paid-Up		
40,22,100 Equity Shares of Rs. 10/- each	402.21	402.21
	402.21	402.21
Subscribed and Fully Paid		
39,80,850 (P.Y. 39,80,850) Equity Shares of Rs.10/- each	398.08	398.08
# Forfeited Shares (amount originally paid up Rs. 5/-)	1.61	1.61
Total Subscribed and Paid up Capital	399.69	399.69

Amount Originally paid on 41250 forfeited shares during earlier year.

(a) Reconciliation of the number of equity shares:

Description	As at 31st March, 2019	As at 31st March, 2018
	No. of Shares	No. of Shares
Outstanding at the beginning of the year	3,980,850	3,976,650
Addition	-	4,200
Outstanding at the end of the year	3,980,850	3,980,850

(b) Term/Right attached to Equity Shares:

The Company has issued only one class of shares referred to as equity share having a face value of Rs.10/- per share ranking paripassu. The holders of equity shares are entitled to one vote per share.

(c) Details of Shareholders holding more than 5% shares based on legal ownership in the Equity share capital of the Company :

Name of the Shareholder	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	% of holding	No. of Shares	% of holding
Modern Fibotex India Limited	783179	19.67%	783179	19.67%
Smt. Dipika Shroff	231150	5.81%	231150	5.81%

NOTE NO.15
OTHER EQUITY

Securities Premium Account

Opening Balance

Add : Received during the year

Closing Balance

General Reserve

Opening Balance

Add : Transferred from Retained Earning

Closing Balance

Retained Earnings

Opening Balance

Add : Profit for the year

Less: Appropriations

Dividend paid on Equity Shares

Tax on Dividend on Equity Shares

Deferred Tax of earlier years

Closing Balance

Other Comprehensive Income (OCI)

Opening Balance

Add: Re-measurement of Defined Benefit Plans

Closing Balance

TOTAL

AS at 31.03.2019 (Rs. In Lacs)	AS at 31.03.2018 (Rs. In Lacs)
643.96	643.33
-	0.63
643.96	643.96
644.79	644.79
-	-
644.79	644.79
5,335.96	5,124.05
409.14	259.77
39.81	39.76
8.18	8.10
710.16	-
4,986.95	5,335.96
17.27	(3.88)
(3.76)	21.15
13.51	17.27
6,289.21	6,641.98



NOTE NO.16**BORROWINGS (NON CURRENT)**(i) **23,07,500 10% Cumulative Redeemable Preference Shares . (Unsecured)**(ii) **Term Loans from Banks (Secured)**

(b) State Bank of India

(c) SBI Corporate Loan

(d) Export Import Bank of India (including buyers credit)

(e) HDFC Bank Ltd. (Vehicle Loan)

(f) ICICI Bank Ltd. (Vehicle Loan)

(iii) **Term Loan from Others Parties - (Secured)**Rajasthan State Industrial Development
& Investment Corporation Limited (RIICO)Less: Installments payable of Term Loan under (ii) & (iii) above
shown in Current Liability in Note No. 22(iv) **Loans and Advances (Unsecured)**

Loans from other parties (Bodies Corporate)

Loans from related parties (Bodies Corporate)

AS at 31.03.2019 (Rs. In Lacs)	AS at 31.03.2018 (Rs. In Lacs)
2,307.50	2,307.50
2,307.50	2,307.50
108.56	325.16
250.00	500.00
758.33	975.00
3.54	9.81
8.75	14.73
1,129.18	1,824.70
520.60	895.70
520.60	895.70
1,649.78	2,720.40
793.68	1,070.58
856.10	1,649.82
863.00	594.00
1,005.50	619.00
1,868.50	1,213.00
5,032.10	5,170.32

REMARKS :(i) **10% Redeemable Preference Shares****No. of 10% Redeemable Preference Shares Allotted****Dates of Allotment**

216000	28.03.2002 (a)
16000	31.10.2002 (a)
11000	31.01.2003 (a)
82000	29.04.2006 (a)
275000	28.01.2011 (a)
72000	24.03.2011 (a)
133000	26.03.2011 (a)
500000	31.03.2011 (a)
325000	07.03.2013 (a) (b)
277500	30.03.2013 (a) (b)
100000	01.03.2014 (a) (b)
300000	17.01.2015 (a) (b)
2307500	

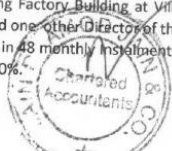
(a) Preference Shares have a face value of Rs 100/- Each, these shares are redeemable at par on expiry of 20 years from their respective date of allotment.

(b) However the Company can redeem the Preference Shares before the date of maturity.

(ii) **Term Loans from Banks (Secured)****a) Term Loan from State Bank of India**

Term Loan of Rs.1300.00 Lacs, Outstanding of Rs.108.56 Lacs (P.Y.325.16 Lacs) including Rs. 108.56 Lacs (P.Y. 216.60 Lacs) shown under the head Other Financial Liabilities for Current Maturities of Long Term Debts in Note 22, is secured by way of joint first charge ranking pari-passu of all immovable properties (by way of deposit of Title Deeds of Lease Hold Land), both present and future and hypothecation charge over movable (save and except book debts) machinery, spares, tools and accessories, present and future, subject to prior charges created in favour of Bankers for working capital facilities. The above loans of Rs.1300.00 Lacs have also been guaranteed by the Managing Director and one other Director of the Company and are also secured by way of extension of pledge of Preference Shares of the face value of Rs. 175.00 Lacs of the Company belonging to Directors and pledge of Preference Shares of the face value of Rs. 150.00 Lacs belonging to a Promoter Company. This loan is repayable in 72 monthly Instalments from Oct.2013 and last instalment is payable by September 2019 and carry floating interest rate at base rate + 3%.

b) Corporate Loan from State Bank of India of Rs.1000.00 Lacs, Outstanding of Rs.250.00 Lacs (P.Y. 500.00Lacs) including Rs. 250.00 Lacs (P.Y. Rs. 249.99 Lacs) shown under the head Other Financial Liabilities for Current Maturities of Long Term Debts in Note 22, is secured by First Pari Passu charges on Entire Current Assets of the Company present and future. Collateral security by way of 1st pari passu charge on Entire Fixed Assets of the Company including Factory Building at Village : Kanpur, Udaipur. The above loans of Rs.1000.00 Lacs have also been guaranteed by the Managing Director and one other Director of the Company. This loan is repayable in 48 monthly Instalments starting from April 2016 and last instalment is payable by March 2020 and carry floating interest rate at base rate + 3.60%.



c) Term Loan from Export Import Bank of India

Term Loan of Rs.1300.00 Lacs , Outstanding Rs. 758.33 Lacs as on 31.03.19 (P.Y. 975.00 Lacs) from EXIM Bank, including Rs. 216.66 Lacs (P.Y. Rs. 216.66 Lacs) shown under the head Other Financial Liabilities for Current Maturities of Long Term Debts in Note 22, is secured by way of joint first charge ranking pari-passu of all immovable properties (by way of deposit of Title Deeds of Lease Hold Land), both present and future and hypothecation charge over movable (save and except book debts) machinery, spares, tools and accessories, present and future, Finished and semi finished products, other goods and uncalled capital, subject to prior charges created in favour of Bankers for working capital facilities. The above loans of Rs.1300.00 Lacs have also been guaranteed by Managing Director and one other Director of the Company.

This loan is repayable in 24 quarterly equal installments from November 2016 and last installment is payable by August 2022. The above term loan carry interest @LTMLR + 2.60% p.a.

d) Term Loans (Vehicle Loans) from HDFC Bank Limited

i) Vehicle Loan from HDFC Bank Ltd. of Rs. 6.00 Lacs outstanding Rs.1.49 Lacs as on 31.03.2019 (P.Y. 3.55 Lacs) including Rs. 1.49 Lacs (P.Y. 3.54 Lacs) shown under the head Other Financial Liability for Current maturity of Long Term debts in Note 22 is secured by way of Hypothecation of respective car acquired out of the said loan. This Loan is repayable in 36 monthly instalment commencing from December, 2016 along with interest @ 9.66% per annum and the last instalment is payable by November, 2019 .

ii) Vehicle Loan from HDFC Bank Ltd. of Rs. 6.00 Lacs outstanding Rs.1.49 Lacs as on 31.03.2019 (P.Y. 3.55 Lacs) including Rs. 1.49 Lacs (P.Y. 3.54 Lacs) shown under the head Other Financial Liability for Current maturity of Long Term debts in Note 22 is secured by way of Hypothecation of respective car acquired out of the said loan. This Loan is repayable in 36 monthly instalment commencing from December, 2016 along with interest @ 9.66% per annum and the last instalment is payable by November, 2019 .

iii) Vehicle Loan from HDFC Bank Ltd. of Rs. 6.00 Lacs outstanding Rs.0.57 Lacs as on 31.03.2019 (P.Y. 2.71 Lacs) including Rs.0.57 Lacs (P.Y. 2.71 Lacs) shown under the head Other Financial Liability for Current maturity of Long Term debts in Note 22 is secured by way of Hypothecation of respective car acquired out of the said loan. This Loan is repayable in 36 monthly instalment commencing from July, 2016 along with interest @ 9.75% per annum and the last instalment is payable by June 2019 .

e) Term Loans (Vehicle Loans) from ICICI Bank Limited

Vehicle Loan from ICICI Bank Ltd. of Rs. 18.50 Lacs outstanding Rs.8.74 Lacs as on 31.03.2019 (P.Y. 14.73) including Rs.6.51 Lacs (P.Y. 5.99 Lacs) shown under the head Other Financial Liability for Current maturity of Long Term debts in Note 22 is secured by way of Hypothecation of respective car acquired out of the said loan. This Loan is repayable in 36 monthly instalment commencing from August, 2017 along with interest @ 8.25% per annum and the last instalment is payable by July 2020 .

(iii) Term Loan from Rajasthan State Industrial Development & Investment Corporation Limited (RIICO)

i) Term Loan of Rs.1000.00 Lacs , Outstanding Rs. NIL as on 31.03.19 (P.Y. 166.70 Lacs) including Rs.NIL (P.Y. 166.70 Lacs) shown under the head Other Financial Liabilities for Current Maturities of Long Term Debts in Note 22, is secured by way of joint first charge ranking pari-passu of all immovable properties (by way of deposit of Title Deeds of Lease Hold Land), both present and future and hypothecation charge over movable (save and except book debts) machinery, spares, tools and accessories, present and future, Finished and semi finished products, other goods and uncalled capital, subject to prior charges created in favour of Bankers for working capital facilities. The above loans of Rs.1000.00 Lacs have also been guaranteed by Managing Director and one other Director of the Company.

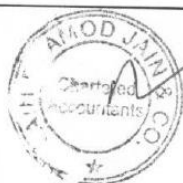
This loan is repayable in 24 quarterly equal installments from May 2013 and last installment is payable by February 2019. The above term loan carry interest @11.00% p.a.

ii) Term Loan of Rs.1250.00 Lacs , Outstanding Rs. 520.60 Lacs as on 31.03.19 (P.Y. 729.00 Lacs) including Rs. 208.40 Lacs (P.Y. 208.40 Lacs) shown under the head Other Financial Liabilities for Current Maturities of Long Term Debts in Note 22, is secured by way of joint first charge ranking pari-passu of all immovable properties (by way of deposit of Title Deeds of Lease Hold Land), both present and future and hypothecation charge over movable (save and except book debts) machinery, spares, tools and accessories, present and future, Finished and semi finished products, other goods and uncalled capital, subject to prior charges created in favour of Bankers for working capital facilities. The above loans of Rs.1250.00 Lacs have also been guaranteed by Managing Director and one other Director of the Company.

This loan is repayable in 24 quarterly equal installments from November 2015 and last installment is payable by August 2021. The above term loan carry interest @11.5% p.a.

(iv) Terms of Repayment of Unsecured Loans

Aggregate Amount outstanding	Rate of Interest	
Rs.1868.50 Lacs (P.Y. Rs.1213 Lacs)	09 to 12 %	There are no stipulations for repayments. However the Company has obtained letters/ undertakings from lenders that they will seek repayments of their outstanding Loans as on 31.03.2019, only after 31.03.2020 (P.Y. as on 31.03.2018, only after 31.03.2019)



NOTE NO.17**Other financial liabilities**

Security Deposits
Other Payables

8.58	7.92
73.91	62.35
82.49	70.27

NOTE NO.18**PROVISIONS (NON CURRENT)**

Provision for Employee Benefits
Provision for Gratuity
Provision for compensated absence

-	146.17
72.38	39.96
72.38	186.13

NOTE NO.19**DEFERRED TAX LIABILITIES (NET)**

(a) Deferred Tax Liabilities

(a)

2,408.57	1,570.66
2,408.57	1,570.66

(b) Deferred Tax Assets

(c) MAT credit Entitlement

(b)

282.51	202.78
151.44	328.15
433.95	530.93

Total (a-b)

1,974.62	1,039.73
-----------------	-----------------

NOTE NO.20**SHORT TERM BORROWING (CURRENT)**

Loan repayable on demand from banks (Secured)

2,352.00	3,147.10
2,352.00	3,147.10

(a) Borrowings of Rs. 2352.00 Lacs- (P.Y. Rs 3147.10Lacs) from SBI, IDBI Bank Ltd. and ICICI Bank Ltd. for working capital are secured on pari passu basis by way of joint hypothecation first charge on entire inventories, trade receivables and other current assets present & future and secured by second pari passu charge on fixed assets of the Company. Such borrowings are also guaranteed by the Managing Director and one other Director of the Company.

NOTE NO.21**TRADE PAYABLES (Unsecured)**

Micro Enterprises and Small Enterprises*
Others

Total

53.50	-
3,534.50	3,570.39
3,588.00	3,570.39

* Principal amount outstanding as at the year end, there is no overdue amount of principal and interest due to Micro and Small Enterprises . During the period, no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the company.

NOTE NO.22**OTHER FINANCIAL LIABILITIES**

Interest Accrued but not due on Loans
Premium on Exchange Forward Contract payable
Unclaimed Dividend
Expenses Payable
Current maturities of Long Term Borrowings

Total

45.90	63.59
-	46.72
24.31	26.05
809.15	987.26
793.68	1,070.58
1,673.04	2,194.20

NOTE NO.23**OTHER CURRENT LIABILITIES**

Statutory dues
Advance From Customers

Total

83.89	61.11
176.08	253.78
259.97	314.89

NOTE NO.24**PROVISIONS (CURRENT)**

Provision for Employee Benefits
Provision for Gratuity
Provision for compensated absence

53.83	-
29.84	41.88
83.67	41.88



NOTE NO.25**REVENUE FROM OPERATIONS****A Sale of Products****B Other Operating Revenue**

Net Gain/(Loss) on Foreign Currency translation and transactions - sales

Duty drawback benefits

Premium on transfer of Duty credit scripts

Sale of Scrap

Claim Receipt

NOTE NO.26**OTHER INCOME**

Interest Income

Unspent Liabilities/Sundry Balances Written Back (Net)

Rent Received

Profit on Disposal of Fixed Assets (Net)

Net Gain/(Loss) on Foreign Currency transactions - other

Gain on Security Deposit

Misc Receipt

NOTE NO.27**COST OF MATERIAL CONSUMED**

Opening Stock of Raw Material

Add:- Purchases and incidental Expenses

Less:- Closing Stock of Raw Materials

NOTE NO.28**(INCREASE)/DECREASE IN INVENTORIES ON FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS, ETC.**Closing Inventories

Work-in-Progress

Finished Goods

Waste

Scrap and Residual Materials

Total

Opening Inventories

Work-in-Progress

Finished Goods

Waste

Scrap and Residual Materials

Total

NOTE NO.29**EMPLOYEE BENEFITS EXPENSES**

Salaries, Wages, Bonus and Benefits, etc.

Contribution to Provident and Other Funds, etc.

Employees Welfare Expenses

Workman Compensation

AS at 31.03.2019 (Rs. In Lacs)	AS at 31.03.2018 (Rs. In Lacs)
31,528.25	27,006.90
81.22	306.28
355.14	789.59
322.82	365.45
31.89	33.71
-	43.72
32,319.32	28,545.65
76.57	97.13
6.77	20.39
3.60	3.60
0.23	2.20
123.12	-
15.03	13.66
5.15	3.15
230.47	140.13
1,175.41	1,267.92
18,372.25	15,880.42
892.71	1,175.41
18,654.95	15,972.93
1,421.88	1,022.94
1,301.66	1,790.46
28.68	10.89
0.93	2.78
2,753.15	2,827.07
1,022.94	1,115.54
1,790.46	1,248.29
10.89	15.54
2.78	0.61
2,827.07	2,379.98
73.92	(447.09)
3,445.85	3,321.10
259.20	271.19
40.00	51.66
13.47	31.11
3,758.52	3,675.06



NOTE NO.30**FINANCE COSTS**

Interest Expense*	
Dividend on Preference share	
Dividend Distribution Tax on Preference shares	
Other Borrowing Costs	
Net (Gain)/ Loss on foreign currency Transactions & Tanslations	
Buyer's Credit / FCNR(B) Loans.	

*(After adjustment of Rs 93.14 Lacs (PY Rs 159.89 Lacs) towards interest subsidies under TUFs/ state schemes.

NOTE NO.31**DEPRECIATION AND AMORTISATION EXPENSE**

On Property, Plant and Equipment & Intangible Assets	
On Investment Properties	

NOTE NO.32**OTHER EXPENSES**

Consumption of Stores and Spares	
Packing Materials	
Power and Fuel	
Freight and Transportation	
Rent	
Repair & Maintenance	
- Plant & Equipments	
- Buildings	
Insurance	
Rates & Taxes	
Travelling and Conveyance	
Payment to Auditors	
Commission and Brokerage on sales	
Loss on Sale/discard of Store Items	
Net (gain)/ Loss on Foreign Currency Trasactions & translations - others	
Miscellaneous Expenses	
Corporate Social Responsibility (CSR) Expenses	
Provision for Doubtful Debts	

NOTE NO.33**Income Tax****Amount Recognised in the Statement of Profit and Loss**

Current Tax		
Tax for earlier year		
Deferred Tax		
Mat Credit Entitlement		
Total Tax Expense		

Reconciliation of effective tax rate:**Particulars****Net profit before income tax**

Applicable Statutory Income Tax Rate		
Computed Tax Expenses		
Add:- Tax Incidence on additions		
i) Dividend and DDT on Preference Share Capital		
ii) Exp etc disallowed /other Deductions		

Less:- Tax incidence on additions

- i) Difference of Book Dep and Income tax Dep
- ii) Allowance u/s 43-B
- iii) Others

Reported Income Tax Expenses

Current Tax	
TAX FOR EARLIER YEAR	
DEFFERAD TAX ASSETS/LIABILITIES	
MAT CREDIT ENTITLEMENT	
TOTAL	



TOTAL- A

TOTAL- B
NET (A-B)

AS at 31.03.2019 (Rs. In Lacs)	AS at 31.03.2018 (Rs. In Lacs)
679.10	574.75
230.75	230.75
47.43	46.98
351.02	371.31
(1.12)	14.15
1,307.18	1,237.94
667.28	735.66
3.69	3.69
670.97	739.35
885.01	902.48
524.42	576.45
3,460.99	3,542.14
825.98	782.53
97.51	101.81
79.48	48.98
66.36	49.90
34.71	24.38
18.57	8.49
196.01	139.86
13.16	10.84
611.96	692.80
-	1.47
-	44.59
404.77	396.09
6.97	12.58
54.69	-
7,280.59	7,335.39
334.00	108.00
10.61	0.39
49.91	(254.48)
-	(32.20)
394.52	(178.29)
803.66	81.48
33.380%	33.063%
268.26	26.94
92.86	91.82
75.48	46.40
436.59	165.16
10.89	25.27
45.99	28.61
46.11	5.12
102.99	58.99
333.60	106.17
334.00	108.00
10.61	0.39
49.91	(254.48)
-	(32.20)
394.52	(178.29)

Significant Accounting Policies and Notes on Financial Statements:**1 CORPORATE INFORMATION :**

Reliance Chemotex Industries Limited (CIN No.L40102RJ1977PLC001994) is a public limited company domiciled and incorporated in India and its shares are publicly traded on the BSE, in India. The registered office of Reliance Chemotex Industries Limited is at Village Kanpur, Post Box No 73, Udaipur District, Rajasthan 313003. The Company is primarily engaged in the manufacturing and sale of Synthetic & blended Yarn.

A. Basis of Preparation of Financial Statements:

a. The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and relevant provisions of the Companies Act, 2013. Date of Transition to Ind AS 2017 is 01.04.2016.

b. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- 1) certain financial assets and liabilities that are measured at fair value;
- 2) defined benefit plans - plan assets measured at fair value.

c. Use of estimates and judgments

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

d. Current non-current classification

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

e. The financial statements of the Company are presented in Indian Rupee (INR), which is also the functional currency of the Company.

B. Significant Accounting Policies**(i) Property, Plant and Equipment**

The company consider the previous GAAP carrying value of all its Properties, Plants and Equipment except freehold and leasehold land as deemed cost at the transition date i.e. 1st April 2016. The Company has adopted optional exception under IND AS 101 to measure free hold land & lease hold land at fair value and consequently the fair value has been assumed to be deemed cost in case of free hold land & lease hold land on the date of transition.

Property, Plant and Equipment acquired after the transition dates are stated at cost less accumulated depreciation. Cost include expenses directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

(ii) Intangible Assets :

Intangible assets comprise of computer software. These assets are stated at cost.

(iii) Depreciation/Amortisation

Depreciation on Property, Plant & Equipment is calculated on straight line method using the rates arrived at based on the estimated useful life given in schedule II of the Company's Act, 2013 except as under :-

- Lease hold Land is amortised over the period of lease.
- Office Equipment are depreciated over 10 years.

The remaining useful life of property, Plant & Equipment is reviewed at each financial year end and is in accordance with life as per schedule II of the Company's Act, 2013.

Intangible Assets (Computer Software) is amortised over 5 Years.

Individual Assets costing below 5000/- are depreciated on prorata basis over one year from the date of acquisition.

(iv) Investment Property

Investment properties are measured at deemed cost less accumulated depreciation and impairment losses, if any.

The cost and related accumulated depreciation are eliminated from the financial statements, upon sale, disposition and withdrawal from permanent use of the assets and when no future economic benefits are expected from its disposal. The resultant gains or losses are recognised in statement of profit and loss.

(v) Non Current Investments :

Investment are valued at fair market value on the reporting date either through other comprehensive income, or through the Statement of Profit and Loss.

(vi) Valuation of Inventories:

Inventories of Raw Materials, Work-in-Progress, Stores and spares, Finished Goods are stated 'at cost or net realisable value, whichever is lower'. Goods-in-Transit are stated 'at cost'. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of stores and spares has been computed on weighted Average method and raw material has been computed on First-in-First-out Method. Scrap and waste has been valued on net realisable value. Due allowance is estimated and made for defective and obsolete items, wherever necessary. Scrap and waste has been valued at net realisable value.

(vii) Lease

Leases under which the Company assumes substantially all risks and rewards of ownership are classified as finance lease. When acquired such assets are capitalised at fair value or present value of minimum lease payments at the inception of the lease, whichever is lower lease payment.

Lease payments under operating lease are recognised as an expenses on a straight line basis in the Statement of Profit and Loss account over the lease term.

(viii) Revenue/Income Recognition:

Effective April, 2018, the company adopted Ind As 115 "Revenue from Contracts with Customers" using Cumulative Catch up Transition method applied to contracts that were not completed as of 01.04.2018. In accordance with the Cumulative Catch up method, the comparatives have not been retrospectively adjusted.

(a) Revenue from contract with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customers at an amount that reflects the consideration to which the company expects to be entitled in exchange of promised performance obligations.

In case of sale of goods, transfer of control of the goods to the customer generally coincides with dispatch of goods to customer and is measured at a transaction value representing the related performance obligation. Transaction price is determined after considering the impact of variable considerations, returns, claims, rebates and other pricing allowances, trade & volume discounts (if any).

(b) Other Operating Revenue Export Incentives

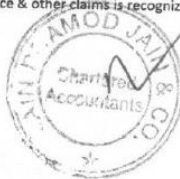
Revenue in respect of the export incentives is recognized on post export basis. Duty Drawback benefits are accounted for on accrual basis.

(c) Interest:-

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

(d) Insurance and Other Claim:-

Revenue in respect of insurance & other claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.



(ix) **Employee benefits**

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Defined Contribution Plans:

Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

Defined Benefit Plans

Gratuity and Compensatory Absence

The Company provides for Gratuity and Compensatory Absence, a defined benefit retirement plan covering eligible employees of the Company. The present value of the obligations under such defined benefit plans is determined based on actuarial valuations using the Projected Unit Cost Method.

Actuarial gain /loss, if any, arising from or adjustments and change in actuarial assumptions are charged or credited to Other Comprehensive income in the period in which they arise. Net Interest Cost are charged as Interest Cost in statement of Profit and Loss account.

(x) **(a) Foreign Currency Transactions:**

Transactions and balances

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

(b) Exchange Forward Contracts:

The company uses Exchange Forward Contracts to hedge its risks associated with foreign currency related to firm commitments and highly probable forecasted transactions. The company does not enters into any forward contracts which are intended for trading or speculation purposes.

Profit/ Loss on cancellation of unutilised portion of forward Exchange contracts is accounted for as income/ Expense for the period in which cancellation of contract take place.

The company accounts for Mark to Market (MTM) gains/losses on unutilised foreign exchange forward contracts at the end of each reporting period.

(C) Borrowing Costs:

Interest and other costs connected with the borrowing for the acquisition / construction of qualifying fixed assets are capitalised up to the date such asset are put to use and other borrowing cost are charged to statement of profit & loss. Borrowing cost includes exchange rate difference to the extent regarded as an adjustment to the borrowing cost

(xi) **Research and Development:**

Revenue expenditure on Research and Development is charged as expenses under the head "Research and Development" in the year in which it is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalised and depreciated according to the policy followed by the Company

(xii) **Taxation:**

Income tax expense represents the sum of current and deferred tax (including MAT)

(a) **Current tax :-**

Current income tax assets and liabilities are measured at the amount to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are according to the prevailing tax Law on the reporting date. Income tax expense is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income, in such cases the tax is recognised directly in equity or in other comprehensive income.

(b) **Deferred tax:**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax assets and deferred tax liabilities are off set, and presented as net. The carrying amount of deferred tax asset / liability is reviewed at each reporting date and necessary adjustments are made in the books of accounts accordingly.

(c) **MAT :**

Credit of MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement.

(xiii) **Government Grant/ Interest Subsidy:**

Government Grants are recognised where there is reasonable assurance that the grant will be received and all attached condition will be complied with. Grants related to specific fixed assets are deducted from the gross value of the concerned assets in arriving at their book values. Investment subsidy/employment generation subsidy / Interest rate subsidy and other revenue grants are credited to Statement of Profit and Loss or deducted from the related expenses.

(xiv) **Impairment of Non Financial Assets:**

The Management periodically assesses using external and internal sources whether there is any indication that an asset may be impaired. Impairment of an asset occurs where the carrying value exceeds the present value of the cash flow expected to arise from the continuing use of the asset and its eventual disposal. A provision for impairment loss is made when the recoverable amount of the asset is lower than the carrying amount.

(xv) **Provisions and Contingent liabilities and Contingent Assets**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Contingent assets are not recognised in the financial statements.

(xvi) **Cash and Cash Equivalents**

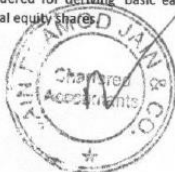
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, bank overdraft, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(xvii) **Dividend:-**

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

(xviii) **Earning Per Share -**

Basic earning per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earning per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earning per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity share.



NOTE NO.35
Fair value of Financial Assets and Financial Liabilities

Sr. No.	Particulars	Fair Value Hierarchy	Note No.	Rs. In Lacs			
				as at 31st March, 2019		as at 31st March, 2018	
				Carrying Value	Fair Value	Carrying Value	Fair Value
I	Financial Assets						
(a)	At Fair Value :-	Level 3	A				
	- Equity, Investment and unquoted Shares						
(b)	At Amortised Cost						
	- Trade Receivables			1,751.68	1,751.68	1,726.50	1,726.50
	- Loans, Security Deposit and Others			1,073.63	1,073.63	767.52	767.52
	- Cash and Cash Equivalents			12.76	12.76	22.88	22.88
	- Other Bank Balances			396.10	396.10	413.24	413.24
	Total Financial Assets			3,234.17	3,234.17	2,930.13	2,930.13
II	Financial Liabilities						
(a)	At Amortised Cost						
	- Borrowings			7,384.10	7,384.10	8,317.42	8,317.42
	- Trade Payables			3,588.00	3,588.00	3,570.39	3,570.39
	- Other Financial Liabilities			1,755.53	1,755.53	2,264.46	2,264.46
	Total Financial Liabilities			12,727.63	12,727.63	14,152.27	14,152.27

The fair value of financial assets and liabilities are included at the amount at which instruments could be exchanged in a current transaction between the willing parties. The following methods and assumptions were used to estimate the fair value:

- (A) The Company has opted to fair value its unquoted equity instruments at its Net Asset Value through Retained Earnings.
- (B) The fair values of cash and cash equivalents, other bank balances, trade receivables, loans, other financial assets, short term borrowings, trade payables, and other financial liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments. Company has adopted Effective Interest Rate Method (EIR) for fair valuation of long term borrowings.

Fair Value Hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

NOTE NO.36
Financial Risk Management Objectives and Policies:

The Company's activities are exposed to a variety of Financial Risk from its Operations. The key financial risk include Market risk, Credit risk and Liquidity risk.

- (a) **Market Risk:** Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises mainly three types of risk, Foreign currency risk, Interest rate risk and other price risk such as Equity price risk and Commodity Price risk.
- (b) **Foreign Currency Risk:** Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk arising from foreign currency transactions of imports, exports and borrowing primarily with respect to USD and Euro. The Company's exports are denominated generally in USD, providing a natural hedge to some extent against foreign currency payments on account of imports of raw materials and/or the payment of borrowings. The foreign currency transaction risk are managed through selective hedging programmes by way of forward contracts including for underlying transactions having firm commitments or highly probable forecast of crystallisation.

The Company uses forward exchange contracts to hedge its exposure in foreign currency. The details of foreign currency exposures hedged by derivative instruments and those have not been hedged are as follows:

Particulars	Currency	As at 31 st March, 2019		As at 31 st March, 2018	
		In Foreign Currency	In Rs. Lacs	In Foreign Currency	In Rs. Lacs
Hedged :					
Forward exchange contracts outstanding					
Long-term borrowing	USD				
Total	USD	-	-	-	-
Unhedged :					
Long-term borrowings	USD	-	-	-	-
	EUR	-	-	-	-
Long-term borrowings FCNR	USD	-	-	-	-
	EUR	-	-	123,067.12	99.45
Commission in F Export Sales	USD	191,788.12	133.55	498,141.78	327.52
	EUR	40,382.81	32.34	215,561.15	174.77
Bank/ Cash Balances	USD	2,200.00	1.52	2,600	1.65
	EUR	150.00	0.12	150	0.12
Total	USD	193,988.12	135.07	500,741.78	329.16
	EUR	40,532.81	32.46	338,778.27	274.34

(c) Foreign Currency Sensitivity:

The following table demonstrates the sensitivity to a reasonably possible change in USD with all other variables held constant. The impact on company's profit before tax is due to changes in the foreign exchange rate for:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Change in USD	+5%	+5%
Effect on profit before tax (Rs. In Lacs)	6.75	16.46
Change in USD	-5%	-5%
Effect on profit before tax (Rs. In Lacs)	(6.75)	(16.46)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Change in EUR	+5%	+5%
Effect on profit before tax (Rs. In Lacs)	1.62	13.72
Change in EUR	-5%	-5%
Effect on profit before tax (Rs. In Lacs)	(1.62)	(13.72)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

(d) Interest Rate Risk and Sensitivity:

The Company is having fixed rate long term borrowings which are not exposed to any risk of changes in market interest rates.

(e) **Commodity price risk:**

The Company is affected by the price volatility of certain commodities. Its operating activities require the purchase of raw material and therefore, require a continuous supply of certain raw materials. To mitigate the price risk, the company has an approved supplier base to get the best competitive prices for the commodities and to manage the cost without any compromise on quality.

(f) **Equity price risk:**

The Company's exposure to equity instruments price risk arises from investments held by the company and classified in the balance sheet at fair value through OCI. Having regard to the nature of securities, intrinsic worth, intent and long term nature of securities held by the company, fluctuation in their prices are considered acceptable and do not warrant any management estimation.

(g) **Credit Risk:**

Credit risk is the risk that counterparty might not honor its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables).

Trade Receivables:

Customer credit risk is managed based on company's established policy, procedures and controls. The company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Credit risk is reduced by receiving pre-payments and export letter of credit to the extent possible. The Company has a well defined sales policy to minimize its risk of credit defaults. Outstanding customer receivables are regularly monitored and assessed. The Company follows the simplified approach for recognition of impairment loss and the same, if any, is provided as per its respective customer's credit risk as on the reporting date

(h) **Deposits with Bank:**

The deposits with banks constitute mostly the investment made by the company against bank guarantee and letter of credits and are generally not exposed to credit risk.

(i) **Liquidity Risk:**

Liquidity risk is the risk, where the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due.

The table below summarises the maturity profile of company's financial liabilities based on contractual undiscounted payments:

Particulars	Carrying Value	Payable on Demand	Rs. In Lacs	
			Upto 12 Months	1 to 5 years
As at 31st March 2019				
Borrowings*	5,870.28	2,352.00	793.68	2,724.60
Preference Share Capital	2,307.50			243.00
Trade and Other Payables	3,588.00		3,588.00	
Total	11,765.78	2,352.00	4,381.68	2,967.60
As at 31st March 2018				
Borrowings*	7,080.49	3,047.65	1,170.03	2,862.82
Preference Share Capital	2,307.50			243.00
Trade and Other Payables	3,570.39	-	3,570.39	-
Total	12,958.38	3,047.65	4,740.42	3,105.82

* Including working capital facility from consortium banks renewed every year and current maturity of long-term borrowings.

NOTE NO. 37

Capital Management:

The Company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital, share premium and all other equity reserves attributable to equity holders.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net Debt is calculated as borrowings less cash and cash equivalents.

Particulars	Rs. In Lacs	
	As at 31 st March, 2019	As at 31 st March, 2018
Borrowings*	5870.28	7080.49
Less: Cash and Cash equivalents	12.76	22.88
Net debt	5857.52	7057.61
Equity Share Capital	399.69	399.69
Preference Share Capital	2307.50	2307.50
Other Equity	6289.21	6641.98
Total Capital	8996.40	9349.17
Capital and net debt	14853.92	16407.78
Gearing ratio	0.39	0.43

* Borrowings does not includes Preference Share Capital.

NOTE NO. 38 - Recent Accounting Pronouncements

Ind AS 116- Leases

Ministry of Corporate Affairs ("MCA") has notified the Ind AS 116, effective accounting period beginning 1st April, 2019, Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. The core principle of the new standard is that an entity should recognise in the Balance Sheet the right - of - issue assets and financial liabilities for future payment obligations related to long term operating leases. The impact on the financial statements of the Company on adoption of Ind AS 116 shall not be material.

NOTE NO. 39

Estimated amount of contracts remaining to be executed on Capital Account and not provided for

31st March, 2019
Rs. In Lacs
NIL

31st March, 2018
Rs. In Lacs
NIL

NOTE NO. 40

Contingent Liabilities not provided for in respect of

	31st March, 2019	31st March, 2018
	Rs. In Lacs	Rs. In Lacs
i) Bonds executed in favour of Customs and Excise Authorities	100.00	100.00
ii) Foreign bills discounting with Banks against letter of credit	109.12	173.83
iii) Claims not acknowledged as debts (Disputed by the Company and or		
a) Demand of Income Tax	154.44	159.90
b) Demands by Excise department	63.38	63.38
c) Demands of Sales Tax.	-	0.31
d) Demands of workers	10.52	9.36
iv) Others	389.23	389.23



NOTE NO. 41**A) Amount Paid/Payable to Auditors:**

a) Statutory Audit Fee	7.04	7.04
b) Tax Audit Fee	2.15	2.15
c) Other Certification Charges	0.74	0.72
d) Reimbursement of Expenses	3.23	0.93
	<u>13.16</u>	<u>10.84</u>

B) Amount Paid/Payable to Cost Auditors Included in Misc. Expenses

a) Audit Fees	0.60	0.45
b) Reimbursement of Expenses	0.29	0.23
	<u>0.89</u>	<u>0.68</u>

NOTE NO. 42

Accounts in respect of Current and Non-Current Liabilities, Trade Receivables, Other Current Assets, Loans and Advances and Deposits are subject to confirmations of respective parties.

NOTE NO. 43

Disclosure as required under the Micro, Small and Medium Enterprises Development Act., 2006, to the extent ascertained and as per per notification number GSR 679 (E) dated 4th September, 2015.

SL.NO.	Particulars	As at 31st March, 2019 (Rs. In Lacs)	As at 31st March, 2018 (Rs. In Lacs)
(i)	The Principal amount and interest due thereon remaining unpaid to any supplier at the end of each financial year.	53.50	NA
(ii)	The amount of interest paid by the buyer.	NIL	NIL
(iii)	The amount of interest due and payable for the period of delay in making payment.	NIL	NIL
(iv)	The amount of interest accrued and remaining unpaid	NIL	NIL
(v)	The amount of further interest remaining due and payable in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	NIL	NIL

NOTE NO. 44**Earnings Per Share (EPS)-**

The numerators and denominators used to calculate Basic and Diluted Earnings Per Share:

	31st March, 2019 (Rs. In Lacs)	31st March, 2018 (Rs. In Lacs)
i) Net Profit (after tax)	409.14	259.77
Add:		
ii) Basic/Weighted average number of Equity Shares outstanding during the year (B)	3980850	3976708
iii) Nominal value of Equity shares (Rs.)	10	10
iv) Basic/Diluted Earnings per Share (Rs.) (A) / (B)	10.28	6.53

NOTE NO. 45**Segment Information :**

- (a) The Company has only one reportable Primary Business Segment i.e Yarn. Hence, no separate segment wise information of revenue, results and capital employed is given.
(b) The following table shows the distribution of Company's Revenue from operations by geographical market, regardless of where the goods were produced :

Sr.No.	Geographical Segments	2018-2019	2017-2018
1	Domestic Market (Within India)	13818.68	10,101.68
2	Overseas Market (Outside India)	17709.57	16,905.22
	Total	31528.25	27006.90

- (c) Sales to one Export Customer of the Company is Rs. 4283.92 LACS -(Previous Year RS 3092.10 LACS-) which is more than 10% of the Company's total turnover.

Note No. 46**Revenue from contracts with customers :**

- (a) With effect from 1st April 2018, Ind AS 115 "Revenue from Contract with Customers" supersedes Ind AS 18 "Revenue". The core principle of the new standards is that an entity should recognise revenue when the control of the goods or services underlying the particular performance obligation is transferred to customers. The said Transition does not have any significant effect on the financial statement of the Company.
(b) Disaggregated revenue information (Refer Note No. 45)
(c) Contract Balances

Particulars	As at 31st March, 2019	As at 31st March, 2018
Trade Receivables	1751.68	1726.50
Contract Liabilities	176.08	253.77 *

* Converted into Sales in 2018-2019 Rs. 253.77 lacs

Trade Receivables are generally non-interest bearing and are on payment terms of 30 to 45 days. Contract liabilities include Advances received against delivery of Yarn. The Performance obligation in relation to revenue recognition arising from contract with customer is satisfied upon customer's clearance of goods sold.

- (d) Reconciling the amount of revenue recognised in the statement of Profit & Loss with the contracted price :

Particulars	As at 31st March, 2019	As at 31st March, 2018
Revenue as per the Contracted Price	31537.95	27019.11
Adjustment		
Customer Claim	9.71	12.21
Revenue from Contract with Customers	31528.24	27006.90



NOTE NO. 47

(i) The Board of Directors has recommended a dividend of Rs 1/- per share of Face value of Rs 10/- each aggregating Rs 47.99 Lakhs including Dividend Distribution Tax of Rs 8.18 Lakhs for the year ended 31st March 2019.

(ii) The Board of Directors has recommended a 5% Special Dividend i.e Rs 0.50 per share of Face value of Rs 10/- each aggregating Rs 23.99 Lakhs including Dividend Distribution Tax of Rs 4.09 Lakhs for the year ended 31st March 2019.

NOTE NO. 48

The disclosures required as per the Indian Accounting Standards (Ind-AS 19 - Employee Benefits) notified under the Companies (Indian Accounting Standards) Rules, 2015 are as under :

Defined - Contribution Plans

The Company offers its employees defined contribution plan in the form of provident fund (PF), family pensions fund (FPF) and Employees State Insurance Scheme (ESI) which covers substantially all regular employees. Contribution are paid during the year into separate funds under certain fiduciary-type arrangements. Both the employees and the company pay pre determined contribution into the provident funds, family pension fund and the Employees State Insurance Scheme. The Contributions are normally based on a certain proportion of the employee's salary.

Contribution to Defined Benefit Plan, recognized and charged off for the year are as under (excluding for on contracts payments):

	2018-2019	2017-2018
	Rs. In Lacs	Rs. In Lacs
Provident Fund	60.03	67.30
Family Pension Fund	99.46	99.69
Employees State Insurance Scheme	87.33	83.99

Defined - Benefit Plans

The Company offers its employees defined-benefit Plans in the form of a Gratuity Scheme. Benefits under the defined benefit plan is typically based either on years of service and the employee's compensation (generally immediately before retirement). The Gratuity scheme covers substantially all regular employees. The Company contributes funds to Life Insurance Corporation of India, which is irrevocable. Commitments are actuarially determined at year end. The actuarial valuation is done based on "Projected Unit Credit" method. Gains & Losses of changed actuarial assumptions are charged to the profit and loss account. The obligations for leave encashment is recognised in the same manner as gratuity.

	Gratuity (Funded) Rs. In Lacs	Compensated Absence (Unfunded) Rs. In Lacs	Gratuity (Funded) Rs. In Lacs	Compensated Absence (Unfunded) Rs. In Lacs
	2018-19	2018-19	2017-18	2017-18
a. Reconciliation of opening and closing balances of Defined Benefit Obligation				
Defined Benefit obligation at beginning of the year	368.20	81.85	371.76	71.04
Current Service Cost	67.32	35.92	47.96	37.49
Interest Cost	26.87	5.97	24.81	4.86
Past Service Cost	-	-	9.32	-
Actuarial (gain)/ Loss	1.20	(13.39)	(8.92)	(20.23)
Benefits paid	(35.70)	(8.14)	(76.63)	(11.32)
Defined Benefit Obligation at year end	427.89	102.21	368.20	81.85
b. Reconciliation of opening and closing balance of fair value of plan assets	-	-	-	-
Fair value of plan assets at beginning of the year	222.03	-	148.82	-
Expected return on plan assets	(4.45)	-	(3.59)	-
Interest Incurred	22.18	-	13.43	-
Employer contribution	170.00	-	140.00	-
Benefits Paid	(35.70)	-	(76.63)	-
Fair Value of plan assets at year end	374.06	-	222.03	-
c. Fair value of Plan assets	222.03	-	148.82	-
Interest Income	22.18	-	13.43	-
d. Current Service Cost	67.32	35.92	47.86	37.49
Net Interest Cost	4.69	5.97	11.38	4.86
Past Service Cost (vested benefit)	-	(13.39)	9.32	(20.23)
Actuarial (gain)/ Loss	-	(20.23)	-	(9.57)
Expenses Recognised in P/L account	72.01	8.27	68.56	12.55
e. Other Comprehensive Income				
Actuarial (Gain) / Loss for the year	1.20	-	-8.92	-
Return of Plan Assets	4.45	-	3.59	-
Actuarial (Gain) / Loss for the year recognised in OCI	5.65	-	-5.33	-
f. Major Categories of Plan Assets as % of the Total plan Assets	100%	-	100%	-
Interest based Scheme with Insurance Companies				
g. Sensitive Analysis				
Discount Rate 1% increase	395.91	97.05	342.42	77.87
Discount Rate 1% Decrease	466.04	108.40	398.93	86.55
Change in Salaries increase 1% increase	467.09	108.57	399.78	86.68
Change in Salaries decrease 1% Decrease	394.59	96.84	341.35	77.70
h. Estimated expected benefit payments (in absolute terms i.e. undiscounted)				
F.Y.				
2019-20	37.24	17.34	12.07	41.89
2020-21	33.30	15.87	28.09	17.69
2021-22	27.87	16.20	25.15	20.38
2022-23	36.21	16.75	31.56	21.49
2023-24	34.93	16.90	29.35	22.47
FROM 2023-24 TO 2028 -29	223.28	71.70	225.30	25.81
i. Actuarial Assumption				
Particulars				
Discount Rates	7.64%	7.64%	7.67%	7.67%
Salary Escalation	4.00%	4.00%	4.00%	4.00%
Mortality Rates	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
Retirement age	58 Years	58 Years	58 Years	58 Years



NOTE NO. 49 Related Party Disclosures (As certified by the Management)

Disclosures in respect of Related Parties as defined in Indian Accounting Standard 24(Ind AS 24), with whom transactions were entered into at an arm's length and in the ordinary course of business during the year are given below:

(i) Key Management Personnel and Relatives of Key Management Personnel

Mr. Ramadoss Srinivasan - Chairman
 Mr. Sanjiv Shroff (Managing Director)
 Mr. Rahul Shroff (Wholetime Director Designated as Executive Director)
 Mr. Ameya Shroff (Wholetime Director Designated as Executive Director)
 Mr. N.G.Khaitan (Non Executive Director)
 Mrs. Dipika Shroff, Non- Executive Director
 Mr. K.L. Sonthalia (Non Executive Director)
 Mr. R N Sharma (Non Executive Director)
 Mr. Narayan Shroff (Non Executive Director)
 Mr. Amar Inder Singh Jassar (CFO)
 Mr. Vimal Tank (Company Secretary)

Relative of Key Managerial Person

Mr. Shanker Lal Shroff, Chairman Emeritus (Father of Mr. Sanjiv Shroff)
 Mrs. Bimla Devi Shroff (Mother of Mr. Sanjiv Shroff)
 Mrs. Kavisha Rahul Shroff (Wife of Mr. Rahul Shroff)

(ii) Enterprises over which key Management Personnel and relative of such personnel is able to exercise significant influence or control

- a) Indo Textiles & Fibres Limited
- b) Spell Fashions Pvt.Ltd.
- c) A.R.Fibtex Pvt. Ltd.
- d) Khaitan & Co. LLP
- e) A.R. Commercial Private Limited
- f) A.S. Chemotex pvt. Ltd.
- g) Sunrise Producers Pvt. Ltd.
- h) Sunrise Cotton Industries Limited
- i) Modern Fibtex India Limited

(b) Description of the nature of transactions with the related parties :-

Particulars	Key Managerial Person refer to (i)		Enterprises over which KMP is able to exercise significant influence, refer to (ii)	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
Legal & Professional Expenses Paid			4.81	3.18
Lease Rent Received			3.60	3.60
Interest on Security Deposit			15.03	13.66
Interest paid/ payable on Loans taken	4.45	1.69	81.04	55.98
Loan Received	134.00	105.00	524.00	243.00
Repayment of Loans Received	23.00	85.00	248.50	47.50
Rent paid/Payable			83.25	83.25
Purchase of Finished Goods			8.60	4.80
Sale of Yarn			3.12	4.22
Year end Balance receivable			165.74	150.56
Year End Balance payable	136.27	21.23	889.85	614.86

Compensation to Key managerial Person #

Short Term employee benefit	276.42	251.23		
Sitting Fees to Non Executive Director	2.75	2.61		

Note:

The remuneration to Key Managerial Personnel's stated above does not include provision/payment towards incremental liability on account of gratuity and compensated absences since actuarial valuation is done for the Company as a whole.

NOTE NO. 50

Previous Year, figures have been regrouped / rearranged, wherever necessary.

Signatures to Notes 1 to 50

As per our Report of even date

For Jain Pramod Jain & Co.

Chartered Accountants

(Firm Registration No. 016746N)

P.K. JAIN

Partner

M.No. 010479

Place : Mumbai

Dated 04.05.2019



VIMAL TANK

Company Secretary

M.No. 22370

AMAR INDER SINGH JASSAR

Chief Financial Officer

SANJIV SHROFF

Managing Director

DIN - 00296008

RAHUL SHROFF

Executive Director

DIN - 02301693

For & on behalf of Board of Directors

A handwritten signature in black ink, likely belonging to a member of the Board of Directors.

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following tables present certain accounting and other ratios on basis derived from our Audited Financial Statements included in the chapter “Financial Information” on page no. 62 of Letter of Offer”

Accounting Ratios:

(₹ in Lakhs except for share data)		
Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Earnings Per Share		
(a) Basic Earnings Per Share	10.28	6.53
(b) Diluted Earnings Per Share	10.28	6.53
Return on Net Worth	14.26%	8.06%
Net Asset Value/Book Value per Equity Share of ₹ 10 each	168	177
EBIDTA	2781.81	2058.77

*not annualised

(₹ in Lakhs except for share data)		
Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Net Profit (After Tax)	409.14	259.77
Basic/weighted average number of Equity Shares outstanding during the year(B) (₹)	39,80,850	39,76,708
Nominal Value of Equity Shares (₹)	10	10
Basic/Diluted Earnings Per Share	10.28	6.53

(Note: There are no potential equity shares or other convertible instruments with the Company. Hence Diluted EPS is equal to Basic EPS)

Capitalisation Statement:

The following tables present the capitalisation statement as per audited financial statements of the Company as at March 31, 2019

Capitalisation Statement:

The following tables present the capitalisation statement as per audited financial statements of the Company as at March 31, 2019

(₹ in Lakhs)		
Particulars	As on 31 st March, 2019 (Pre-Issue)	For Adjusted Proposed issue
Total Borrowings	5870.28	5870.28
Current Borrowings	2352.00	2352.00
Non-current Borrowings (including current maturity) *	3518.28	3518.28
Total Equity**	8996.40	9169.83
Share Capital**	2707.19	781.37
Reserves and Surplus***	6289.21	8388.46
Ratios: Non-Current Borrowings/Total Equity	0.39	0.38
Note: These terms shall carry the meaning as per schedule III of the Companies Act, 2013 (As amended)		
* Including unsecured loans of ₹.1868.50 lacs and excluding pref share capital of rs. 2307.50 lacs included in the borrowings as per IND AS		
** Including preference shares of ₹ 2307.50 lacs		
*** Including impact of revaluation of land to the tune of ₹3819.78 lacs		

Note: These terms shall carry the meaning as per schedule III of the Companies Act, 2013 (As amended)

FINANCIAL INDEBTEDNESS

The loan details as certified by our statutory auditors M/s. Jain Pramod Jain & Co. Chartered Accountants vide Undertaking dated March 31, 2019.

(₹ In Lakhs)

Particulars	State Bank of India	State Bank of India	EXIM Bank	RIICO, Jaipur Rajasthan	State Bank of India	IDBI bank	ICICI Bank	ICICI Bank	HDFC Bank
Nature of Loan	Term Loan	Corporate Loan	Term Loan	Term Loan	Cash Credit	Cash Credit	Cash Credit	Term Loan	Term Loan
Object of the Loan	For Expansion & Modernisation	Shoring up the Net working Capital	For Expansion & Modernisation	For Expansion	Working Capital	Working Capital	Working Capital	Vehicle Loan	Vehicle Loan
Date of Sanction/ Latest Sanction	20.10.2011	16.02.2015	03.07.2014	19.05.2014	27.04.2018	Renewed 19.04.2018	08.12.2015 renewed 09.08.2018	-	-
Sanctioned and Disbursed (in Lakhs)	1300.00	1000.00	1300	1250	3050	1400.	2500	18.50	38.18
Outstanding as at dated 31 March, 2019	108.56	250.00	758.33	520.60	1887.40	266.61	197.99	8.74	3.54
Rate of Interest on the Loan as per original sanction letter	14.25%	13.60%	10.40%	14.00%	12.65%	12.85%	11.35%	8.25%	9.50 to 10.5%
Current Rate effective	12.80%	12.80%	11.65%	11.5%	12.65%	12.85%	11.45%	8.25%	11.45%
Security	1 st Equitable Mortgage/ Hypothecation charge on the Fixed assets of the Company on Pari- passu basis with other term Lender and 2 nd Pari-Passu Charge over the Current Assets of the Company and pledge of Preference shares of Rs. 3.25 Cr.	First Pari Passu Charge on the entire Current Assets and First Pari-passu charge on Entire Fixed assets with personal Guarantee of Shri S.L. Shroff & Shri Sanjiv Shroff	First Pari-Passu Charge on the entire Immovable Property and personal Guarantee of Mr. S.L. Shroff and Mr. Sanjiv Shroff along with Any other security with other lenders.	First Pari-Passu Charge on the entire Immovable Property and personal Guarantee of Mr. S.L. Shroff and Mr. Sanjiv Shroff along with Any other security with other lenders	First Pari-Passu Charge on the entire moveable Property and Second Pari-Passu Charge on the entire Fixed Assets	First Pari-Passu Charge on the entire moveable Property and Second Pari-Passu Charge on the entire Fixed Assets	First Pari-Passu Charge on the entire moveable Property and Second Pari-Passu Charge on the entire Fixed Assets	Hypothecation on Vehicle	Hypothecation on Vehicle
Repayment Schedule	Repaid in 72 Equal Monthly Instalment of 18.05 Lakhs	Repaid in 48 Equal Monthly instalments of 20.83 Lakhs.	24 Equal quarterly Instalment of 54.17 lakhs	24 Equal quarterly Instalment of 52.10 Lakhs	Repayable on Demand	Repayable on Demand	Repayable on Demand	36 Equal Monthly Instalment	36 Equal Monthly Instalment

(Note 1: The Issuer Company received sanction letter ₹35.50 Crores from RIICO for expansion and modernisation)

(Note 2 : As on dated 31st March, 2019 the Company has not defaulted in repayment of principal amount and interest amount w.r.t. long term and short-term borrowings)

STOCK MARKET DATA FOR EQUITY SHARES

The Equity Shares of the Company are listed on the BSE from dated January 9, 1979.

1. Year is a financial year;
2. 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;
3. 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
4. In case of the two days with the same high/low/closing prices, the date with higher volume has been considered

Stock Market Data of the Equity Shares

The High, low and average market prices of the Equity Shares recorded on BSE during the preceding three years and the number of the Equity Shares traded on the days of high and low prices were recorded are as stated below:

BSE

Year Ending March 31 st	High (Rs)	Date of High	Volume on Date of High (No. of Equity Shares)	Low (Rs)	Date of Low	Volume on Date of Low (No. of Equity Shares)	Average price for the year
2018	154.50	January 23, 2018	1,71,262	57.00	October 9, 2018	12,896	105.75
2017	117.70	July 4, 2017	63,463	57.00	January 9, 2017	403	87.285
2016	81.40	May 19, 2016	93,396	38.30	March 2, 2016	200	59.85

Source: BSE India

Prices for the Last Six Months

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

Months	High Price (Rs)	Date of High Price	Number of Shares Traded on Date of High	Low Price (Rs)	Date of Low Price	Number of Shares Traded on Date of High	No. of Shares Traded (Volume)	Total Number of Trading Days
Dec-18	88.	Dec 3, 2018	1822	65	Dec 11, 2018	3539	52,226	20
Jan-19	88	Jan 2, 2019	30,273	68.5	Jan 30, 2019	1255	1,06,338	23
Feb-19	77.95	Feb 27, 2019	568	60	Feb 21, 2019	6,101	25,262	20
Mar-19	95	March 18, 2019	71,354	65	March 11, 2019	4,305	1,61,346	19
April- 19	85.95	April 10, 2019	833	69.1	April 30, 2019	1,348	96,065	19
May - 19	84.4	May 6, 2019	32,434	69.1	May 2, 2019	2,714	1,93,325	22

Source: BSE India

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

Week Ended On	Closing Price (₹)	High During Week (₹)	Date of High	Low During the Week (₹)	Date of Low
May 31, 2019	76.80	76.70	May 28, 2019	74.45	May 27, 2019
June 7, 2019	73.10	78.95	June 3, 2019	72	June 7, 2019
June 14, 2019	73.85	78.00	June 14, 2019	72.35	June 12, 2019
June 21, 2019	69.35	84.70	June 18, 2019	69.05	June 21, 2019

Source: BSE India

The last traded price of our Equity Shares as on June 10, 2019, the trading day immediately prior to the date of Updated DLoF, was ₹ 73.25/- on BSE.

The last traded price of our Equity Shares as on June 21, 2019, the trading day immediately prior to the date of LoF, was ₹ 69.35 /- on BSE.

The Issue Price of ₹ 65/- has been arrived at by our Company in consultation with the Lead Manager.

MATERIAL DEVELOPMENTS

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, our working results for the Period from April, 2018 to March, 2019 are set out in the table below:

(₹ In Lakhs)

Particulars	For Year Ended March, 2019
Sales/Turnover (Net) From operation	32,319.32
Other Income	230.47
Total Income	32,549.79
Gross Profit/Loss (Excluding Finance Cost, depreciation and taxes) EBITDA	2,781.81
Finance Cost	1,307.18
Provision for depreciation	670.97
Provision for taxes	394.52
Net profit/loss	409.14

Material Changes and commitments

There are no material changes and commitments, which are likely to affect our financial position, other than as disclosed to the stock exchanges since March 31st, 2019 till date of the Letter of Offer

SECTION IX – 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 Group Companies or any other person, whose outcome would have material adverse effect on our business. Except as stated below, there are no defaults, non-payment or overdues of statutory dues, institutional or bank dues or dues payable to instrumental 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 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; no inquiries, inspections or investigations initiated or conducted over the Companies Act or any previous companies law in the case of our Company and no prosecutions have been filed (whether ending or not), fines imposed or compounding of offences for our Company; (c) no litigation or legal action pending 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 0.1 million 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 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.

I. LITIGATIONS INVOLVING OUR COMPANY

(A) Civil Litigation filed by the Company against various entities

S. No	Date of Notice/Order	Respondent	Particulars of the Case	Name of Regulatory Authority	Amount Involved	Outstanding Amount/Interest as on March, 2019
1	Civil Suit Case No 143/17 dated of 19/08/2017	Aishwarya Textile Mills	To recover the outstanding amount in consideration with supply of goods	The matter is pending before Commercial Court, Udaipur Rajasthan	10,00,000/-	10,00,000/-
2	Civil Suit Case No 14/09 dated of 08/07/2010	Real Texspin Company	In order to recover the outstanding amount as paid in advance for purchase of machinery	The proceedings are pending at additional district court of Udaipur.	49,000/-	45,000/-

3.	Civil Suit Case 31/2016	Mr. Mahesh Sharma	In order to recover the loss caused to the Company due to the negligence of the Mr. Mahesh Sharma who was working as Senior Finishing Superintendent in the factory.	The matter is pending before Commercial Court, Udaipur Rajasthan	10,05,842/-	10,05,842/-
4.	Civil Miscellaneous Case No 07/2019 Dated 13.02.2019	Mangal Cottons, Proprietor Mr. Rajesh Sharma	The amount is due against the entity in consideration with supply of Waste Sales	The matter is pending before Commercial court, Udaipur	28,04,631/-	30,58,000/-
5.	Civil Case No 11/2007 under execution dated of 25.09.2003	1. Shree Uttam Fabrics (P) Ltd 2. Praveen Kumar Jain, Director 3. Arvind Kumar Jain, Director	In order to recover the outstanding amount	The Decree has been issued for recovery of amount Rs. 153500/- by Additional District and Session Judge (Fast Track)- Sr. No. 2 Udaipur. were issued against the Directors i.e. Praveen Kumar Jain and Arvind Kumar Jain	1,53,500/-	1,53,500/-

(B) Criminal Litigation filed by the Company against various entities

Our Company has instituted various criminal complaints/cases/litigations under Section 138 of the Negotiable Instruments Act, 1881 against various persons or entities. These are pending at various stages of adjudication before competent courts of jurisdiction.

S. No	Date of Notice/Order	Respondent	Particulars of the Case	Name of Regulatory Authority	Amount Involved (In ₹)	Outstanding Amount/Interest (In ₹)
1	Criminal Case No 103/17 dated of 19/08/2017	1.Purna Agencies (P) Ltd 2. Sh. Kewal Kumar, Additional Director	In order to recover the outstanding amount	The matter is pending before Special court, N.I Act, Sr.No.2 Udaipur	16,89,759/-	16,89,759/-
2	Criminal Case No 585/01 under execution dated of 25/06/2001	1. Shree Uttam Fabrics (P) Ltd 2. Praveen Kumar Jain, Director 3. Arvind Kumar Jain, Director	In order to recover the outstanding amount	The matter is pending before Additional District Court of Udaipur. Arrest Warrants	10,30,703/-	10,30,703/-

				were issued against the Directors i.e. Praveen Kumar Jain and Arvind Kumar Jain		
3	Criminal Case under dated of 13/02/2017	The knitting company	In order to recover the outstanding amount	The matter is pending at Chief Metropolitan Magistrate, Patiala House Court, New Delhi, as per Negotiable Instrument Act, 1881	6,41,170/-	6,41,170/-

(C) Legal matters Against the Company and its Directors

Against the Company					
S.No	Notice/Appeal No/Order No	Entity	Particulars of the Case	Total Amount Involved (In C)	Present Status
1	Writ Petition No. 3766/2013	Ajmer Vidhyut Vitaran Nigam Limited (AVVNL)	<p>The present petition has been filed by the Company against the demand of Electricity Duty, Water Cess, Urban Development Cess, and cross subsidy for the period of July 2010 to March 2013 on the ground that the VSLP Power Plant ceased to be a CPP pursuant to RERC order.</p> <p>The Hon'ble High Court on admission of the present petition has granted stay on the recovery of said demand till the disposal of the Petition.</p> <p>The matter has been adjourned sine-die awaiting the decision of the Hon'ble Supreme Court of India in a similar matter of Kadodra Power Pvt. Ltd.</p> <p>The total liability claimed by AVNNL till April, 2018 was a sum of Rs. 3,89,22,728.00 /-</p>	C3,89,22,728.00	The matter is pending before High Court of Rajasthan, Jodhpur
Case against the Director/ Promoter					
S. No	Notice No/Appeal No/order No	Name of the Director	Particulars of the Case	Present Status	
1	Case No. 657/15	Mr. Ram Niwas Sharma (Director)	As per Rajasthan Factories Act. The Deputy Chief Inspector, factories and Boilers authority has filed suit against director for death of an employee due to work negligence in his presence. The director was	Presently the Director filed an appeal and the matter is pending before District and session court, Udaipur, Rajasthan	

			fined one-time penalty of 25,000/-	
2	Appeal No. 275 of 2017 (Before the Securities Appellate Tribunal), Mumbai: Order Reserved on Dated: 19/03/2019 Date of Decision Dated: 03/04/2019	Mr. Nand Gopal Khaitan (Director)	SEBI had passed an interim order dated June 04,2013 against 105 listed companies and their promoters/directors which included DPSC Ltd.'s directors namely, Mr. Nand Gopal Khaitan and others, who did not comply with the Minimum Public Shareholding ("MPS") norms under Rules 19(2) (b) and 19 A of the Securities Contracts (Regulation) Rules, 1957 ("SCRR") within the due date (June 3, 2013). The order passed restrained the directors of non-compliant companies from holding any new position as a director in any listed company, till these companies comply with the MPS requirement. It is hereby clarified that the Mr. Nand Gopal Khaitan (DIN: 00020588), non-executive, non-independent Director of the Company is the same person, against which SEBI had passed the said Interim Order.	Presently It clarified that bearing appeal number 275 of 2017, the Securities Appellate Tribunal, Mumbai ("SAT"), vide Order dated April 03, 2019 had held that, "the impugned ex-parte interim order dated 4th June, 2013 passed by the Whole Time Member and the confirmatory order dated July 25, 2017 cannot be sustained and are quashed. In the light of the aforesaid it is not necessary for this Tribunal to dwell into the contention as to whether the appellant being a Non-Executive Director was otherwise responsible for the affairs of the Company or not. The appeals are allowed."

(D) The Company has filed Case against the VS Lignite Power Private Limited

The Company along with a few other companies had filed an Arbitration Case against the respondent (Ms/ VS Lignite Power Private Limited) for non-supply MGP (Minimum Guarantee Power) as per terms and conditions laid in PDA (Power Delivery Agreement) as per agreed specified rate, which was partly allowed in favour of the Company.

The Company has filed an execution petition for the execution of the arbitration award before the Court of ADJ, Bikaner and the same is numbered as 07/2016. The next date in the said matter is August 29 , 2019. The Court on the last date of hearing had required the Company to furnish the details of the land & fixed assets of the factory.

II. LABOUR RELATED CASES

There are several cases instituted by and against the Company under Industrial Disputes Act, Labours Act and Workmen Compensation Act for total aggregate contingent amount of ₹22,83,256/- approximately. These are pending at various stages of adjudication before competent courts of jurisdiction.

Labour Litigation filed by the Company

1. Manager/Vice President, Reliance Chemotex Industries Limited Vs Nand Lal & Anr.

S.B. Civil Writ Petition No. 7590/2008, pending before the Hon'ble High Court of Rajasthan at Jodhpur

The Company filed the present writ petition against the order dated May 26, 2008 passed by the Ld. Labour Court, Udaipur wherein the Ld. Labour Court declared the domestic inquiry unfair and making an order for

holding an inquiry before the Court under Section 11-A of the Industrial Disputes Act, 1947. As per Order dated 15.10.2008, the Notice was issued to the Opposite Parties and the proceeding before the Ld. Labour Court was stayed.

Labour Litigation filed against the Company

1. Keshav Chaubisa Vs Senior Vice President, Reliance Chemotex Industries Limited

Petition under Section 2A (2) of the Industrial Disputes Act before the Ld. Labour Court, Udaipur

Mr. Keshav Chaubisa working as Finishing Supervisor in the Company since 23.04.2008, has filed the present petition before the Ld. Labour Court and Industrial Tribunal claiming thereby that he was illegally terminated from the services of the Company on 18.05.2016.

The Petitioner has filed the present petition thereby praying for reinstatement of his services along with the arrears of salary. In case the matter is decided against the Company, the Company is estimating a liability of ₹2,63,190/- as back wages till November, 2018.

The Company has filed its reply to the Petition and the present matter is pending at the stage of Evidence.

2. Mitha Lal Vs The Judge Labour Court & Anr.

S.B. Civil Writ Petition No. 2173/2008, pending before the Hon'ble High Court of Rajasthan at Jodhpur

A Writ Petition has been filed against the Company by Mitha Lal who was serving in the Company as Drawing Tainter. Mitha Lal was served with a Charge sheet dated 30.11.1998, a domestic enquiry was conducted by the Company as per the terms of the Industrial Disputes Act, 1947 and Mitha Lal was dismissed from services vide order dated April 23, 1999.

Mitha Lal challenged the inquiry report and his dismissal before the Ld. Labour Court, However the Ld. Labour Court found the enquiry to be valid and legal and hence, dismissed the petition of Mitha Lal by order dated 03.10.2005, and an award was passed on 02.12.2005.

The aforesaid Mitha Lal has filed the present writ petition thereby praying for setting aside of the order dated 03.10.2016 and the award dated 02.12.2006, he has further claimed reinstatement of his services along with consequential reliefs. In case the matter is decided against the Company, the Company is estimating a total liability of ₹5,21,762/- as back wages till November, 2018.

3. Navin Kumar Vs M/s Reliance Chemotex Industries Limited

Case No. 1/2018 filed before Workmen Compensation Commissioner, Bhilwada, Rajasthan

Mr. Navin Kumar was working as a Shift Officer with the Company and had met with an accident on December 25, 2016 and has claimed compensation from the Company for the damages/injuries incurred by the Accident. He has claimed a sum ₹14,98,304/- along with interest at the rate of 24% per annum.

III. TAX LITIGATIONS

(A) Income Tax Cases

1. ***Income Tax Appeal No. 192/CIT (A)-4/C-10(1)/15-16 on dated 21/04/2015 filed by the Company ("Appellant") against the demand raised under assessment order no. 143(3) as issued by Commissioner of Income Tax (Appeals) before the Income Tax Appellate Tribunal, Kolkata***

Pursuant to a search and seizure carried out under section 132 of the Income Tax Act, 1961, the assessing authority directed the Company to pay outstanding tax of ₹1,54,33,480/- on the business income of ₹5,25,70,

660 as specified in assessment order no 143(3) by authority. Though the returns were filed by the Company for disclosed income of ₹1,99,42,130/- as arising out of sale of goods during the period. Although the assessing authority dis-agreed with the explanations of the Company. The Company filed an appeal before the Commissioner of Income Tax (Appeals) (“Commissioner”) against the said order which was partly upheld by the Commissioner. The DCIT again issued similar order on dated August, 26 2016

At present, the matter is pending before the Income Tax Tribunal, Bench C, Kolkata

2. *Income Tax Appeal on dated 21/04/2015 filed by the Company (“Appellant”) against the demand raised under assessment order no. 143(3) as issued by Commissioner of Income Tax (Appeals) before the Income Tax Appellate Tribunal, Kolkata*

Pursuant to a search and seizure carried out under section 132 of the Income Tax Act, 1961, the assessing authority directed the Company to pay outstanding balance tax of ₹5,56,540/- on the business income of ₹9,69,88,619/- as specified in assessment order no 143(3) issued by authority. Though the returns were filed by the Company as arising out of sale of goods during the period. Although the assessing authority dis-agreed with the explanations of the Company and passed an order 143(3) in respect to outstanding tax payment. The Company filed an appeal before the Commissioner of Income Tax (Appeals) (“Commissioner”) against the said order which was partly upheld by the Commissioner. Thereafter, the Appellant had filed an appeal before the Tax Appellate Tribunal, Kolkata (“CIT”) against the order of the Commissioner to which the Company responded with a cross objection. At present, the matter is pending before the Income Tax Tribunal, Bench C, Kolkata.

B. Excise Duty Cases against the Company

1. *Appeal no. 51 (KDT)CE/JPR-II/2000 filed by the Central Excise Department against the order issued by Appellate Tribunal.*

The Central Excise Department filed an appeal no. 51 (KDT)CE/JPR-II/2000 in terms of Review Order No. 9/99-CE dated May 06, 1999 passed by the Commissioner, Central Excise, Jaipur-II wherein the Commissioner Central Excise had dropped a demand of ₹23,567.29. The Appeal filed by the Department was decided and allowed in favour of the Department on 19/01/2000 and the Case was remanded back to the Department.

2. *Appeal no. E/3831/2005 dated 05/02/2014 filed by the Company against the order issued by deputy commissioner, central excise and service tax division, Udaipur (CESTAT)*

The Company claimed to refund an amount of ₹38,77,030/- in two tranches under rule 5 of Cenvat Credit Rules 2004 and with Notification No. 11/2002-CE (NT dated 01/03/2002 as amended in respect of inputs namely furnace oil, packing material, dyes and chemicals consumed during manufacture of yarn exported during the period 01/06/2004 to 30/09/2004 which has resulted in accumulation of Cenvat credit in their Cenvat account and which could not be utilised by them towards payment duty during this period. The respondent rejects the refund claim for aforesaid amount vide order dated 30/08/2005 on the grounds that the Company stipulates that the claim for such refund are submitted not more than once in any quarter in a calendar year. Further in view of the declaration given in its refund application filed on 9/12/2004 that they will not file any other claim for refund under rule 5 of the same quarter or month to which that claim related, it is evident the Company is not entitled for claiming refund twice in respect of the same quarter. At present the matter is pending before the High Court of Jodhpur, Rajasthan

(Note: In reference to above mentioned cases the total excise and service amount payable is of ₹63,37,956.29/- which comprises of ₹29,18,640 towards duty, penalty imposed of ₹31,55,092/- and Service Tax of ₹2,40,837/- as specified in the form of contingent liability under financial statements)

3. *Appeal No. E/2602/04 filed by the Company against CCE Jaipur before the CESTAT, Principal Bench, New Delhi*

A show cause notice bearing C. No. V (55)18/129/98 was issued by the Central Excise Division, Udaipur against the refund claim of ₹57,925/- against which the Company preferred an Appeal. The Appeal was directed against the denial of refund on the ground of unjust enrichment. On hearing the Appeal, the Ld.

Presiding Officer, CESTAT allowed the Appeal filed by the Company and remanded the matter back for reassessment.

4. *Appeal before the Commissioner (Appeal) C.G.S.T., Jodhpur on 23.01.2018*

Show Cause Notice No. IAR/2392/Gr.L3 Udaipur/2015/465 dated 13.02.2017 for a sum of Rs.3155092.00 been issued by the Assistant Commissioner of Central Excise Audit Circle, Udaipur towards excise duty on vat subsidy adjusted for the period 2012-13 to 2015-16 (up to October, 2015). The Company filled reply in the matter vide letter No. PASC/SCN/472/2017/488 dated 10.04.2017 to the Assistant Commissioner of Central Excise, Udaipur. The above said demand confirmed by the Assistant Commissioner of Central Excise, Udaipur vide Order in Original No. 09/2017-CGST-B (Dem.ST) dated 30.11. 2017. Against the above order, the Company has filed an appeal before the Commissioner (Appeal) C.G.S.T., Jodhpur on 23.01.2018, and made the mandatory pre-deposited of Rs.2,36,632/- (7.5% of duty of Rs.31,55,092/- vide challan No.00028 dated 13.01.2018. Further the appeal has been allowed by order no 1263 CCRM/JPR/2018 dated November 15 2018.

IV. MATERIAL VIOLATION OF STATUTORY REGULATIONS BY THE COMPANY

There are no material violations by the company

V. PROCEEDINGS AGAINST OTHER DIRECTORS: Nil

GOVERNMENT AND OTHER STATUTORY APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and to undertake the Issue and no further material approvals are required for carrying on our present activities. In addition, except as mentioned in this section “Government and other Statutory Approvals”, as on the date of the Letter of Offer, there are no pending regulatory and government approvals and not pending renewals of licenses or approvals in relation to the activities undertaken by us or in relation to the Issue.

Approvals for its business:

Except as stated below, we have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and no further material approvals are required for carrying on our present activities.

Approvals applied for but not yet received as on date of the Letter of Offer

- Our Company has applied for registration of 3 copyrights which are pending before the Registrar of Trademarks for approval.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Rights Equity Shares to the Eligible Equity Shareholders is being made in accordance with the

1. Resolution passed by our Board of Directors under Sections 62(1)(a) and other provision of the Companies Act, at its meeting held on June 28, 2018 and February 9, 2019.
2. In-principle approval from BSE on dated May 13, 2019.

The Board of Directors or Committee thereof in their meeting held on June 7, 2019 have determined the Issue Price as ₹ 65/- per Equity Share and the Rights Entitlement as 1 (one) Rights Equity Share(s) for every 1 (one) Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Prohibition by SEBI or RBI or other governmental authority

Neither the Issuer, the Promoters, the Promoter Group, the Directors have been prohibited from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI.

None of the Directors of the Issuer are associated with the securities market in any other manner. Further, SEBI has not initiated action against any entity with which the Directors are associated.

Neither the Issuer, the Promoters, or the Directors have been declared wilful defaulters by the RBI or any other 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.

Eligibility for the Issue

We are a Company incorporated under the Companies Act, 1956 and our Equity Shares are listed on BSE and eligible to undertake the Issue in terms of Chapter III of the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62 (1) (a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchange for listing of the Rights Equity Shares to be issued pursuant to the Issue.

Compliance with Part B of Schedule VI of SEBI ICDR Regulations, 2018

- a) we have been filing periodic reports, statements and information in compliance with the Listing Agreement and SEBI Listing Regulations for the last three years immediately preceding the date of filing the Letter of Offer with SEBI;
- b) the reports, statements and information referred to in sub-clause (a) above are available on the website of the BSE which is a recognised stock exchange with nationwide trading terminals or on a common e-filing platform specified by SEBI;
- c) we have an investor grievance-handling mechanism which includes meeting of the Shareholders' or Investors' Grievance Committee at frequent intervals, appropriate delegation of power by the Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As Our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, 2018 and is not covered under the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations, 2018 and Disclosures in this Letter of Offer have been made in terms of Clause (5) of Part B of Schedule VI of SEBI ICDR Regulations, 2018

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED A COPY OF THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGER, LIBORD ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED 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 IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MERCHANT BANKER , LIBORD ADVISORS PRIVATE LIMITED, HAS FURNISHED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) A DUE DILIGENCE CERTIFICATE DATED APRIL 27, 2019 WHICH READS AS FOLLOWS:

- 1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SUBJECT ISSUE;
- 2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUERS, 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 LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;
 - b) ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - c) THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, 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, 2013, THESE REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.
- 3) BESIDES OURSELVES, ALL INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE, SUCH REGISTRATION IS VALID.
- 4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS– **NOT APPLICABLE**
- 5) WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF THE 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 LETTER OF OFFER WITH

BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER – **NOT APPLICABLE**

- 6) ALL APPLICABLE PROVISIONS OF THESE REGULATIONS, WHICH RELATE TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER – **NOT APPLICABLE**
- 7) ALL APPLICABLE PROVISIONS OF THESE REGULATIONS WHICH RELATE TO RECEIPT OF PROMOTERS' CONTRIBUTION PRIOR TO THE OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THAT THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULE COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE ISSUE – **NOT APPLICABLE**
- 8) NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. **NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE**
- 9) THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN THE LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN THE LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION – **NOTED FOR COMPLIANCE**
- 10) A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT INVESTORS SHALL BE GIVEN AN OPTION TO RECEIVE THE SHARES IN DEMAT OR PHYSICAL MODE*. – **COMPLIED WITH**
- 11) FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER: **COMPLIED WITH**
 - a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER,
 - b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD
- 12) WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. **NOTED FOR COMPLIANCE**
- 13) IF APPLICABLE, THE ENTITY IS ELIGIBLE TO LIST OF THE INSTITUTIONAL TRADING PLATFORM IN TERMS OF THE PROVISION OF CAPITAL X OF THESE REGULATIONS. (* THE OPTION TO RECEIVE PHYSICAL SECURITY CERTIFICATES IN A RIGHTS ISSUE SHALL BE AVAILABLE ONLY FOR A PERIOD OF SIX MONTHS FROM THE DATE OF COMING INTO FORCE OF THESE REGULATIONS.] – **NOT APPLICABLE**

WE ENCLOSE A NOTE EXPLAINING THE PROCESS OF DUE DILIGENCE THAT HAS BEEN EXERCISED BY US INCLUDING IN RELATION TO THE BUSINESS OF THE ISSUER, THE RISKS IN RELATION TO THE BUSINESS, EXPERIENCE OF THE PROMOTERS AND THAT THE RELATED PARTY TRANSACTIONS ENTERED INTO FOR THE PERIOD DISCLOSED IN THE OFFER DOCUMENT HAVE BEEN ENTERED INTO BY THE ISSUER IN ACCORDANCE WITH APPLICABLE LAWS.

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES 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 LETTER OF OFFER.

Disclaimer clauses from the Company and the Lead Manager

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

We and the Lead Manager 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 the Letter of Offer with SEBI. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in the Letter of Offer. You must not rely on any unauthorized information or representations.

The Letter of Offer is rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in the Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to us 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 the Issue.

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

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

Disclaimer with respect to jurisdiction

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

Designated Stock Exchange

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

Disclaimer Clause of BSE

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

Filing

The Letter of Offer has been filed with the Corporation Finance Department of SEBI, located at Panchavati Society, Gulbai Tekra, Ahmedabad – 380 006, Gujarat, India for the purpose of their information and dissemination on its website in terms of the provisions of the SEBI ICDR Regulations.

Selling Restrictions

The distribution of the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions.

Persons into whose possession the Letter of Offer may come are required to inform themselves about and observe such restrictions.

We are making the Issue of Equity Shares on a rights basis to our Eligible Equity Shareholders and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAFs to the Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is filed with SEBI for observations.

Accordingly, the rights or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of the Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs should not, in connection with the issue of the rights or Rights Equity Shares or rights, 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 the Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the rights referred to in the Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs.

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

IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTIONS

As described more fully below, there are certain restrictions regarding the rights and Equity Shares that affect potential investors. These restrictions are restrictions on the ownership of Rights Equity Shares by such persons following the offer.

The rights and the Rights Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) ("U.S. Persons") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

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

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of rights or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Eligible Investors

The rights or Rights Equity Shares are being offered and sold only to persons who are outside the United States and are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the rights or Rights Equity Shares are deemed to have made the representations set forth immediately below.

Equity Shares and Rights Offered and Sold in the Issue

Each purchaser acquiring the rights or Rights Equity Shares, by its acceptance of the Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs and of the rights or Rights Equity Shares, will be deemed to have acknowledged, represented to and agreed with us and the Lead Manager that it has received a copy of the Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs and such other information as it deems necessary to make an informed investment decision and that:

- I. the purchaser is authorized to consummate the purchase of the rights or Rights Equity Shares in compliance with all applicable laws and regulations;
- II. the purchaser acknowledges that the rights and Rights Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and, accordingly, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- III. the purchaser is purchasing the rights or Rights Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
- IV. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the rights or Rights Equity Shares, is a non-U.S. Person and was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such rights or Rights Equity Shares was originated, and continues to be a non-U.S. Person and located outside the United States and has not purchased such rights or Rights Equity Shares for the account or benefit of any U.S. Person or any person in the United States or entered into any arrangement for the transfer of such rights or Rights Equity Shares or any economic interest therein to any U.S. Person or any person in the United States;
- V. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
- VI. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such rights or Rights Equity Shares, or any economic interest therein, such rights or Rights Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them and confirms that the proposed transfer of the rights or Rights Equity Shares is not part of a plan or scheme to evade their registration requirements of the Securities Act;
- VII. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the United States with respect to the rights or the Rights Equity Shares;

- VIII. the purchaser understands that such rights or Rights Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE RIGHTS EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

- IX. the purchaser agrees, upon a proposed transfer of the rights or the Rights Equity Shares, to notify any purchaser of such rights or Rights Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the rights or Rights Equity Shares being sold;
- X. the Company will not recognize any offer, sale, pledge or other transfer of such rights or Rights Equity Shares made other than in compliance with the above-stated restrictions; and
- XI. the purchaser acknowledges that the Company, the Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such rights or Rights Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such rights or Rights Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.
- XII. Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State”) who receives any communication in respect of, or who acquires any rights or Rights Equity Shares under, the offers contemplated in the Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs will be deemed to have represented, warranted and agreed to with Lead Manager and the Company that in the case of any rights or Rights Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:
- XIII. the rights or Rights Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Lead Manager has been given to the offer or resale; or
- XIV. where rights or Rights Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those rights or Rights Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer of Equity Shares to the public” in relation to any of the rights or Rights Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the rights or Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the rights or Rights Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Listing

The existing Equity Shares are listed on the BSE. We have received in-principle approval from the BSE by way of its letter dated May 13, 2019. We will apply to the BSE for listing and trading approvals in respect of the Rights Equity Shares.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, 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 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.

Consents

Consents in writing of the Directors, the Auditors, the Lead Manager, the Legal Counsel, the Registrar to the Issue and the Banker(s) to the Issue* to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of the Letter of Offer. **Consents will be obtained before filing of Letter of Offer.* M/s Jain & Pramod Jain and Company, Chartered Accountants, our Auditors, have given their written consent for the inclusion of their report appearing in the Letter of Offer and such consent and report have not been withdrawn up to the date of the Letter of Offer.

Expert

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Auditor to include its name as an expert under Section 2(38) and Section 26(5) of the Companies Act in the Letter of Offer in relation to the report of the Auditors on audited financial statements dated 17th May, 2018. Our Company has also received written consent from the Auditor, to include its name as an expert under Section 26(5) of the Companies Act in the Letter of Offer in relation to the report on statement of tax benefits dated 25 March, 2019 and such consent has not been withdrawn as of the date of the Letter of Offer.

Issue Related Expenses

The Issue related expenses include, inter alia, Lead Manager's fee, printing and distribution expenses, advertisement and marketing expenses and Registrar, legal and depository fees and other expenses and are estimated at ₹ 44.55 Lakh (approximately 1.80% % of the total Issue size) and will be met out of the proceeds of the Issue.

Particulars	Amount (₹ in Lakhs) *	As a percentage of total Issue Expenses*	As a percentage of Issue Size*
Fees of the Lead Manager, Bankers to the Issue, Registrar to the Issue, Legal Advisor, Auditor's Fees, including out of pocket expenses, regulatory fees, filing fees, listing fees and other miscellaneous expenses	38.90	87.32%	1.57%
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	5.65	12.68%	0.23%
Total Estimated Issue Expenses	44.55	100.00%	1.80%

Investor Grievances and Redressal System

We have adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the SEBI Listing Regulations. 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. Consequently, investor grievances are tracked online by us.

The share transfer and dematerialization for us is being handled by Bigshare Services Private Limited, Registrar and Share Transfer Agent, which is also the Registrar to the Issue. Letters are filed category wise after being attended to. All investor grievances received by us have been handled by the Registrar and Share Transfer agent in consultation with the Compliance Officer.

Investor Grievances arising out of the Issue

The investor grievances arising out of the Issue will be handled by Bigshare Services Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling post-Issue correspondences only.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Applicants giving full details such as folio no. / demat account no., name and address, contact telephone/ cell numbers, email id of the first applicant, number of Rights Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank/ SCSB and the branch where the CAF 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 within 30 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 endeavour of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

Registrar to the Issue

Bigshare Services Private Limited

1st Floor, Bharat Tin Works Building,
Opp: Vasant Oasis, Makwana Road
Marol, Andheri (East), Mumbai – 400059

Telephone: +91-22-62638200

Fax: +91-22- 62638299

Email: rightsissue@bigshareonline.com

Website: www.bigshareonline.com

Investor Grievance Email: investor@bigshareonline.com

Contact Person: Mr. Ashish Bhope

SEBI Registration No: INR00000138

Investors may contact the Compliance Officer in case of any pre-Issue/ post -Issue related problems such as non-receipt of Allotment advice/ share certificates/ demat credit/ refund orders etc. The contact details of the Compliance Officer are as follows:

Mr. Vimal Tank

Company Secretary and Compliance Officer

Village Kanpur, Post Box No. 73,
Udaipur-313003; Rajasthan,

Tel: +91-294-2490488

Fax: +91-294-2490067

Email: cs@reliancechemotex.com

Status of Complaints

- (a) Total number of complaints received during Fiscal 2017: 6
- (b) Total number of complaints received during Fiscal 2018: 4
- (c) Total number of complaints received during Fiscal 2019: 6
- (d) Time normally taken for disposal of various types of investor complaints: 7-15 days
 - Share transfer process: Within 15 days after receiving full set of documents
 - Share transmission process: Within 21 days after receiving full set of documents

- Other Complaints: Within 7-10 days from the receipt of the Complaint

Status of outstanding investor complaints

As on the date of the Letter of Offer, there were no outstanding investor complaints.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount received 15(fifteen) days from the issue closing date. If there is any delay in the refund of subscription amount of more than 8 (eight) days after our Company becomes liable to pay the subscription amount within (i.e. 15 (fifteen) after the Issue Closing Date), our Company and its Directors (who are officers in default) shall pay interest for the delayed period, at such rates as prescribed under Companies Act, 2013.

SECTION X – OFFERING INFORMATION TERMS OF THE ISSUE

The Rights Equity Shares proposed to be issued are subject to the terms and conditions contained in the Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, including the CAF, the SAF, the Memorandum of Association and Articles of Association, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, applicable guidelines and regulations issued by SEBI and RBI, or other statutory authorities and bodies from time to time, the SEBI Listing Regulations, 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 the Issue shall apply to the Renouncee(s) as well.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIBs, Non-Institutional Investors (including all companies or body corporate) and other investors (applicants whose application amount exceeds 2 Lakhs) complying with the eligibility conditions of SEBI circular dated December 30, 2009 can participate in the Issue only through the ASBA process. Further, all QIB Investors and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed 2 Lakhs. All Retail Individual Investors complying with the conditions prescribed under the SEBI circular dated December 30, 2009 may optionally apply through the ASBA process provided they are eligible ASBA investors. The Investors who are not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than 2 Lakhs can participate in the Issue either through the ASBA process or the non ASBA process.

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 see “*Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process*” on page 137 of this Letter of Offer. Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

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

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

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

In accordance with the SEBI ICDR Regulations, the option to receive the Rights Equity Shares in Physical form was available only for a period of six months from the date of coming into force of the SEBI ICDR Regulations, i.e, until May 10, 2019. Since Allotment in this Issue will occur subsequent to May 10, 2019, the entitlement of Rights Equity Shares to be allotted to the Applicants who have applied for Allotment of the Rights Equity Shares in physical form will be kept in abeyance in electronic mode by our Company until the Applicants provide details of their demat account particulars to the Registrar to the issue

Authority for the Issue

The Issue has been authorised by a resolution of our Board passed at its meeting held on June 28, 2018 and February 9, 2019 pursuant to Section 62 (1) (a) of the Companies Act, 2013 and other applicable regulations.

Basis for the Issue

The Rights 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 the Rights Issue in respect of the Equity Shares held in the electronic form and on the register of members in respect of the Equity

Shares held in physical form at the close of business hours on the Record Date i.e June 20, 2019, fixed in consultation with the Designated Stock Exchange. The basis of allotment for the Rights Equity Shares shall be fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

Eligible Equity Shareholder whose name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder as on the Record Date, i.e., June 20, 2019, are entitled to the number of Rights Equity Shares as set out in Part A of the CAFs.

Pursuant to a resolution passed by the Board of our Company at its meeting held on June 7, 2019, has determined a Rights Entitlement of 1 (one) Rights Equity Shares for every 1(one) fully paid-up Equity Shares held on the Record Date and a price of ₹ 65/- per Rights Equity Share as the Issue Price.

The distribution of the Letter of Offer, Letter of Offer, Abridged Letter of Offer, CAFs and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of the Equity Shares on a rights basis to the Equity Shareholders and the Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements or the Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

Persons who may acquire Rights Entitlements or come into possession of the Letter of Offer or Abridged Letter of Offer or CAF are advised to consult their own legal advisors as to restrictions applicable to them and to observe such restrictions. The Letter of Offer may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized. No action has been or will be taken that would permit the offering of the Rights Equity Shares or Rights Entitlements pursuant to the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of the Letter of Offer or CAF in any jurisdiction where action for such purpose is required. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer or CAF may not be distributed or published in or from any jurisdiction except under circumstances that will result in compliance with applicable law and procedures of and in any such jurisdiction. Recipients of the Letter of Offer, the Abridged Letter of Offer or the CAF, including Eligible Equity Shareholders and Renouncees, are advised to consult their legal counsel prior to applying for the Rights Entitlement and additional Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

For Eligible Equity Shareholders wishing to apply through the ASBA process for the Issue, kindly refer section titled “*Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process*” on page no 137 of this Letter of Offer.

PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THE ISSUE

Face Value

Each Equity Share will have the face value of ₹ 10/-

Issue Price

Each Rights Equity Share shall be offered at an Issue Price of ₹ 65 for cash at a premium of ₹ 55 per Rights Equity Share. The Issue Price has been arrived at by us in consultation with Libord Advisors Private Limited, Lead Manager.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of One (1) Rights Equity Shares for every One (1) Equity Shares held on the Record Date.

Terms of Payment

The full amount of ₹ 65 per Rights Equity Share shall be payable at the time of making Application.

Fractional Entitlements

The Right Equity Shares are being offered on a rights basis to the existing Equity Shareholders in the ratio of 1 Rights Equity Shares for every 1 Equity Shares held as on the Record Date. Hence there will be no fractional entitlements for this issue.

Ranking of the Equity Shares

The Rights Equity Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares issued under the Issue shall rank *pari passu*, in all respects including dividend, with our existing Equity Shares, provided that voting rights and dividend payable shall be in proportion to the paid-up value of Equity Shares held. In terms of Article 35 of the Articles of Association, money paid in advance of calls shall not confer a right to dividend or participation in profits of our Company.

Mode of payment of dividend

In the event of declaration of dividend, we shall pay dividend 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 existing Equity Shares are currently listed and traded on BSE (Scrip Code: 503162 under the ISIN – INE750D01016)

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

We have received “in-principle approval for listing of rights equity shares from the BSE pursuant to the letter number DCS/RIGHT/SD/FIP/082/2019-20 on dated May 13, 2019. We will apply to the BSE for final approval for the listing and trading of the Rights Equity Shares.

No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or that the price at which the Equity Shares offered under the Issue will trade after listing on the Stock Exchanges.

All steps for the completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares to be allotted pursuant to the Issue shall be taken as soon as possible from the finalisation of the basis of allotment but not later than 7 working days of finalization of basis of allotment.

The Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE under the existing ISIN for Equity Shares.

Rights of the Equity Shareholder

- Subject to applicable laws, the equity shareholders 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 the Memorandum of Association and Articles of Association.

General Terms of the Issue

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.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association. In case of joint holders, the Application Form would be required to be signed by all the joint holders to be considered as valid for allotment of Rights Equity Shares. In case such Equity Shareholders who are joint holders wish to renounce their Rights Entitlement, all such Equity Shareholders who are joint holders would be required to sign Part B of the CAF. In absence of signatures of all joint holders, the CAF would be liable for rejection.

Nomination

In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, 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 our Registered Office or such other person at such addresses as may be notified by us. 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, our 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, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with us, no further nomination needs to be made for Equity Shares that may be allotted in the 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 the Issue. Nominations registered with respective Depository Participant

(“DP”) of the investor would prevail. Any investor desirous of changing the existing nomination is requested to inform their respective DP.

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

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

However, the Investors should note that pursuant to provisions of the SEBI Listing Regulations, with effect from April 1, 2019, except in case of transmission or transportation of securities, the request for transfer of securities shall not effected unless the securities are held in the dematerialized form with a depository.

Offer to Non-Resident Eligible Equity Shareholders/ Investors

Applications received from NRs for Equity Shares under the Issue shall be *inter alia*, subject to the conditions laid down in the RBI approval and the conditions imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/ allotment advice/ share certificates, payment of interest and dividends. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and Regulation 6 of notification No. FEMA 20/2000-RB dated May 3, 2000. The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.

Our Board of Directors may, at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Issue. The Equity Shares purchased on a rights basis by Non-Residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original equity shares against which equity shares are issued on a right basis.

CAFs will be made available for eligible NRIs at our Registered Office and with the Registrar to the Issue.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account must be opened.

DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF.

Notices

All notices to the Equity Shareholder(s) required to be given by us 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 the state where our registered office is located and/ or will be sent by ordinary post/ registered post/ speed post to the registered address of the Equity Shareholders in India or the Indian address provided by the Equity Shareholders, from time to time. However, the distribution of the Letter of Offer / Abridged Letter of Offer/CAF 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.

Subscription by the Promoters

Our Promoters have, by way of their letter dated March 22, 2019 undertaken on their behalf and on behalf of other members of Promoter and Promoter Group to subscribe to their Rights Entitlement in full in the Issue either through themselves or through other members of the Promoter and Promoter Group or through underwriters and /or investors:

- through subscription in part or full and/or application for additional shares; and/or
- by renouncing their Rights Entitlement in part or full.

Our Promoters on their behalf and on behalf of other members of Promoter and Promoter Group have also confirmed that they intend to either through themselves or through other members of the Promoter and Promoter Group or through underwriters and /or investors:

- subscribe to additional Equity Shares; and

- subscribe for unsubscribed portion in the Issue, if any, such that at least minimum subscription of 90% of the Issue is achieved.

Further, Our Promoters and Promoter Group reserve the right either through themselves or through underwriters and/or investors to additionally subscribe for any unsubscribed portion over and above minimum subscription in order to achieve full subscription in the Issue. Such subscription to additional Equity Shares and the unsubscribed portion, if any, may be subject to their shareholding not exceeding 75% of the issued, outstanding and fully paid up Equity Share capital in accordance with the provisions of the SEBI Listing Regulations.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Procedure for Application

The CAF for Rights Equity Shares offered as a part of the Issue would be printed in black ink for all Eligible Equity Shareholders. The CAF along with the Abridged Letter of Offer shall be dispatched through registered post or speed post at least three days before the Issue Opening Date. In case the original CAFs are not received by the Eligible Equity Shareholders or is misplaced by them, they may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and address. In case the signature of the Eligible Equity Shareholder(s) does not match with the specimen registered with us, the application is liable to be rejected.

Please note that neither the Company, nor the Lead Manager 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. Eligible Shareholders should note that those who are making the application in such duplicate CAF should not utilize the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Eligible Shareholders violates any of these requirements, they shall face the risk of rejection of both applications.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non-Institutional Investors must mandatorily make use of ASBA facility.

All QIB applicants, Non-Institutional Investors and other applicants whose application amount exceeds ₹ 2 Lakhs can participate in the Issue only through the ASBA process, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 Lakhs, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) investors whose application amount is less than ₹ 2 Lakhs can participate in the Issue either through the ASBA process or the non ASBA process.

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

The CAF consists of four parts:

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

Options available to the Equity Shareholders

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

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

Acceptance of the Issue

You may accept the offer to participate and apply for the Rights Equity Shares, either in full or in part without renouncing the balance by filling Part A of the CAFs and submit the same along with the application money payable to the collection branches of the Banker(s) to the Issue as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors in this regard. Investors at centres not covered by the branches of the Banker(s) to the Issue can send their CAFs together with the cheque drawn at par on a local bank or through demand draft payable at Mumbai to the Registrar to the Issue by registered post / speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither the Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in transit. 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, please see the headings “*Mode of Payment for Resident Equity Shareholders/ Investors*” and “*Mode of Payment for Non-Resident Equity Shareholders/ Investors*” on page no.131.

Additional Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “Terms of the Issue” on page no. 119 of this Letter of Offer.

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

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

Renunciation

The 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 we shall not Allot and/ or register the Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) (partners of the partnership firm are eligible for allotment of Rights Equity Shares if they have applied for the same in their individual capacity as partners of such firm) or their nominee(s), minors other than who have a valid beneficiary account, as per demographic details provided by Depositories, HUF (kartas of a HUF are eligible for allotment of Rights Equity Shares if they have applied for the same on behalf of or for the benefit of the HUF), any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case

may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States, or to, or for the account or benefit of a “U.S. Person” (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation other than as stated above is subject to the renouncer(s)/renounee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF or SAF. In case of Applications which are not accompanied by the aforesaid approvals, our Board reserves the right to reject such CAF or SAF.

Renunciations by Overseas Corporate Bodies

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, erstwhile 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 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 erstwhile 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 erstwhile OCBs may do so provided such Renounee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the erstwhile OCB shall receive the Abridged Letter of Offer and the CAF.

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(s) 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 fact of renouncement to the person(s) applying for Equity Shares in Part ‘C’ of the CAF for the purposes of 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.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the application from the Renounees without assigning any reason thereof.

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 Part ‘C’ 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 the Issue in favour of two or more Renounees, the CAF must be first split into requisite number of SAFs. 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 us/ Depositories, 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 any of the collection branches of the Banker(s) to the Issue as mentioned in the reverse of the CAF 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 the Equity Shares jointly with any other person(s), not more than three (including you), 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 shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof. All such applications will be treated as applications from Renouncees and shall have to be made through the non-ASBA process only to be considered valid for allotment. Please also see section titled “*Terms of the Issue*” on page no. 119 of this Letter of Offer.

APPLICATIONS FOR NON-ASBA INVESTORS

Eligible Equity Shareholders who are eligible to apply under the Non – ASBA process

The option of applying for Equity Shares through non – ASBA process is available only to Eligible Equity Shareholders whose application amount does not exceed ₹ 2 Lakhs as well as Renouncees. **All Applicants who are QIBs and Non – Institutional Investors can apply in the Issue only through the ASBA process.**

Instructions for Options

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

S. No	Option Available	Action Required
(i)	Accept whole or part of your rights entitlement without renouncing the balance	Fill in and sign Part A (All joint holders must sign in the same sequence)
(ii)	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares (All joint holders must sign in the same sequence).
(iii)	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s)	Fill in sign Part D (all join holders must sign in the same sequence) 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 for all the Rights Equity Shares offered to you to more than one Renouncee	On receipt on 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 Rights 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 Renouncee should fill in and sign Part C for the Equity Shares accepted by them.

(iv)	Renounce your Rights Entitlement in full to one person (Joint Renouncee are considered as one)	Fill in and sign Part B (all joint holders must sign in the same sequence) indicating the number of Rights Equity Shares renounced and hand it over the Renouncee. The Renouncee must fill in and sign Part C (All joint Renouncees must sign)
(v)	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 and sign Part C.

In case of Equity Shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to 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:

- Options iii, iv and v will not be available for Equity Shareholders applying through ASBA process.
- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for SAF should be made for a minimum of one Rights Equity Share or, in either case, in multiples thereof, and one SAF for the balance Rights Equity Shares, if any.
- Request by the Equity Shareholder for the SAF(s) should reach the Registrar on or before last date for receiving request for SAF(s).
- Only the Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAF(s). Forms once split cannot be split further.
- SAFs will be sent to the Equity Shareholder(s) by post at the applicant's sole risk.
- Equity Shareholders may not renounce in favour of persons or entities in the restricted jurisdictions including the United States or to or for the account or benefit of a "U.S. Person" (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Banker(s) 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 Rights Equity Shares in Part 'C' of the CAF to receive Allotment of such Rights 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 Rights Equity Shares allotted as a part of the Issue 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 Rights Equity Shares, subsequent issue and allotment of Rights Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.
- Applicants must write their CAF number at the back of the cheque / demand draft.
- The RBI has mandated that CTS 2010 standard non-compliant cheques can be presented in clearing only in reduced frequency i.e. once a week. This may have an impact on timelines for the issuance of final

certificate by Escrow Collection Bank. Hence, the CAFs accompanied with non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Eligible Equity Shareholder 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 at least 7 days prior to the Issue Closing 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 Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of either original CAF or both the applications.

Neither the Registrar nor the Lead Manager or our Company, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Application on Plain Paper

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 account payee cheque/pay order / demand draft drawn on a bank (after deducting bank and postal charges) payable at Mumbai which should be drawn in favour of “Reliance Chemotex Industries Ltd – ***Rights Issue - R***” in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of “Reliance Chemotex Industries Ltd – ***Rights Issue – NR***” in case of non-resident shareholders applying unrepatriable basis and send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date. The envelope should be super scribed “Reliance Chemotex Industries Ltd – ***Rights Issue - R***” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis, and “Reliance Chemotex Industries Ltd– ***Rights Issue – NR***” in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with us or the Depositories, 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 Reliance Chemotex Industries Ltd;
- Name and Indian 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 Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹ 65 per Rights Equity Share;
- Particulars of cheque/ demand 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 of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case

of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue; Documentary evidence for exemption to be provided by the applicants;

- 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 (Rights Equity Shares will be allotted in physical form only if the Equity Shares held on the Record Date i.e. June 20, 2019 are in the physical form);
- If the payment is made by a draft purchased from NRE/ FCNR/ NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in our records / Depositories; and
- For ASBA Investors, application on plain paper should have details of their ASBA Account.
- Additionally, all such applicants are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933 (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”) or to, or for the account or benefit of a “U.S. Person” as defined in Regulation S under the US Securities Act (“Regulation S”). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said 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 neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is, a resident of the United States or a “U.S. Person” (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

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

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

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the United States, (ii) am/ are not a “U.S. Person” as defined in Regulation S, and (iii) am / are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, the Lead Manager, their representatives, 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 Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. We shall refund such application amount to the Eligible Equity Shareholder without any interest thereon and no liability shall arise on part of our Company, Lead Manager and its Directors.

Investors are requested to note that CAF or plain paper application with only foreign addresses is liable to be rejected on technical grounds. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.

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.

The plain paper application format will be available on the website of the Registrar to the Issue at www.bigshareonline.com

Last date for Application

The last date for submission of the duly filled in CAF is July 22, 2019. The Board of Directors may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date,

If the CAF together with the amount payable is not received by the Banker(s) 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 or any authorised committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board or any authorised committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under section titled “*Terms of the Issue*” on page no. 119 of this Letter of Offer.

Mode of payment for Resident Equity Shareholders/ Investors

- All cheques/ drafts accompanying the CAF should be drawn in favour of “**Reliance Chemotex Industries Ltd – Rights Issue - R**” crossed ‘A/c Payee only’ and should be submitted along with the CAF to the Banker to the Issue or to the Registrar to the Issue ;
- Investors residing at places other than places where the bank collection centres have been opened by us for collecting applications, are requested to send their CAFs together with Demand Draft/cheque for the full application amount, net of bank and postal charges favouring the Banker(s) to the Issue, crossed ‘A/c Payee only’ and marked “**Reliance Chemotex Industries Ltd – Rights Issue - R**” payable at Mumbai directly to the Registrar to the Issue by registered post/speed post so as to reach them on or before the Issue Closing Date. We, the Lead Manager 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. 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/ Investors, the following conditions shall apply:

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

Bigshare Services Private Limited

1st Floor, Bharat Tin Works Building,

Opp: Vasant Oasis, Makwana Road

Marol, Andheri (East), Mumbai – 400059

Telephone: +91-22-62638200

Fax: +91-22- 62638299

Email: rightsissue@bigshareonline.com

Website: www.bigshareonline.com

Investor Grievance Email: investor@bigshareonline.com

Contact Person: Mr. Ashish Bhope

SEBI Registration No: INR000001385

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

- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- All non-resident investors should draw the cheques/ demand drafts for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker(s) 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, and marked “**Reliance Chemotex Industries Ltd– Rights Issue - R**” payable at Mumbai in case of non-resident shareholders applying on non-repatriable basis and in favour of “**Reliance Chemotex Industries Ltd– Rights Issue - NR**” payable at Mumbai in case of non-resident shareholders applying on repatriable basis directly to the Registrar to the Issue by registered post/speed 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.
- 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

- (i) By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);
- (ii) By local cheque / bank drafts remitted through normal banking channels or out of funds held in Non-Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance;
- (iii) By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Mumbai;
- (iv) FIIs/FPIs registered with SEBI must remit funds from special non-resident rupee deposit account;
- (v) Non-resident investors applying with repatriation benefits should draw cheques/ drafts in favour of ‘**Reliance Chemotex Industries Ltd – Rights Issue - NR**’ and must be crossed ‘account payee only’ for the full application amount;
- (vi) 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

- (i) 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.
- (ii) All cheques/ drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of ‘**Reliance Chemotex Industries Ltd– Rights Issue – R**’ and must be crossed ‘account payee only’ for the full application amount. 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.
- (iii) 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.

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

General instructions for non-ASBA Investors

- i. Please read the instructions printed on the CAF carefully.
- ii. Applicants that are not QIBs or are not Non – Institutional Investor or those whose Application Money does not exceed ₹ 2 Lakhs may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renouncees 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.
- iii. Application should be made on the printed CAF, provided by us except as mentioned under the head “*Application on Plain Paper*” on page no. 129 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 or Abridged 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.
- iv. Eligible Equity Shareholders participating in the Issue other than through ASBA are required to fill Part A of the CAF and submit the CAF along with Application Money before close of banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board in this regard. The CAF together with the cheque/ demand draft should be sent to the Banker(s) to the Issue/ collecting bank or to the Registrar to the Issue and not to us or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker(s) to the Issue have been authorised by us 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 / speed post. If any portion of the CAF is/ are detached or separated, such application is liable to be rejected. **CAF’s received after banking hours on closure day will be liable for rejection.**
- v. Applications where separate cheques/ demand drafts are not attached for amounts to be paid for Rights Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stock invest are liable to be rejected.
- vi. 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 allotted under the I.T. Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.

- vii. 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.
- viii. 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.
- ix. 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 us/ Depositories.
- x. 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 the Issue and to sign the application and certified true 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 us, 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(s) to the Issue.
- xi. 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 us or the Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- xii. Application(s) received from NRs/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights 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 Rights Equity Shares, subsequent issue and Allotment of Rights 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 Rights Equity Shares may be restricted by applicable securities laws.
- xiii. All communication in connection with application for the Rights 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 the 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 our Registrar and Share Transfer Agent, 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.
- xiv. SAFs cannot be re-split.
- xv. Only the Equity Shareholder(s) and not Renouncee(s) shall be entitled to obtain SAFs.
- xvi. Investors must write their CAF number at the back of the cheque/ demand draft.
- xvii. 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.

- xviii. 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 outstation cheques/ outstation demand drafts/ money orders or postal orders will be rejected.
- xix. No receipt will be issued for application money received. The Banker(s) 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.
- xx. The distribution of the Letter of Offer and issue of Rights Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Rights Equity Shares.
- xxi. Investors are requested to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- xxii. The RBI has mandated that CTS 2010 standard non-compliant cheques can be presented in clearing only in reduced frequency i.e. once a week. This may have an impact on timelines for the issuance of final certificate by Escrow Collection Bank. Hence, the CAFs accompanied with non-CTS cheques could get rejected.
- xxiii. Please note that Indian address has to be mentioned on the CAF or plain paper application. CAF or plain paper application with only foreign addresses shall be rejected. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.
- xxiv. Please do not apply in case you have been debarred by SEBI from accessing capital markets whether directly or indirectly. In the event that any past order passed by either SEBI or any other regulatory authority debarring you from accessing the capital markets has been revoked by any subsequent order, we request you to kindly attach a copy of such subsequent order along with the CAF.
- xxv. CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. Person” (as defined under Regulation S) and does not have a registered address (and is not otherwise located) in the United States or restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.

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 Rights Equity Shares will be allotted in the dematerialized form only;
- Ensure that your Indian address is available to us 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 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)}, net of bank and postal charges before submission of the CAF. Investors residing at places other than cities where the branches of the Banker(s) to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges;
- Ensure that you receive an acknowledgement from the collection branch of the Banker(s) to the Issue for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the I.T. Act with the CAF, except for Applications 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 the Issue under the securities laws applicable to your jurisdiction;
- Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker(s) to the Issue;
- 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 are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Submission of CAFs to the SCSBs;
- Age of first applicant (s) not given (in case of Renouncees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN 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 Renouncee(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/ SAFs by erstwhile OCBs not accompanied by a copy of an RBI approval to apply in the Issue;
- CAFs accompanied by Stock invest/ 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 the subscriber is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the

United States or other 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) and where the registered address in India has not been provided;
- CAFs where we believe 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;
- CAFs submitted by Renouncees where Part B of the CAF is incomplete or is unsigned. In case of joint holding, all joint holders must sign Part 'B' of the CAF;
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except Application by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application; and
- Applications from QIBs, Non-Institutional Investors (including applications for less than ₹ 2 Lakhs) or Investors applying in the Issue for Equity Shares for an amount exceeding ₹ 2 Lakhs, not through ASBA process.
- Failure to mention an Indian address in the Application. Application with only foreign address shall be liable to be rejected.
- If an Investor is debarred by SEBI and if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.

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.

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

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Lead Manager and we are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors 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.

The Lead Manager, we, our 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.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all applicants who are (i) QIBs, (ii) Non-Institutional Investors or (iii) other applicants whose application amount exceeds ₹ 2 Lakhs can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI Circular dated December 30, 2009. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 Lakhs, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose

application amount is less than ₹ 2 Lakhs can participate in the Issue either through the ASBA process or the non ASBA process. Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

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

Self-Certified Syndicate Banks

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on www.sebi.gov.in and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange(s) from time to time. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Rights Equity Shares through the ASBA Process is available only to the Equity Shareholders on the Record Date.

To qualify as ASBA Applicants, Eligible Equity Shareholders:

- are required to hold Equity Shares in dematerialized form as on the Record Date and apply for (i) their Rights Entitlement or (ii) their Rights Entitlement and Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF and further renounced it;
- should not be Renouncees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Equity Shares in the Issue.

CAF

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

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

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI Circular dated December 30, 2009.

Acceptance of the Issue

You may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA option in Part A of the CAF and submit the same to the

Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors or any committee thereof in this regard.

Mode of payment

The Eligible Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of instructions from the Registrar, the SCSBs shall transfer amount to the extent of Rights Equity Shares allotted in the Rights Issue as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by our Company for the purpose of the Issue. The balance amount blocked shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB.

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

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the 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, we would have a right to reject the application only on technical grounds.

Please note that in accordance with the provisions of the SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 must mandatorily invest through the ASBA process. A Retail Individual Investor applying for a value of up to ₹ 2 Lakhs, can participate in the Issue either through the ASBA process or non-ASBA process

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

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

S. No	Option Available	Action Required
1	Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A of the CAF (All joint holders must sign)
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 (All joint holders must sign)

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

Additional Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares that you are entitled to, provided that you are eligible to apply for the Rights Equity Shares under applicable law and you have applied for all the Rights Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall

be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue*” on page no 119 of this Letter of Offer

If you desire to apply for additional Rights 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 Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

Renunciation under the ASBA Process

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

Application on Plain Paper

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 Shareholder shall submit the plain paper application to the Designated Branch of SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper from any address outside India will not be accepted.

The envelope should be super scribed “**Reliance Chemotex Industries Ltd – Rights Issue- R**” or “**Reliance Chemotex Industries Ltd – Rights Issue- NR**”, as the case may be. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with us or the Depositories, must reach the office of the Registrar before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, Reliance Chemotex Industries Ltd;
- Name and Indian address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount to be paid at the rate of ₹ 65/- per Rights Equity Share
- 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;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts (subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity), PAN 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;
- Signature of the Shareholders to appear in the same sequence and order as they appear in our records or depositories records; and
- Additionally, all such applicants are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933 (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” or to or for the account or benefit of a “U.S. Person” as defined in Regulation S under the US Securities Act (“Regulation S”). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we understand that neither the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who, the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is, a resident of the United States or a “U.S. Person” (as defined in Regulation S,) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

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

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

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the United States, (ii) am/ are not a “U.S. Person” as defined in Regulation S, and (iii) am / are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

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

Investors are requested to note that CAF or plain paper application with only foreign addresses is liable to be rejected on technical grounds. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.

The plain paper application format will be available on the website of the Registrar to the Issue at www.bigshareonline.com

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.

Option to receive Equity Shares in Dematerialized Form

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

General instructions for Equity Shareholders applying under the ASBA Process

- Please read the instructions printed on the CAF carefully.

- Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer and the Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
- ASBA Applicants are required to select this mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorizing the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.
- The CAF/ plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose ASBA Account/ bank account details are provided in the CAF/plain paper application and not to the Banker(s) to the Issue/ collecting banks (assuming that such collecting bank is not a SCSB), to us or Registrar or Lead Manager to the Issue.
- All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/ her PAN allotted under the I.T. Act, 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 for credit” and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.
- All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/ demand draft/ pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- 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 us and/ or Depositories.
- 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 the depository/ us. 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.
- All communication in connection with application for the Rights 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 the Issue quoting the name of the first/ sole applicant Equity Shareholder, folio numbers and CAF number.
- Only the person or persons to whom the Rights Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.
- Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
- Only the Equity Shareholders holding Equity Shares in demat are eligible to participate through ASBA process.
- Equity shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.
- Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investor and other applicants whose application amount exceeds ` 2 Lakhs can participate in the Issue only through the ASBA process, subject to their fulfilling the eligibility conditions to be an ASBA Investors. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ` 2 Lakhs, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than ` 2 Lakhs can participate in the Issue either through the ASBA process or the non ASBA process. Notwithstanding anything

contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

- Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013 it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.
- 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*” on page 129 of this Letter of Offer.
- Please note that Indian address has to be mentioned on the CAF or plain paper application. CAF or plain paper application with only foreign addresses shall be rejected.
- Please do not apply in case you have been debarred by SEBI from accessing capital markets whether directly or indirectly. In the event that any past order passed by either SEBI or any other regulatory authority debarring you from accessing the capital markets has been revoked by any subsequent order, we request you to kindly attach a copy of such subsequent order along with the CAF.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. Person” (as defined under Regulation S) and does not have a registered address (and is not otherwise located) in the United States or restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations

Do’s:

- Ensure compliance with eligibility conditions prescribed under the SEBI circular dated December 30, 2009.
- Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- 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 the CAFs are submitted with the Designated Branch of 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 ASBA Account 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 ASBA Account, of which details are provided in the CAF and have signed the same.
- Ensure that you receive an acknowledgement from the Designated Branch of 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.
- Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.
- Apply under ASBA process only if you comply with the definition of an ASBA Investor.

Dont's:

- Do not apply if you are not eligible to participate in the 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, by pay 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 already been used for five Eligible Equity Shareholders.
- Do not apply through the ASBA Process if you are not an ASBA Investor.
- Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejections under the ASBA Process

In addition to the grounds listed under “*Grounds for Technical Rejections for non-ASBA Investors*”, applications under the ASBA Process are liable to be rejected on the following grounds:

- Application on a SAF by a person who has renounced or by a renounee.
- Application for allotment of Rights Entitlements or additional Equity Shares which are in physical form.
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Submission of an ASBA application on plain paper to a person other than a SCSB.
- 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.
- Insufficient funds are available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details have been mentioned in the CAF / Plain Paper Application having been frozen pursuant to regulatory order.
- ASBA 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 is not a “U.S. Person” (as defined under Regulation S) and does not have a registered address (and is not otherwise located) in the United States or 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 a restricted jurisdiction or executed by or for the account or benefit of a U.S. Person (as defined in Regulation S).

- Renouncees applying under the ASBA Process.
- Submission of more than five CAFs per ASBA Account.
- QIBs, Non-Institutional Investors and other Equity Shareholders who are eligible ASBA Investors (as per conditions of the SEBI circular dated December 30, 2009) applying for Equity Shares in the Issue for value of more than ₹ 2 Lakhs holding Equity Shares in dematerialised form and not renouncing or accepting Equity Shares from an Eligible Equity Shareholder, not applying through the ASBA process.
- QIB applicants and Non-Institutional Investors making an application of below ₹ 2 Lakhs and not applying through the ASBA process subject to their fulfilling the eligibility conditions to be an ASBA Investor.
- The application by an Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 2 Lakhs but has applied separately through split CAFs of less than ₹ 2 Lakhs and has not done so through the ASBA process.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR number instead of the PAN.
- An investor, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- 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.
- ASBA Application by SCSBs applying through the ASBA process on own account, other than through an ASBA Account in its own name with any other SCSB.
- Failure to mention an Indian address in the Application. Application with only foreign address shall be liable to be rejected.
- If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
- ASBA Bids by SCSBs applying through the ASBA process on own account, other than through an ASBA Account in its own name with any other SCSB.

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

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

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 / plain paper applications, as the case may be, 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 unblocking of their respective ASBA Accounts. 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 the funds would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Equity Shareholders. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the 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 us, 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:	Monday, July 8, 2019
Last date for request for SAFs:	Monday, July 15, 2019
Issue Closing Date:	Monday, July 22, 2019

Investors are advised to ensure that the CAFs are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and / or the Registrar to the Issue will not be liable for any loss on account of non-submission of CAFs or on before the Issue Closing Date.

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

Basis of Allotment

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

- (i) 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 Rights Equity Shares renounced in their favour, in full or in part.
- (ii) Allotment to the Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an unsubscribed portion after making full Allotment in (i) and (ii) above. The Allotment of such Rights 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.

- (iii) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (i), (ii) and (iii) above. The Allotment of such Rights 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.
- (iv) Allotment to any other person that the Board of Directors in their absolute discretion decide after taking into account Allotment to be made under (i) to (iv) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

Our Promoters have, by way of their letter dated March 22, 2019 undertaken on their behalf and on behalf of other members of the Promoter and Promoter Group to subscribe to their Rights Entitlement in full in the Issue either through themselves or through other members of the Promoter and Promoter Group or through underwriters and /or investors:

- through subscription in part or full and/or application for additional shares; and/or
- by renouncing their Rights Entitlement in part or full.

Our Promoters on their behalf and on behalf of other members of Promoter and Promoter Group have also confirmed that they intend to either through themselves or through other members of the Promoter and Promoter Group or through underwriters and /or investors:

- subscribe to additional Equity Shares; and
- subscribe for unsubscribed portion in the Issue, if any, such that at least minimum subscription of 90% of the Issue is achieved.

Further, Our Promoters and Promoter Group reserve the right either through themselves or through underwriters and /or investors to additionally subscribe for any unsubscribed portion over and above minimum subscription in order to achieve full subscription in the Issue. Such subscription to additional Equity Shares and the unsubscribed portion, if any, may be subject to their shareholding not exceeding 75% of the issued, outstanding and fully paid up Equity Share capital in accordance with the provisions of the SEBI Listing Regulations.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Underwriting

Our Company has currently not entered into any underwriting arrangement. We may enter into such an arrangement for the purpose of the Issue at an appropriate time and on such terms and conditions as we may deem fit. In the event our Company enters into such an arrangement, which shall be done, prior to the filing of the Letter of Offer with the Designated Stock Exchange, we shall disclose the details of the underwriting arrangement in the Letter of Offer as required under the SEBI ICDR Regulations.

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 Rights Equity Shares to the respective beneficiary accounts, if any, within 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centres where clearing houses are managed by the Reserve Bank of India ("RBI"), payment of refund would be done through NACH and for applicants having an account at any of the centres where such facility has been made available 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 Rights 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/speed post/registered 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 to receive their Rights Entitlement in physical form and we issue letter of allotment, the corresponding share certificates will be kept ready within two months from the date of Allotment thereof or such extended time as may be approved by the under Section 56 of the Companies Act, 2013 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 Investor's registered address in India or the Indian address provided by the Equity Shareholders from time to time. 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.

Our Company shall ensure at par facility is provided for encashment of refund orders or pay orders at the places where applications are accepted.

As regards allotment/refund to Non-residents, the following further conditions shall apply:

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

The Letter of Offer/ Abridged Letter of Offer and the CAF shall be dispatched to only such Non-resident Shareholders who have a registered address in India or have provided an Indian address.

Payment of Refund

Mode of making refunds

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

- i. **NACH** – This 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”
- ii. **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 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.
- iii. **RTGS** – If the refund amount exceeds ₹ 2 Lakhs, 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

NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

- iv. **Direct Credit** – Investors having bank accounts with the Banker(s) 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 us.
- v. 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.
- vi. 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/ plain paper application.

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/ 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.

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 Rights Equity Shares in the Issue, along with:

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

Option to receive Rights Equity Shares in Dematerialized Form

Investors shall be allotted the Rights Equity Shares in dematerialized (electronic) form only. We have signed a tripartite agreement with NSDL and the Registrar to the Issue on March 23, 2004 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. We have also signed a tripartite agreement with CDSL and the Registrar to the Issue on and March 12, 2004 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In the Issue, the allottees who have opted for Rights Equity Shares in dematerialized form will receive their Rights 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 Rights Equity Shares to the Investor's depository account.

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

The procedure for availing the facility for Allotment of Rights Equity Shares in the 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 our records. 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 our records). In case of Investors having various folios 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 beneficiary account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Rights Equity Shares arising out of the 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, the Investor will get Rights Equity Shares in physical form.
- The Rights Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to the applicant the confirmation of the credit of such Rights 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 and CDSL.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the 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 Equity 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.

Investment by FPIs, FIIs and QFIs

On January 7, 2014, the SEBI FPI Regulations were notified by SEBI pursuant to which FIIs, its sub-accounts and QFIs categories of investors were merged to form a new category called 'Foreign Portfolio Investors'.

Under the SEBI FPI Regulations, purchase of equity shares by an FPI or an investor group should be below 10% of the total issued capital of an Indian company.

However, portfolio investments by FIIs are also governed by RBI under FEMA and RBI has not yet notified the corresponding amendments to regulations under FEMA. Under the FEMA regulations, no single FPI can hold more than 10% of the paid-up capital of an Indian company and the total equity share holding of all FPIs put together in a company is subject to a cap of 24% of the paid-up capital of the company. The aggregate limit of 24% can be increased up to the applicable sectoral cap by passing a resolution by the board of the directors followed by passing a special resolution to that effect by the shareholders of the company. Our Company has not passed any resolution for increasing the limit and accordingly, no single FPI can hold more than 10% of the paid-up capital of our Company and the total equity share holding held by all FPIs in our Company cannot exceed 24%.

Under the FPI Regulations and subject to compliance with all applicable Indian laws, FPIs may issue, subscribe or otherwise deal in offshore derivative instruments (defined under the FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying security), directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. Further, Category II FPIs under the SEBI FPI Regulations which are unregulated broad-based funds and Category III FPIs under the SEBI FPI Regulations shall not issue, subscribe or otherwise deal in such offshore derivative instruments directly or indirectly. In addition, FPIs are required to ensure that further issue or transfer of any offshore derivative instruments by or on behalf of it is made only to person regulated by an appropriate foreign regulatory authority.

Applications will not be accepted from FPIs in restricted jurisdictions.

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹ 2 Lakhs can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 Lakhs.

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 NRIs in restricted jurisdictions.

Only Applications accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs intending to make payment through freely convertible foreign exchange and applying on a repatriation basis could make payments through Indian Rupee drafts purchased abroad or cheques or bank drafts or by debits to their Non-Resident External ("NRE") or Foreign Currency Non-Resident ("FCNR") accounts, maintained with banks authorized by the RBI to deal in foreign exchange. Eligible NRIs applying on a repatriation basis are advised to use the CAF meant for Non-Residents, accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be. Payment for Applications by non-resident Applicants Applying on a repatriation basis will not be accepted out of Non-Resident Ordinary ("NRO") accounts.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/ DIL/ 1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Equity Shares for an amount exceeding ₹ 2 Lakhs shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed 2 Lakhs subject to their fulfilling the eligibility conditions to be an ASBA Investor.

Procedure for Applications by Mutual Funds

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

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/ DIL/ 1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Equity Shares for an amount exceeding ₹ 2 Lakhs shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 Lakhs subject to their fulfilling the eligibility conditions to be an ASBA Investor.

Procedure for applications by Systemically Important NBFCs

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/ DIL/ 1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Equity Shares for an amount exceeding ₹ 2 Lakhs shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 Lakhs subject to their fulfilling the eligibility conditions to be an ASBA Investor.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended (“SEBI VCF Regulations”) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended (“SEBI FVCI Regulations”) prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 (“SEBI AIF Regulations”) prescribe, amongst other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in the Issue.

Venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in the Issue. Other categories of AIFs are permitted to apply in the Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

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-

- a) *Makes or abets making of an application in a fictitious name to the company for acquiring or subscribing for, its securities; or*
- b) *Makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- c) *Otherwise induces directly or indirectly a company to allot, register any transfer of, securities to him, or to any other person in a fictitious name,*

Shall be liable for action under Section 447”

Section 447 of the Companies Act further states-

“Without prejudice to any liability including repayment of any debt under this Act or any other law for the time being force, any person who is found to be guilty of fraud involving an amount of at least ten lakh rupees or one per cent. Of the turnover of the company, whichever is lower shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud:

Provided that where the fraud in question involves public interest, the term of imprisonment shall not be less than three years.

Provided further that where the fraud involves amount less than ten lakh rupees or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to fifty lakh rupees or with both.

Explanation- for the purposes of this section-

- I. *“fraud” in relation to affairs of a company or anybody corporate, includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the company to its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss;*
- II. *“wrongful gain” means the gain by unlawful means of property to which the person gaining is not legally entitled;*
- III. *“wrongful loss” means the loss by unlawful means of property to which the person losing is legally entitled.”*

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in the Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by us. However, the Banker(s) to the Issue/ Registrar to the Issue/ Designated Branch of the 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 Rights Equity Shares allotted, will be refunded to the Applicant within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board declares that:

1. all the moneys received out of the Issue, pursuant to an offer document shall be transferred to a separate bank account;
2. details of all monies utilized out of the Issue referred to in sub-item (a) shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remains unutilized under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilised;
3. details of all unutilized monies out of the Issue, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested;
4. We shall not have recourse to the Issue proceeds until the basis of allotment is approved by the Designated Stock Exchange.

Undertakings by the Company

The Company undertakes the following:

1. the complaints received in respect of the Issue shall be attended to by the 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. funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in the Letter of Offer and letter of offer shall be made available to the Registrar to the Issue by the Company;
4. 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 bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. where release of block on the application amount for unsuccessful bidders or part of the application amount in case of proportionate allotment, a suitable communication shall be sent to the applicants.
6. adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalizing the basis of allotment;
7. Except Equity Shares that may be allotted pursuant to exercise of options under ESOS 2016, no further issue of securities shall be made till the securities offered through this offer document are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.;
8. at any given time there shall be only one denomination for the Equity Shares of our Company;
9. our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time;

10. that the certificates of the securities or refund orders to the non-resident Indians shall be dispatched within specified time.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount received 15(fifteen) days from the issue closing date. If there is any delay in the refund of subscription amount of more than 8 (eight) days after our Company becomes liable to pay the subscription amount within (i.e. 15 (fifteen) after the Issue Closing Date), our Company and its Directors (who are officers in default) shall pay interest for the delayed period, at such rates as prescribed under Companies Act, 2013.

Important

- Please read the Letter of Offer carefully before taking any action. The Instructions contained in the accompanying CAF are as integral part of the conditions and must be carefully followed; other the application is liable to be rejected.
- All enquiries in connection with the 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 super scribed “Reliance Chemotex Industries Ltd” ‘Rights Issue’ on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Bigshare Services Private Limited

1stFloor, Bharat Tin Works Building,

Opp: Vasant Oasis, Makwana Road

Marol, Andheri (East), Mumbai – 400059

Telephone: +91-22-62638200

Fax: +91-22- 62638299

Email: rightsissue@bigshareonline.com

Website: www.bigshareonline.com

Investor Grievance Email: investor@bigshareonline.com

Contact Person: Mr. Ashish Bhope

SEBI Registration No: INR000001385

It is to be specifically noted that the Issue of Rights Equity Shares is subject to the risk factors mentioned in section titled “Risk Factors” on page 13 of this Letter of Offer.

The Issue will remain open for a 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.

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 us) which are or may be deemed material have been entered into by us. The contracts together with the documents referred to in para (B) below may be inspected at the Registered Office of the Company between 10.00 a.m. to 5.00 p.m. on any working day from the date of the Letter of Offer until the closure of the subscription list.

A. Material contracts for inspection

1. Issue Agreement dated April 1, 2019 between the Company and Libord Advisors Private Limited, Lead Manager to the Issue
2. Agreement dated 7 January, 2019 between the Company and Bigshare Services Private Limited, Registrar to the Issue.
3. Banker (s) to the Issue Agreement dated June 10, 2019 amongst our Company, the Lead Manager, the Registrar to the Issue and the Escrow Collection Bank(s).
4. Tripartite Agreement dated 23 March, 2004 between our Company, the Registrar to the Issue and NSDL.
5. Tripartite Agreement dated 12 March, 2004 between our Company, the Registrar to the Issue and CDSL.

B. Material documents for inspection

1. Certified true copy of the Memorandum of Association and Articles of Association of our Company, as amended.
2. Certificate of Incorporation dated 23 August, 1977 issued by the Registrar of Companies, Maharashtra.
3. Resolution of the Board of Directors under section 62(1) (a) of Companies Act, 2013 passed in its meeting dated June 28, 2018 authorising the Issue and February 9, 2019
4. Consents of the Directors, Chief Financial Officer, Company Secretary and Compliance Officer, Statutory Auditor, Lead Manager to the Issue, Legal Advisor to the Issue, and Registrar to the Issue, to include their names in the Letter of Offer to act in their respective capacities.
5. Consents of Bankers to Company to include their names in Letter of Offer and authorizing the rights issue.
6. Consent Letters from promoter, individual shareholder and Group Entities dated March 22, 2019 for entitlement to apply for equity shares on rights basis.
7. Annual reports of the Company for Fiscals 2018, 2017, 2016, 2015 and 2014 and audited financial statements for Fiscal 2019
8. The Report of the Auditors being, Jain Pramod Jain & Company (Chartered Accountants), as set out there in dated 31 March, 2019 in relation to our audited financial information.
9. Statement of tax benefits dated March 25, 2019, issued by M/s. Jain Pramod Jain & Company, (Chartered Accountants), as set out in the Letter of Offer.
10. The loan details as certified by our statutory auditors M/s. Jain Pramod Jain & Co. Chartered Accountants vide Undertaking on dated 31st March, 2019
11. Certified True Copy of Prospectus in regards to Initial Public Offer on dated October 28, 1978 and Further Public Offer on dated October 18, 1994.
12. Due Diligence Certificate dated April 27, 2019 by Libord Advisors Private Limited, Lead Manager to the Issue.

13. In-principle approval dated May 13, 2019 issued by BSE respectively under Regulation 28(1) of SEBI Listing Regulations

14. SEBI final observation letter no. CFD/WRO/AKD/BK/173/1/2019 received on dated May 30, 2019.

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

DECLARATION

We hereby certify that no statement made in the Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act and or the rules made thereunder or regulations issued thereunder, as the case maybe. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in the Letter of Offer are true and correct.

Signed by the Directors of our Company

Name	Signature
Mr. Ramadoss Srinivasan (Chairman)	Sd/-
Mr. Sanjiv Shroff (Managing Director)	Sd/-
Mr. Rahul Shroff (Executive Director)	Sd/-
Mr. Ameya Shroff (Executive Director)	Sd/-
Mr. N.G. Khaitan (Non-Executive Director)	Sd/-
Ms. Dipika Shroff (Non-Executive Director)	Sd/-
Mr. Kishori Lal Sonthalia (Independent Director)	Sd/-
Mr. Narayan Shroff (Independent Director)	Sd/-
Mr. R.N. Sharma (Non-Executive Director)	Sd/-

Mr. Vimal Tank (Compliance Officer & Company Secretary)	Sd/-
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Mr. Amar Inder Singh Jassar (Chief Financial Officer)	Sd/-
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Dated: June 22, 2019

Place: Mumbai, Maharashtra