

# Manjushree Extrusions Limited

(The Company was originally incorporated as a Private Limited Company vide registration No. 2799 of 1987-88 under the provisions of the Companies Act, 1956 on 13<sup>th</sup> November, 1987 under the name and style of "Manjushree Extrusions Private Limited" with the Registrar of Companies, Assam, Shillong and later by virtue of Special Resolution passed on 12<sup>th</sup> December, 1994 the Company was converted into a Public Limited Company under Section 21/31/44 of the Companies Act, 1956 and received an amended certificate of incorporation and the name of the Company was changed to Manjushree Extrusions Limited).

**Registered & Corporate Office:** 143-C5, Bommasandra Industrial Area, Hosur Road, Bangalore-560099 (At the time of incorporation, the registered office of the Company was situated at S.R.C.B Road, Fancy Bazar, Guwahati-781001, which was thereafter shifted on 31<sup>st</sup> July, 2003 to the present address). **Tel:** +91-80-27833478; **Fax:** +91-80-27833819; **E-mail:** investor@manjushreeindia.com;

**Website:** www.manjushreeindia.com, **Contact person:** Mr. Naresh Kumar Sharma, Company Secretary cum Compliance Officer

## COMPOSITE ISSUE OF 93,36,900 EQUITY SHARES OF RS. 10 EACH AGGREGATING TO RS. 3570.00 LACS COMPRISING OF:

- RIGHTS ISSUE OF 42,10,800 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PREMIUM OF RS. 20 PER SHARE (i.e. AT A PRICE OF RS. 30 PER SHARE) AGGREGATING TO RS. 1263.24 LACS TO THE EXISTING SHAREHOLDERS OF THE COMPANY IN THE RATIO OF 1 (ONE) EQUITY SHARE FOR EVERY 1(ONE) EQUITY SHARE HELD AS ON 24<sup>th</sup> DECEMBER, 2007 (RECORD DATE)**
- PUBLIC ISSUE OF 51,26,100 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PREMIUM OF RS. 35 PER SHARE (i.e. AT A PRICE OF RS. 45 PER SHARE) AGGREGATING TO RS. 2306.76 LACS. (THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 PER EQUITY SHARE AND THE RIGHTS ISSUE PRICE OF RS 30 PER EQUITY SHARE IS 3 TIMES OF THE FACE VALUE AND THE PUBLIC ISSUE PRICE OF RS. 45 IS 4.5 TIMES OF THE FACE VALUE).**



**THE NET PUBLIC ISSUE WOULD CONSTITUTE 37.84 % OF THE POST ISSUE PAID UP CAPITAL OF THE COMPANY**

### GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The equity shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Offer Document. Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page vi of this Offer Document.

### ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Offer Document contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Offer Document 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 Offer Document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 <b>CENTRUM CAPITAL LIMITED</b> <b>SEBI Regn No. INM000010445,</b> <b>AMBI Reg. No: AMBI /087</b> 59,"Krishna Chambers", Ground Floor, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai-400020 <b>Tel:</b> +91-22-4030-0500 <b>Fax:</b> +91-22-4030-0510 <b>Website:</b> www.centrum.co.in <b>Email:</b> manjushree@centrum.co.in <b>Contact Person:</b> Mr. Ravish Bansal / Mr. Alpesh Shah	 <b>Alpha Systems Private Limited</b> <b>SEBI Regn No. INR000000791,</b> <b>UIN No. 100011684</b> 30, Ramana Residency, 4 <sup>th</sup> Cross Sampige Road, Malleswaram, Bangalore-560003 <b>Tel :</b> +91-80-2346-0815/818 <b>Fax:</b> +91-80-2346-0819 <b>Website:</b> www.123alpha.com <b>Email:</b> mel@123alpha.com <b>Contact Person:</b> Mr. S. Vijayagopal

### ISSUE SCHEDULE

RIGHTS ISSUE	PUBLIC ISSUE
<b>OPENS ON:</b> 07 <sup>th</sup> JANUARY, 2008	<b>ISSUE OPENS ON:</b> 31 <sup>st</sup> JANUARY, 2008
<b>LAST DATE FOR RECEIVING REQUESTS FOR SPLIT FORMS:</b> 21 <sup>st</sup> JANUARY, 2008	<b>ISSUE CLOSSES ON:</b> 06 <sup>th</sup> FEBRUARY, 2008
<b>CLOSSES ON:</b> 06 <sup>th</sup> FEBRUARY, 2008	

### LISTING

The existing equity shares of the Company are listed on The Calcutta Stock Exchange Association limited, The Gauhati Stock Exchange Limited and Ahmedabad Stock Exchange Limited. The equity shares to be issued through this issue are proposed to be listed on Bombay Stock Exchange Limited, Ahmedabad Stock Exchange Limited, The Calcutta Stock Exchange Association Limited and The Gauhati Stock Exchange Limited. The Company has received an in-principle approval for listing of the equity shares issued from Bombay Stock Exchange Limited vide its letter no. DCS/IPO/PS/IPO-IP/1033/2007-08 dated 28<sup>th</sup> September, 2007 for the Public Issue and the letter no. DCS/PREF/SM/IP-RT/1720/07-08 dated 01<sup>st</sup> October, 2007 for the Rights Issue. The Company has received an in-principle approval for listing of the equity shares issued from The Gauhati Stock Exchange Limited vide its letter no. GSE/L/770/2008/378 dated 18<sup>th</sup> August, 2007 for the Public and Rights issue. The Company has received an in-principle approval for listing of the equity shares issued from Ahmedabad Stock Exchange Limited vide its letter no. REF/ASEL/891/07 dated 12<sup>th</sup> September, 2007 for the Public and Rights Issue. The Company has received an in-principle approval for listing of the equity shares issued from The Calcutta Stock Exchange Association Limited vide its letter no. CSEA/LD/571/2007 dated 12<sup>th</sup> October, 2007 for the Public Issue and the letter no. CSEA/LD/572/2007 dated 12<sup>th</sup> October, 2007 for the Rights Issue. Bombay Stock Exchange Limited shall be Designated Stock Exchange.

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## SECTION: I: DEFINITIONS AND ABBREVIATIONS

### 1. CONVENTIONAL / GENERAL TERMS:

Manjushree Extrusions Limited/ MEL/The Company/The issuer	Unless the context otherwise indicates or implies refers to Manjushree Extrusions Limited, a Public Limited Company incorporated under the provisions of Companies Act, 1956 with its registered office at 143-C5, Bommasandra Industrial Area, Hosur Road, Bangalore-560099
TERM	DESCRIPTION
Articles/Articles of Association/ AoA	Articles of Association of the Company.
Companies Act	The Companies Act, 1956, as amended from time to time for the time being in force.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time for the time being in force.
Depository Participant	A depository participant as defined under the Depositories Act.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under for the time being in force.
Financial Year/FY / Fiscal	Period of twelve months ended March 31 <sup>st</sup> of that particular year.
FIs	Financial Institutions.
FII/Foreign Institutional Investor	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
Indian GAAP	Generally Accepted Accounting Principles in India.
IT Act	The Income-Tax Act, 1961, as amended from time to time and for the time being in force.
Memorandum/Memorandum of Association / MoA	The Memorandum of Association of Manjushree Extrusions Limited
NRI / Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000.
OCB	Overseas Corporate Bodies.
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time and for the time being in force
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.

### 2. ISSUE-RELATED TERMS:

TERM	DESCRIPTION
Allotment	Unless the context otherwise requires, issue of equity shares pursuant to this Issue.
Allottee	The successful applicant to whom the equity shares are being / or have been issued or transferred
Applicant	Any prospective investor who makes an application pursuant to the terms of this Offer Document.

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TERM	DESCRIPTION
Application Forms	The Form in terms of which the investors shall apply for the equity shares of the Company.
ASE	Ahmedabad Stock Exchange Limited
Banker(s) to the Issue	<b>HDFC Bank Limited , BNP PARIBAS</b>
Composite Issue	An issue of securities by a listed Company on a public cum right basis offered through a single offer document wherein the allotment for both public and rights components of the issue is proposed to be made simultaneously.
Issue Opening Date	The date on which the issue opens for subscription.
Issue Closing Date	The date on which the issue closes for subscription.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective applicants can submit their application forms.
Lead Manager	Lead Manager to the Issue, in this case being <b>CENTRUM CAPITAL LIMITED.</b>
BSE	Bombay Stock Exchange Limited.
CSE	The Calcutta Stock Exchange Association Limited
CAF	Composite Application Form
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
D/E Ratio	Debt-Equity Ratio
Designated Stock Exchange	Bombay Stock Exchange Limited.
DP	Depository Participant
Equity Shares	Equity shares of face value of Rs.10 each of the Company unless otherwise specified in the context thereof
Face Value	Face Value of equity shares of the Company being Rs. 10/- each
First Applicant	The applicant whose name appears first in the Application Form
GSE	The Gauhati Stock Exchange Limited
GIR Number	General Index Registry Number
INR/ Rs	Indian National Rupee
ISIN	International Security Identificaton Number
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Letter of offer cum Offer Document.
Issue Size	Composite Issue of 93,36,900 equity shares of Rs. 10/- each comprising of :1. Rights Issue of 42,10,800 equity shares of Rs. 10/- each for cash at a premium of Rs 20 per equity share (i.e., at a price of Rs. 30 per share) aggregating Rs. 1263.24 Lacs to the existing equity shareholders of the Company in the ratio of 1(One) equity share for every 1 (One) equity share held as on 24 <sup>th</sup> December, 2007 (Record Date).2. Public Issue of 51,26,100 equity shares of Rs. 10/- each for cash at a premium of Rs.35 per equity share (i.e., at a price of Rs.45 per share) aggregating Rs.2306.76 Lacs.
Non-Retail Applicants	The applicant who apply for the shares with the application money of more than Rs 100,000.
Non-Retail Portion	The portion of the Issue that is available for allocation to Non-Retail Persons, in this issue 25,63,050 equity shares of Rs.10/- each
NSDL	National Securities Depositories Limited

TERM	DESCRIPTION
PAN	Permanent Account Number
Permanent Employees	Permanent Employees of the Company as on 30th September, 2007
Public Issue	Public Issue of 51,26,100 equity shares of Rs. 10/- each for cash at a premium of Rs. 35 per equity share (i.e., at a price of Rs. 45 per share) aggregating Rs.2306.76 Lacs.
Rights Issue	Rights Issue of 42,10,800 equity share of Rs. 10/- each for cash at a premium of Rs. 20 per equity share (i.e. at a price of Rs. 30 Per equity share aggregating Rs. 1263.24 Lacs).
Rights Entitlement	The Number of equity shares that an equity shareholder is entitled to, under this offer document in proportion to his/ her/ their/ its existing shareholding in the Company as on the record date i.e. 24 <sup>th</sup> December, 2007.
ROC	Registrar of Companies, Karnataka, Bangalore
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being Alpha Systems Private Limited, having its registered office as indicated on the cover page of this Offer Document.
Stock Exchanges	CSE, GSE, ASE & BSE

### 3. COMPANY/ INDUSTRY-RELATED TERMS: -

TERM	DESCRIPTION
AGM	Annual General Meeting
Articles / Articles of Association / AoA	Articles of Association of the Company
Auditors	The statutory auditors of the Company M/s A. Kedia & Associates, Chartered Accountants
Board of Directors	The Board of Directors of Manjushree Extrusions Limited or a committee thereof
BOPP	Biaxially Oriented Polypropylene
Compliance Officer	Compliance Officer of the Company in this case being, Mr. Naresh Kumar Sharma, Company Secretary.
Director(s)	Director(s) of the Company unless otherwise specified
DEEC	Duty Exemption Entitlement Certificate
Equity Shares	Equity shares of face value of Rs.10/- each of the Company unless otherwise specified in the context thereof
Equity Shareholders	Persons holding equity shares of the Company unless otherwise specified in the context otherwise.
ESCR	Environmental Stress Crack Resistance
Face Value	Value of paid-up equity capital per equity share, in this case Rs. 10/- each.
FVCI	Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
HM	High Molecular
HDPE	High Density polyethylene
ISBM	Injection Stretch Blow Moulding
LDPE	Low Density polyethylene
MTPA	Metric Tonnes Per Annum
Non-Resident	A person who is not a NRI, FII or a person resident in India
Promoter(s)	Persons whose name have been inserted as promoters namely Mr. Vimal Kedia and Mr. Surendra Kedia

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TERM	DESCRIPTION
PET	Polyethylene Terephthalate
PP	Polypropylene
PS	Polystyrene
PVC	Poly vinyl chloride
Registered Office of the Company	Registered Office of the Company situated at 143-C5, Bommasandra Industrial Area, Hosur Road, Bangalore-560099
SIA	Secretariat of Industrial Approvals

In the section entitled “Main Provisions of Articles of Association of Manjushree Extrusions Limited”, defined terms have the meaning given to such terms in the Articles of Association of the Company.

#### 4. ABBREVIATIONS:

ABBREVIATION	FULL FORM
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AY	Assessment Year
Centrum	Centrum Capital Limited
Capex	Capital Expenditure
CIN	Corporate Identity Number
DOB	Date of Birth
EBDITA	Earnings Before Depreciation, Interest, Tax and Amortization
EGM	Extraordinary General Meeting
EPS	Earnings Per Equity Share i.e. profit after tax divided by outstanding number of Equity Shares at the year-end.
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto.
FG	Finished Goods
FIs	Financial Institutions
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
FIPB	Foreign Investment Promotion Board
FMCG	Fast Moving Consumer Goods
FY / Fiscal	Financial year ending March 31 <sup>st</sup>
Gol	Government of India
HY	Half Year
HR	Human Resources
HUF	Hindu Undivided Family

ABBREVIATION	FULL FORM
MOU	Memorandum of Understanding
MNC	Multi National Company
N. A.	Not Applicable
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NAV	Net Asset Value being paid-up Equity Share Capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares.
PY	Previous Year
P/E Ratio	Price Earnings Ratio
RBI	The Reserve Bank of India
RM	Raw Material
RoC	The Registrar of Companies, Karnataka, Bangalore
RONW	Return on Net Worth
Sec.	Section
VCF	Venture Capital Funds
EO	Export Obligation

## SECTION II: RISK FACTORS

### 1. CERTAIN CONVENTIONS AND USE OF MARKET DATA

Unless stated otherwise, the financial data in this Offer Document is derived from the financial statements prepared in accordance with Indian GAAP and included in this Offer Document. The financial year of the Company commences on April 1 and ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

In this Offer Document, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

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

For additional definitions, please see the section titled “Definitions and Abbreviations” starting on page i of this Offer Document.

### 2. CURRENCY OF PRESENTATION

In the Offer Document, all references to “Rupees” and “Rs.” and “Indian Rupees” are to the legal currency of the Republic of India. Through out the sections on ‘Financial Information’, ‘Summary of Financial Information’ and ‘Management’s Discussion and Analysis of Financial Condition and Results of Operation’ in the Offer Document figures have been expressed in lacs. The term ‘lacs’ means ‘One Hundred Thousand’, the word ‘million’ or ‘mn.’ means ‘ten lac’ and the word ‘crore’ means ‘ten million’.

Any percentage amounts, as set forth in “Risk Factors”, “Business of the Company” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” in the Offer Document, unless otherwise indicated, have been calculated on the basis of the financial statements of the Company prepared in accordance with Indian GAAP. In the Offer Document, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

### 3. FORWARD-LOOKING STATEMENTS

This Offer Document contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue”, “may” or other words or phrases of similar import. Similarly, statements that describe the objectives, plans or goals also are forward-looking statements.

All forward-looking statements are subject to risk, uncertainties and assumptions about the 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 the expectations include, among others:

- ❖ General economic and business conditions in India, and other countries where the Company exports its products,
- ❖ The ability to successfully implement the strategy, the growth and diversification plans and technological changes;
- ❖ The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees do not have immediate consequence at the existing level of operations.
- ❖ The ability to retain the clients and acquire new clients;
- ❖ Changes in the pricing policies or those of the competitors;
- ❖ Cancellations, contract terminations or deferrals of projects;
- ❖ Unanticipated variations in the duration, size and scope of the projects;



- ❖ Changes in the value of the Rupee and other currencies;
- ❖ Changes in laws and regulations that apply to the industry under which the Company is operating and;
- ❖ Changes in the political and social conditions in India.

For further discussion of factors that could cause our actual results to differ, please see “Risk Factors” on page viii of this Offer Document. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. None of the Company or any of their respective affiliates has any obligation to update or otherwise revise any statements to reflect circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the Lead Manager will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchanges.

Unless stated otherwise, the financial data in this Offer Document is derived from our Restated financial statements.

## 4. RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Offer Document including the risks described below, in addition to the other information contained in this Offer Document, before making any investment decision relating to the equity shares. If any of the following risks actually occur, the Company's business, results of operations and financial condition could suffer, the trading price of the Company's Equity Shares could decline, and the investor may lose all or part of his investment.

Note: Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implication of any risks mentioned herein under:

### Materiality:

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

- Some events may not be material individually, but may be found material collectively.
- Some events may have material impact qualitatively instead of quantitatively.
- Some events may not be material at present but may be having material impacts in future.

The risk factors are as envisaged by the management along with the proposals to address the risk, if any. Wherever possible, the financial impact of the risk factors has been quantified.

### A. INTERNAL RISK FACTORS

#### 1. LEGAL CASES INVOLVING THE COMPANY

##### CASES FILED BY THE COMPANY

Sr. No.	Parties	Place of Litigation	Authority before which pending	Brief Particulars of the case	Claim Amount (Rs in Lacs)	Present Status	Provision made in the Balance sheet – Yes/No/NA
1	Assistant Commissioner of Income Tax, Cir-4	Guwahati	The Income Tax Appellate Tribunal	Disallowance of certain expenses by CIT of Rs. 5.70 Lacs and a penalty of Rs. 5 Lacs for AY 2002-03		The Income Tax Appellate Tribunal, Guwahati bench vide their order dated August 28, 2007 were pleased to restrict the disallowance as imposed by the Assessment Officer. The order was passed against two appeals by the assessee, one against quantum and another against penalty under section 271(1)(c) of the Income Tax Act. The quantum appeal was partly allowed and the ground relating to foreign travel	

Sr. No.	Parties	Place of Litigation	Authority before which pending	Brief Particulars of the case	Claim Amount (Rs in Lacs)	Present Status	Provision made in the Balance sheet – Yes/No/NA
						expenses has been restored to the file of the Assessment Officer, therefore the penalty order imposed by the Assessment Officer is restored back to the file to re-decide the same.	No
2	Commissioner of Customs	Chennai	The Customs, Excise and Service Tax Appellate Tribunal, south Zonal Bench	Uncleared imported PET scrap at Chennai customs since 1996	2.86	Pending for hearing	No
3	Panjon Ltd – Indore	Bangalore	In the Court of IInd Addl. Civil Judge, Senior Division, Bangalore, Rural District, Bangalore Case No. 1280 of 2004	Suit filed for Recovery of Outstanding Payment	6.55	Pending for hearing	No
4	The Malabar Coast Products - Kottayam	Bangalore	The Court of XIV Additional Chief Metropolitan Magistrate, Bangalore	Case filed u/s 138 of Negotiable Instrument Act with section 200 of CRPC against dishonored cheques	1.50	Pending For hearing	No

2. ***The Company has not made definitive arrangements for procurement of Plant & Machinery and Utility required for the proposed project aggregating to 2136.17 Lacs. Any delay in placing orders could escalate the project cost thereby affecting the viability and profitability of the project.***

The Company has received quotations and estimates for the plant & machinery and Utilities of value Rs. 2136.17 Lacs which constitute 59.58% of the total cost of Plant Machinery and Utilities of Rs. 3585 lacs. If at the time of placing such orders there is any increase in the cost of machinery or any change in the terms & conditions for purchase, the estimated project cost might increase and thereby affecting the profitability of the Company. For details of quotations of the plant & machinery please refer the section “Objects of the issue” to page no 20 of this Offer Document.

3. ***The Company is largely dependent on the proceeds to be received from proposed offering through Rights and Public Issue for its proposed project and any delay/failure would have an adverse impact on the completion of the project on schedule as that will affect the expansion plan and growth prospects of the Company.***

The Company proposes to fund the proposed project largely through the proceeds of this proposed composite issue. Any delay or failure of the composite issue will have an adverse impact on the expansion plan and will affect the growth prospects of the Company.

The Company proposes to meet any shortfall in the proceeds to be received through the composite issue through Debt /Internal Accruals of the Company to complete the projects as per schedule.

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**4. Adverse fluctuations in foreign exchange may affect cost of proposed project as well as financial performance of the Company.**

The Company intends to import Plant and Machinery costing Rs. 1954 Lacs for the proposed project, which constitutes 49% of the capital cost of project i.e. Rs. 4000 Lacs, [for details please refer the section titled as "Objects of the issue" on page no. 20 of this Offer Document] any adverse fluctuation in the exchange rate may adversely affect the cost of project as well as financial performance of the Company.

**5. The Company has Contingent liabilities which have not been provided for as on 30<sup>th</sup> September, 2007 as mentioned below. If any of the following Contingent Liabilities materializes then the profitability of the Company may be adversely affected**

Particulars	Amount (Rs. In lacs)
a) Bank Guarantee with SBI outstanding	13.65
b) Letter of Credit with SBI outstanding	23.04
c) Estimated disputed Liability towards Custom duty on raw material	2.86
<b>Total</b>	<b>39.55</b>

**6. The prospects of the Company depend on its ability to attract and retain talent especially at senior management positions.**

The Company is dependent on its Directors and its senior management for strategic direction and management of business, both of which are crucial to the success of the business of the Company. Its ability to maintain strong position in the Plastic industry substantially depends on its ability to attract, train, motivate and retain skilled personnel. The loss of the services of the senior management, including its Directors, or its inability to recruit, train or retain a sufficient number of experienced personnel may have a material adverse effect on the operations and profitability of the Company. Further any increase in the attrition rate at the Company may adversely affect the growth plans of the Company.

**7. Company's facilities are geographically located in one area which makes it prone to any calamity that hits that area, which can disrupt the operations of the Company.**

Company's entire manufacturing facilities for plastic containers are located at Bommasandra Industrial Area, Bangalore and further expansion cum diversification is also planned at the existing facilities. As a result, any localized social unrest, natural disaster or breakdown of services and utilities in Bommasandra Industrial Area or surrounding areas could have material adverse effect on the business, financial position and results of operations of the Company.

**8. Further infusion of funds through equity offering will lead to dilution of equity and may affect the market price of the Equity Shares.**

Investors applying for the equity shares in this issue may experience dilution of the shareholding to the extent the Company makes future equity offerings to satisfy the capital needs of the Company for any further expansion.

**9. Changes in technology may render the current technologies obsolete or require the Company to make substantial capital investments**

The business of the Company largely depends upon the technology adopted by the Company. The manufacturing process in the plastic industry is prone to technological changes and may render Company's current processes obsolete. The Company may be required to invest substantial sums to adopt latest technologies and processes which may have an adverse impact on the business and profitability of the Company.

**10. Shortfall in promises v/s performance of the Company**

The Company had incorporated certain projections in its Prospectus for the Initial Public Offer made in the year 1995. However, there were certain variations in performance vis-à-vis the promises made, brief details for the same mentioned herein below For details please refer heading titled "Promises v/s Performance" appearing on page no 123 of this Offer Document .

(Rs. In Lacs)

	1995-96		1996-97		1997-98		1998-99	
Particulars	Projection	Performance	Projection	Performance	Projection	Performance	Projection	Performance
Equity Capital	445.00	412.20	445.00	431.46	445.00	421.08	445.00	421.08
Reserves & Surplus	52.04	89.19	62.63	82.51	92.53	158.73	123.54	193.55
Premium Reserves	105.00	96.80	105.00	101.62	105.00	99.02	105.00	99.02
Net Worth	602.04	561.20	612.63	582.71	642.53	650.07	673.54	689.01
Capacity utilization %								
- Guwahati	90%	69.37%	90%	77.76%	90%	72.00%	90%	77.00%
- Bangalore	50%	0.07%	60%	55.73%	70%	68.99%	80%	70.83%
Gross Sales	705.16	442.68	1032.13	1033.44	1123.11	1712.76	1213.15	1934.42
Excise Duty	35.00	34.55	35.00	35.44	35.00	102.22	35.00	184.43
Net Sales	670.16	408.13	997.13	998.00	1088.11	1610.54	1178.15	1749.99
Other Income	2.00	14.17	2.00	17.05	2.00	19.96	2.00	16.26
PBDIT	122.95	54.58	219.58	239.28	246.12	328.70	271.58	352.50
Interest	44.90	12.59	75.66	80.69	69.54	63.56	63.58	90.43
Depreciation	43.57	8.33	79.93	164.64	79.93	135.83	79.93	207.48
Extraordinary Items	-	(13.71)	-	0.42	-	0.87	-	-
Profit before tax	34.48	47.37	63.99	(6.47)	96.65	128.44	128.07	54.59
Provision for Taxation	-	-	-	0.21	-	27.21	30.31	19.77
Net Profit (PAT)	34.48	47.37	63.99	(6.68)	96.65	101.23	97.76	34.82
Dividend Amount	23.50	-	53.40	-	66.75	42.11	66.75	-
Dividend %	10%	-	12%	-	15%	10%	15%	-
Earning per share (Rs.)	1.47	1.06	1.44	(0.15)	2.17	2.40	2.20	0.83
Book Value (Rs.)	13.53	12.61	13.77	13.09	14.44	15.44	15.14	16.36

**11. There are no long-term contracts with buyers which may affect revenues and profitability of the Company**

The Company at present does not have any long-term contracts with its existing clients and any change in the buying pattern of buyers can adversely affect the business of the Company. Although the Company have very good business relations with the customers and has received continued business from them in the past. There is no certainty that the same will continue in the years to come and may affect its profitability.

**12. Raw materials constitute a significant percentage of the Company's total expenses, and any increase in price of PET / PP Chips adversely affects the Company's profitability.**

During the Financial Year 2006-07, Raw material cost accounted for 58% of the cost of goods sold. Any material shortage or interruption in supply or decrease in quality or increase in price could result in increased production costs that the Company may not successfully be able to pass on to customers, which in turn would have adverse effect on the Company's profitability. Names of major suppliers of raw material to the Company are listed on page no 46.

The Company does not face any competition in procuring the raw material as besides domestic availability, raw material can also be imported under open general license from international markets.

**13. Insurance cover is available for certain risks which may be inadequate.**

Although Company attempt to limit and mitigate liability for damages arising from negligent acts, errors or omissions or loss of profits because of unforeseen events such as fire, earthquake etc through contractual

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provisions and/or insurance policies, the indemnities set forth in Company's contracts and / or insurance policies may not be enforceable in all instances or the limitations of liability may not protect it from entire liability for the damages. A successful assertion of one or more large claims against the Company could adversely affect the results of its operations.

**14. There has been negative cash flow during FY ended 31<sup>st</sup> March, 2007 and HY ended 30<sup>th</sup> September, 2007 in the following activities.**

Amount (Rs. In Lacs)		
Particulars	31.03.2007	30.09.2007
Net Cash from Investing Activities	(868.00)	(42.03)
Net Cash from Financing Activities	(635.63)	738.32
Net Cash from Operating Activities	1707.92	(913.43)

- 1) Negative net cash flow from investing activities during FY ended 31<sup>st</sup> March, 2007 is due to investments in fixed assets and loans and advances to suppliers. Negative net cash flow from investing activities during HY ended 30<sup>th</sup> September, 2007 is due to investments in fixed assets and share issue expenses
- 2) Negative net cash flow from financing activities during FY ended 31<sup>st</sup> March, 2007 is due to re-payment of loans to banks and interest on loans and dividend paid and tax thereon.
- 3) Negative Cash Flow from operating activities during HY ended 30<sup>th</sup> September, 2007 is due to increase in trade and other receivables and inventories, payment of trade payable, and taxes.

**15. Its Substantial sales is dependent upon a few large customers, loss of any of the large customers will adversely affect the revenues and profitability of the Company.**

Any change in the demand for its products by these customers may impair its ability to retain these customers or replace them as there are only a handful of players with such a large demand of Company's products, which may adversely affect Company's revenues and profitability. For details of top ten customers in terms of sales for the financial year 2006-07, 2005-06, 2004-05 please refer to page no. 51 of this Offer Document.

**16. The lenders to the Company (State Bank of India, IFB, Bangalore) have in their loan agreements imposed certain restrictive covenants.**

There are restrictive covenants in the agreements for short term and long term borrowings from SBI (the Bank), among other things, which require the Company to obtain prior approvals of the Bank for or provide restrictions on, change in capital structure, declaring dividends, further expansion of business, taking up new business activity or setting up / investing in subsidiary whether in these line or unrelated business during the course of time. The Company cannot assure the shareholders that the Bank will provide it with these approvals in the future. However, for the proposed public issue the Company has taken no objection certificate from the Bank vide their letter dated 31<sup>st</sup> May, 2007. For the detailed restrictive covenants please refer Section titled as "Financial Indebtedness" appearing on page no. 56 of this Offer Document. Some of the major covenants are disclosed herein below:

- i. During the currency of the Bank's credit facilities, the Company shall not, without the prior approval of the Bank in writing :-
  - a) effect any change in their capital structure;
  - b) formulate any scheme of amalgamation or reconstruction;
  - c) undertake any new project/schemes without obtaining the Bank's prior consent therefore unless the expenditure on such expansion, etc., is covered by the Company's net cash accruals after providing for dividends, investments, etc., or from long term funds received for financing such new projects or expansion;
  - d) Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations.

- ii. Enter into any contractual obligation of a long term nature or affecting the Company to a significant extent.
- iii. Permit any transfer of the controlling interest or make any change in the management set up.

**17. Presently equity shares of the Company is not trading on any of the Stock Exchanges where the Company is currently listed.**

The equity shares of the Company are listed on Gauhati Stock Exchange, Ahmedabad Stock Exchange, and Calcutta Stock Exchange but the shares of the Company are not being traded thereon. Although the Company proposes to list the existing equity shares as well as equity shares proposed to be issued through this composite issue on BSE and all other existing stock exchanges, the Company cannot assure active trading of its Equity shares in the future.

**18. As on 30<sup>th</sup> September, 2007, the Company has the following unsecured loan recallable by the lenders at any time as the repayment period is not fixed.**

Name of the lender	Rs. in lacs	Interest
Associates Companies	704.46	Nil
Directors	68.45	Nil
Total	772.91	

**19. The company has mandatory Export Obligation which if not fulfilled in stipulated time then Company have to pay the duty in respect of benefits enjoyed as well as penalty and interest, which will affect the profitability of the Company.**

As on 31<sup>st</sup> October, 2007 Company has 3 outstanding EPCG licenses. As per the licensing requirements under the said scheme, Company is required to export goods within a specific time period failing which the Company has to make payment to the government of India equivalent to the duty benefits enjoyed by the Company under the scheme along with the interest and penalty. Although the Company has fulfilled some of the total export obligation as of 31<sup>st</sup> October, 2007 there can be no assurance that the Company will be able to fulfill its remaining obligation which can affect the profitability of the Company. Details of the export obligations and duty payable in case of non-fulfillment of obligations are given as under:

Sr. No.	Authorization No.	Authorization Date	CIF Value	EO fixed in freely convertible currency	% of EO fulfilled	Expiry date of EO period	Duty payable incase of non fulfillment of obligation (Amount in Rs. Lacs)
1	0730003223/2/11/00	30.08.2005	\$134556	\$1076451	75%	29.08.2013	15.64
2	0730005433/2/11/00	26.03.2007	\$2806	\$22448.95	-	25.03.2015	1.25
3	0730005439/2/11/00	26.03.2007	\$2717	\$21736.24	-	25.03.2015	1.21
	<b>Total</b>						<b>18.10</b>

**20. The Company is expanding capacities without any firm commitments from customers. There can be no assurance that it will be successful in selling the increased production.**

The Company is proposing to expand capacities by more than two times of the existing manufacturing capacity which will require a larger customer base. The same is on certain assumptions as to potential for growth, increased demand from existing customers, exports demand etc. In the event its assumptions are not accurate due to external as well as internal factors the Company may not be able to sell its increased production thereby resulting in high inventory or lower capacity utilization. This may ultimately affect operations and the financial results of the Company.



**21. *Plastic Processing industry is Labour intensive and Company's results of operations could be adversely affected by strikes, work stoppages or increased wage demand by the employees.***

As of 30<sup>th</sup> September, 2007 the Company has 204 full time workers, who are working for existing manufacturing units. The number of workers is likely to increase with proposed expansion plans. There can be no assurance that the Company will not experience interruptions in operations due to disputes or other problems with workforce, which may adversely affect business and results of operations of the Company.

**22. *Disruptions in services of third party transport providers may adversely affect Company's business operations.***

The Company is dependent on third party transport providers for the supply of raw materials to its manufacturing units and delivery of its products to the customers. Transport strikes by members of various Indian truckers union have taken place in past and could take place in future, thereby causing an adverse effect on timely receipt of raw material and delivery of finished products to the customers. Further, any increase in transport charges may adversely affect the Company's profitability.

**B) RISK FACTORS EXTERNAL TO THE COMPANY:**

**1. *Growing competition may adversely affect the operations of the Company.***

The Company operates in a globally competitive business environment and it faces significant competition from countries such as China, which also have cheap labour and significant production capacities, Company may also face competition from other established companies and future entrants into the industry. The growing competition may force Company to reduce the revenues and margins and /or decrease the market share, either of which could adversely affect the business, financial conditions and results of the operations.

**2. *Performance of the Company is linked to the stability of policies and the political situation in India.***

The role of the central and state government in the Indian economy on producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restriction on the private sector. The present Government of India, which was formed in 2004, consists of a coalition of political parties. The withdrawal of one or more of these parties from a coalition government can result in political instability. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market of the Company shares. Company cannot assure that these policies will continue under the newly elected government. Protests against privatization could slow down the pace of liberalization and deregulations. The rate of economic slow liberalization could change, and specific laws and policies affecting companies in the Plastic sector. Foreign investment, currency exchange rates and other matters affecting investment in securities of the company could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect the business of the Company.

**3. *Natural Calamities could have a negative impact on the global economy and cause the business to suffer.***

India and other countries of the world have experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters has an impact on the Global economy. Any negative impact of natural disasters on the Global economy could adversely affect the business and the market price of the equity shares.

**4. *Sensitivity to the economy and extraneous factors may affect the operations of the Company.***

The Company's performance is highly correlated to the performance of the economy and the financial markets. The health of the economy and the financial markets in turn depends on the domestic economic growth, state of the global economy and business and consumer confidence, among other factors. Any event disturbing the dynamic balance of these diverse factors would directly or indirectly affect the performance of the Company.

**5. *Environmental laws & regulations compliance may increase the costs and expenses of the Company.***

Failure to comply with environmental laws and regulations could result in litigation and the Company's business may be adversely affected. Company may incur substantial expense in complying with environmental laws and



regulations. Also, currently unknown environmental problems or conditions may be discovered. Company is also subject to significant national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from the Company operations. Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future. Please refer page 57 for the environmental regulations which are applicable to the Company.

**6. Changes in the domestic tax laws could increase the tax liability of the Company.**

Any changes in the tax laws in India particularly income tax might lead to increased Tax Liability of the Company thereby putting pressures on profitability.

**7. The current valuations may not be sustainable in the future and may also not reflect the future valuation of the Industry.**

**8. The company faces risk arising out of new product patent regime**

The Company has already obtained the trade mark registration for its brands “POLYPET”, “DURAFLEX” and “THERMOPET”. However, the regulatory regime in India governing patents has evolved, and the product patent regime has come into place from January 1, 2005 onwards. While on one hand, this would enable the issuer to secure its intellectual property rights on its products and thus take advantage of the new regime, it would also be a challenge to operate in the new regime, particularly in the competitive atmosphere where the Company is carrying on its business.

**Notes to the Risk Factors:**

1. Pre-Issue Net worth of the Company as on 31<sup>st</sup> March, 2007 is Rs. 1394 Lacs and as on 30<sup>th</sup> September, 2007 is Rs.1503.06 Lacs. The Book Value/ NAV per share on 31<sup>st</sup> March, 2007 is Rs. 33.11 and as on 30<sup>th</sup> September, 2007 is Rs. 35.70
2. The Investors are advised to refer to the section on “Basis of Issue Price” on page number 29 before making an investment in this issue.

**3. Size of the present issue –**

The size of the present issue: Composite issue of 93,36,900 Equity shares of Rs. 10 each aggregating Rs. 3570 Lacs (“the issue”) comprising of:

1. Rights Issue of 42,10,800 equity shares of Rs.10/- each for cash at premium of Rs 20 per share aggregating to Rs. 1263.24 Lacs to the existing equity shareholders of the Company in the ratio of 1(One) equity share for every 1(One) equity share held as on 24<sup>th</sup> December, 2007.
2. Public Issue of 51,26,100 equity shares of Rs. 10/- each for cash at a premium of Rs. 35 per share aggregating to Rs. 2306.76 Lacs
4. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with Bombay Stock Exchange Limited (Designated Stock Exchange).
5. Trading in Equity Shares of the Company for all the investors shall be in dematerialized form only.
6. The average cost of acquisition of existing shares of the promoters is as under:

<b>Name of the Promoter</b>	<b>Average Cost of Acquisition Per Equity Share (in Rs.)</b>
Mr. Vimal Kedia	9.66
Mr. Surendra Kedia	10.03

7. For any clarification / information pertaining to the Issue, the investors may contact the Lead Manager or the Compliance Officer who will be obliged to attend to the same.

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8. Since inception, no Bonus issue has been made by the Company.
9. As per audited accounts for the HY ended 30<sup>th</sup> September, 2007, the Company has no investment in quoted securities.
10. The Lead Manager and the Company shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
11. The Company has entered into various Related Party Transactions with group/subsidiary companies aggregating Rs.704.46 Lacs being the closing balance as at 30<sup>th</sup> September, 2007. For details of Related Party Transactions, please refer to the section titled "Related Party Transaction" on page no 92 of this Offer Document.
12. For details in relation to loans and advances, please refer to page 85 of this Offer Document.
13. There has been no sale or purchase of equity shares of the Company by the directors / promoters and promoter group during the period of six months preceding the date on which the Offer Document is filed with SEBI.
14. The Promoters/Directors/Key Managerial Personnel are interested to the extent of the normal remuneration, reimbursement of expenses incurred, lease rent on the property or benefit such as sitting fees and those relating to the respective shareholdings in the Company.
15. The Company has received letter dated 18<sup>th</sup> July, 2007 from Registrar of Companies, Karnataka, Bangalore u/s 234 of the Companies Act, 1956 calling for information for verification of compliance of some accounting standards and constitution of audit committee. In response, the Company has furnished necessary clarifications in this regard vide its letter dated 26<sup>th</sup> July, 2007. No further correspondence has been received in this matter.

## SECTION III: INTRODUCTION

### 1. SUMMARY OF THE INDUSTRY AND BUSINESS OF THE COMPANY

This is only a summary and does not contain all information that you should consider before investing in equity shares of the Company. Investors should read the following summary with the Risk Factors appearing on page number vi of this Offer Document and detailed information about Company and financial statements appearing in page number 59 to 92 in this Offer Document.

Information presented in this section has been extracted from publicly available documents and industry publications and has not been prepared or independently verified by the Company or the Lead Manager or any of our or its respective affiliates.

#### INDUSTRY OVERVIEW

##### Indian Scenario

The Indian Packaging Industry is estimated at USD 14 billion and ranks 8<sup>th</sup> in the world in plastics consumption and by 2010, India is expected to be the third largest consumer of polymers after the USA and China with polymer demand estimated at 12.4 million tonnes. At a growth rate of 13-14% a year, polymer demand is expected to reach 22 million tonnes by 2015, accounting for 9% of global polymer demand. Currently, it stands at 7.3 million tonnes. It is expected that PE and PP materials will continue to dominate polymer demand in the country, with current demand totaling 3.33 million tonnes for both and 1.4 million tonnes for PVC.

**(Source: Popular Plastic & Packaging, July 2006)**

The packaging constitutes estimated 50% of total polymers consumed today, and is perhaps the fastest growing segment. Plastics are seen increasingly replacing traditional glass and metal containers as the favoured packaging material – various forms of which include - pet bottles and jars, co-ex and multilayer films and rigid containers, retort pouches and aseptic bags and cans etc. Traditional jute is giving way to HDPE and netted bags. Tomato paste and mango pulp are being packed in aseptic bags.

A rough estimate of the quantity of packaging materials used for processed food packaging, as informed by industry sources are as follows:

Glass – 800,000 MT

Metal – 500,000 MT

Paper – 500,000 MT

Plastics – 2000,000 MT

**(Source: Packaging India August 2004)**

Table 2 : Per capita consumption pattern of plastics in the world						
India	China	North America	W. Europe	Latin America	E. Europe	World Avg.
4.5Kg	17Kg	90Kg	15Kg	18Kg	10Kg	20Kg

The Indian Plastic Industry is growing at a fast pace and the per-capita consumption of plastics in India has seen a manifold rise, compared to the earlier decade. Though the plastic consumption showed a sharp increase during the last two decades, the per capita consumption is still only 4.5 Kgs, as compared to the world average of 20 Kgs. On the basis of value added, the plastic products sector contributes to around 0.5% of GDP of the country. The plastic products sector also provides around 1% of the country's exports.

**(Source: Modern \_Plastics & Polymers- June-July-2006)**

The sector has a significant presence of the unorganized sector, which accounts for more than 70% of the industry turnover. More than 95% of the firms in the industry are partnership, proprietorship or private limited companies.

The present capacity utilization for industry is 65%, which is an industry feature due to presence of small scale units and not an indicator of overcapacity. With domestic demand for plastic products increasing at a rate of 12%-15% over the medium term, there would be potential for further growth.

Even though the Indian processing industry is a highly fragmented one it has begun to attract global attention as its technical revolution gathers momentum, which in turn sees the country becoming the preferred hub for outsourcing of plastic products manufacturing. India has location and logistic advantages over other countries and the fact that Asia is a major consumer is a big advantage to India. India has grown to become a strategic manufacturing location for the PET industry in Southern Asia, also covering Africa and the Gulf Region for both PET resin producers and machinery manufacturers.

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Other competitive advantages include an abundance of managerial and technical manpower, an ability to assimilate and adapt to new technology as well as availability of steady supply of raw material for processing. India also has a strong recycling industry (recycled plastics constitute 30% of the total consumption of materials in the country). All this contributed to India's exports of plastics hitting a record USD 2.6 billion in the fiscal 2005-06 and the government backed Plastics Export Promotion Council fixing the 2006-07 target at USD 3.45 billion.

**(Source: PRA March 2007.)**

### **The Global Packaging Market**

The total Packaging business worldwide (includes Paper, Plastic, Metals, Glass etc.) is valued at \$600 billion. The growth rate in developed part of the world hovers at around 5% but the developing regions are witnessing a growth rate of over 10%. The Asiatic region accounted for 29% of global business. While the per capital consumption is \$74 in United States, the corresponding figure for China and India stands at \$14 and \$9, clearly indicating the huge potential for growth. The key driver to the packaging market in India will be the agri-horti sector, food processing, growing middleclass families, increasing consumerism with factors like health consciousness, emergence of sophisticated retail outlets and brand consciousness etc. A very healthy growth rate of over 15% is envisaged in near future.

### **Global forecast up to 2010**

A forecast by BASF projected up to the year 2010 predicts growth in average global per capita consumption of plastics from 20kg in 2003 to 37kg in 2010.

BASF forecasts an average growth rate for plastics of 5.5% per year, over the forthcoming years. According to this, total global demand for plastics will rise to 260 million tonnes per annum by the year 2010.

India will be the third largest plastic consumer in the world, by the year 2010, with an estimated consumption of about 12.5 million tonnes per annum.

**(Source: Popular Plastics & Packaging-February-2006)**

## ABOUT THE COMPANY AND ITS BUSINESS

### BUSINESS OVERVIEW

Manjushree Extrusions Limited (MEL) was incorporated as a Private Limited Company on 13<sup>th</sup> November, 1987. Subsequently it was converted to Public Limited company w.e.f. 12<sup>th</sup> December, 1994. The Company, presently, is engaged in the manufacture of specialty plastic packaging products mainly containers and Jars for Multinational Companies in FMCG, Pharma, Food Processing and Agrochemical sectors through an ongoing process of research oriented design and development. The products of the Company include Injection / Blow moulded **PET / PP and Multilayer plastic containers** which are manufactured by adopting Japanese and European technologies. The Company manufactures monolayer containers using Nissei ASB Machines which are of Japanese make and it manufactures multilayer containers by using Techne SPA machines which are European make. The Company has marketing offices at major metros in the country including at Mumbai, Chennai and Bangalore to effectively coordinate and liaise with its customers spread across the length and breadth of the country.

The Company had initially set-up a Flexible Packaging unit at Guwahati in the year 1988-89. In the year 1995-96, the Company set-up a unit for manufacturing of PET Containers with an initial installed capacity of 600 MT at Bommasandra Industrial Area, Bangalore. In order to cater to growing requirement of PET Containers in various parts of the country, particularly the western and southern parts, installed capacity of the unit was expanded by an additional 600 MTPA during the year 1998-99. During the year 2001-02, the capacity was further expanded by an additional 250 MTPA by funding from the Company's internal accruals, thereby raising the total installed capacity to 1450 MTPA. During the year 2003-04, the Company commissioned a diversification project for manufacture of Monolayer / Multilayer and PET containers with the rated capacity of 1550 MTPA. The capacity has been further increased to 3450 MT during the FY 2004-05 and to 4140 MT during the FY 2005-06 by installing additional machineries.

The Company enjoys a preferred supplier status in regard to the Specialty Plastic Containers, which are marketed under the brand name of "POLYPET", "DURAFLEX" and "THERMOPET" predominantly to MNC's in FMCG sector; which assures a consistent market to the Company's products. The major clients of the Company at present include Hindustan Unilever, Nestle, Cadbury, Britannia, Glaxo Smith Kline, P&G, Coca Cola, Tata Tea, Goodricke Group, McLeod, Godrej, Nutrine, Wrigley's, Parry's, Heinz, P&G, Reckitt etc. For client wise sales in last three years please refer to page no. 51. Envisaging increasing demand of the Company's entire range of Products viz. 250ml to 750 ml Bottles, 800ml to 2000 ml Jars, 2500ml to 3500ml and 6000ml to 9000ml Jars from its existing customers as well as from export market, the Company proposes to expand its existing capacity by 10100 MT per annum, thereby raising the overall manufacturing capacity of Specialty Plastic Containers and Preforms to 14240 MT on triple shift operation basis. The total cost of the project is Rs. 5370 lacs out of which Company proposes to raise Rs. 3570 lacs through Right cum Public Issue and balance Rs. 1800 Lacs as term loan.

#### Range of products offered by Manjushree:

**PET Jars and bottles** – Using ISBM (Injection stretch blow molding) technology, it offers a wide variety of product lines. It is producing Jars and Containers from 15 ml to 15 l in various neck sizes and designs, with a wide range of closures and sealing options. These are ideal for confectionery, Tea/Coffee, Personal care, Pharmaceutical and Food products.

**Multilayer Containers** – Manjushree is one of the early entrants in multilayer (Co-extruded) containers; these are ideal solution for products, especially foods that need to stay fresh and safe from air and moisture for a longer period of time. These containers are formed by integration of various plastics within a multilayer structure in order to combine their distinct properties. It has replaced glass, tin and aluminium lined paper cartons. These are ideal for Ketchup, Mayonnaise, Topping sauces, Fresh fruits, Gherkins, Fruit juices, Milk and Dairy products, Infant foods, Agro-chemicals and Volatile liquids.

**PET Hot Fillable Bottles and Preforms** – these can be filled with liquids of temperatures of up to 85°C with crystallized neck in different sizes which retains shape and composition even after hot filling. Suitable for beverages and other products which require being hot filled for longer shelf life like iced tea, ready to drink beverages and fruit juices.

The Company has a track record of increasing turnover and profitability since inception, which is evident from the following analysis of the Company's last 5 years' performance based on audited accounts up to 31.03.2007:

**Rs. In Lacs**

Financial Year	Gross Turnover	Operating Profit	Net Profit After tax	Cash Accruals	Net Worth
2002-03	2771.57	315.63	73.12	239.69	899.80
2003-04	3658.71	556.31	97.77	412.56	1001.68
2004-05	5150.14	627.71	112.42	456.15	1070.60
2005-06	6532.43	727.32	137.11	474.95	1159.70
2006-07	7997.24	871.13	282.32	557.64	1394.01

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The Company is the winner of Asia Star and India Star awards on various packaging designs and innovations. The Managing Director of the Company is also the recipient of President's Award for entrepreneurship.

The Company has made a Public Issue of 42,00,000 equity shares of Rs. 10/- for cash at a premium of Rs. 2.50 per Share aggregating Rs. 525 lacs in September, 1995 to part finance the project for setting up a unit for the manufacture of PET containers. Out of the total public issue 15,30,000 shares were reserved as a firm allotment for the promoter, directors, their friends, relatives and associates. Net issue to the public was 26,70,000 equity shares.

Presently shares of the Company are listed at Calcutta, Gauhati and the Ahmedabad Stock Exchange. However the Company shares are not traded at any of the above said exchanges.

### **COMPETITIVE STRENGTHS:**

Manjushree Extrusions Limited is an ISO -9001:2000 certified Company with over two decades of presence in plastic packaging. It provides its clients with various packaging solutions; the Company offers end to end services, right from conceptualization, product design, manufacture of prototype to the production and manufacture, shrink-wrapping and ready to market of product packaging. It is supplying its products to various MNC and Indian companies in FMCG, Personal Care and Pharmaceutical space, for details please refer page no. 51. It is also exporting its products to various countries in Middle East, Europe and Africa, for details please refer page no. 52.

Manjushree adopts European and Japanese technology to develop products, the Company manufactures monolayer containers using Nissei ASB Machines which are of Japanese make and it manufactures multilayer containers by using Techne SPA machines which are European make, to meet the benchmarked standards of quality and performance. It also has a class 10000 clean room (for pharmaceutical containers) and a dedicated tool room.

By a quality-focused process, the Company is able to rectify design shortcomings in the conceptualization stage itself saving time, effort and investment.

Manjushree has taken backward integration initiatives by venturing into preform manufacturing which has helped it in cost reduction and value addition. Some of the services which make Manjushree more competitive are as follows:

#### **➤ Testing Facilities:**

Various equipments are installed in its testing centre for cutting edge products to match the customer's quality expectations:

##### *a) Top Load Tester:*

To measure maximum Load withstanding capacity of bottle or jar

##### *b) Air Leakage Detector:*

Used Online to detect micro holes (if any) in bottles. This is generally used for checking bottles which are used for packing liquids or fine powdered products.

##### *c) Bursting Strength:*

To measure the bursting strength of Carton boxes, Partitions & Plates, and measure the specification with respect to customer specified parameters.

##### *d) Digital Microscope (with digital camera):*

It is used to measure the layer thickness of multilayer bottle or Jars. A thin layer from the multilayer container is cut from the sample and stretched out on a glass slide. The layer is then observed under the microscope and the thickness of various layers is measured and recorded in the prescribed format in microns. Further this can be transferred to MS-Excel to get the desired thickness in percentage.

##### *e) Retort Machine:*

A small lab model pressurized heat retort machine, for in-house trial purpose has been installed, for conducting shelf life trials with packed fresh Fruits & Vegetables in Multilayer containers.

##### *f) Induction Sealing:*

A Hand operated (Lab model) Induction sealing machine, is installed for conducting / checking sealing on to lip area of jars / containers.

➤ **Technical Competence**

Company manufactures packaging products for applications in Food Products, Beverages, Pharmaceuticals, Cosmetics, Agro-chemicals, and allied sectors, which are different than a regular plastic container for e.g. hot fill containers doesn't lose shape when filled with boiling juice which a normal plastic container cannot stand. The overall process right from Injection to conditioning to blowing and ejection are being done in-house.

➤ **IT Infrastructure**

The Company follows tailor made Enterprise Resource Planning (ERP) systems and procedures, which are connected through LAN with over 75 Computers and Laptops with broadband internet connectivity backed by appropriate IT infrastructure including "Power Shape" for 3"D" Modeling, AUTOCAD 2006 LT for 2"D" drawing and mail management software.

➤ **Strong Customer Relationship**

The Company has a track record of timely deliveries of product to their existing customers, which enable the Company to maintain the relationship with each of its existing clients and enhance its client base. As can be seen from the top ten client list for last three years referred in page no. 51, the Company is getting repeated orders for its products.

➤ **Professional Management**

The Company is managed by a professional team with relevant past experience. The management team is supported by Board of Directors who are qualified and having experience in the Plastic industry. The Company has adequately qualified and experienced managerial personnel in all the operational segments in a fully decentralized structure to conduct the operations smoothly. For Details please refer page no 63 of this Offer Document .

The last few years has seen an overwhelming boom in packaging needs. The fiercely competitive market meant that designs firms made good looking designs without understanding of manufacturing and practical difficulties. The Company realized that it was becoming increasingly important to have a comprehensive design and production collaboration to ensure high performance solutions. Hence Mphinite technologies, (a group company), was started, which takes care of entire process from the design to the closure of packaging system.

## **BUSINESS STRATEGY PROPOSED**

➤ **Customer Relationship Management.**

The customers are already regularly kept abreast of new designs and development done by Manjushree, through its in-house News Letter "MPOWER". Company's belief in execution of order in time and maintaining good rapport and relationship through its regional offices will continue. Company officers regularly visits to customer's office & manufacturing locations, submitting new samples as & when developed, will also continue.

➤ **Leveraging Existing Relationships**

Due to increase in production capacity through its proposed expansion project, the Company will leverage its existing customer base by satisfying their increasing demand.

➤ **Targeting & Adopting to new Trends**

At present there are two major consumer segments for plastic packaging, one is Industrial users where besides FMCG sector, Pharma, liquor, agro-chemical sector are there and second is direct consumers who use Jars, bottles, Tiffin etc for household and other activities. Now a new segment is getting added to it i.e. Organized RETAIL. Plastic packaging will play a major role here for all kinds of products as it will enhance shelf life and increase attractiveness of the products. Organized retailers also have their own Private label brands. This strategy by the retailers to retain and attract customer to their stores, presents big potential to plastic packaging industry. Retailers are looking at Plastic Packaging in a big way for their packaging solutions. The Company plans to tap this opportunity for further increase in business.



## Manjushree Extrusions Limited

### 2. SUMMARY OF FINANCIAL DATA

The Following summary on Financial data has been prepared in accordance with the Companies Act and the SEBI Guidelines and restated as described in the Auditors Report of A.Kedia & Associates, Chartered Accountants, dated 05<sup>th</sup> December, 2007 titled "Financial information of the Company" Investor are requested to read this financial data in conjunction with the Company financial Statements for each of Financial year ended 31<sup>st</sup> March 2003, 2004, 2005, 2006, 2007 and half year ended 30<sup>th</sup> September, 2007 including notes thereto and the Reports thereon, which appear on page 78 under the Sub heading "Auditors Report" in this Offer Document and "Management Discussion and Analysis of Financial Condition and Result of operations as reflected in the financial statements" on page 102 of this Offer Document.

SUMMARY OF ASSETS AND LIABILITIES AS RESTATED						
PARTICULARS	(Rs. In lacs)					
	AS AT					
	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>A. FIXED ASSETS</b>						
Gross Fixed Assets	4,695.96	4,355.70	3,840.91	3,318.32	2,859.64	2,131.80
Less : Accumulated Depreciation	2,460.98	2,301.29	2,030.79	1,694.35	1,357.85	1,047.16
<b>Net Fixed Assets</b>	<b>2,234.98</b>	<b>2,054.41</b>	<b>1,810.12</b>	<b>1,623.97</b>	<b>1,501.79</b>	<b>1,084.64</b>
Capital Work In Progress	-	-	-	-	-	88.19
<b>Total (A)</b>	<b>2,234.98</b>	<b>2,054.41</b>	<b>1,810.12</b>	<b>1,623.97</b>	<b>1,501.79</b>	<b>1,172.83</b>
<b>B. INVESTMENTS</b>	-	-	-	-	4.10	4.10
<b>Total (B)</b>	-	-	-	-	<b>4.10</b>	<b>4.10</b>
<b>C. CURRENT ASSET, LOANS &amp; ADVANCES</b>						
Inventories	906.43	678.39	688.86	630.47	479.87	351.36
Sundry Debtors	1,071.37	934.54	884.22	784.26	599.22	328.38
Cash & Bank Balances	51.34	268.48	64.19	34.96	35.49	66.33
Loans & Advances	410.91	730.64	381.71	292.80	168.23	144.63
<b>Total (C)</b>	<b>2,440.04</b>	<b>2,612.05</b>	<b>2,018.98</b>	<b>1,742.49</b>	<b>1,282.81</b>	<b>890.70</b>
<b>D. LIABILITIES &amp; PROVISIONS</b>						
Secured Loans	1,598.02	836.98	1,768.08	1,622.02	1,335.69	720.49
Unsecured Loans	953.84	846.42	340.71	288.99	166.01	160.58
Deferred Tax Liability	123.66	82.66	86.84	95.30	69.67	30.58
Current Liabilities	424.61	1,339.72	383.49	244.13	196.50	242.67
Provisions	71.83	166.67	90.28	45.43	19.16	13.52
<b>Total (D)</b>	<b>3,171.96</b>	<b>3,272.45</b>	<b>2,669.40</b>	<b>2,295.87</b>	<b>1,787.03</b>	<b>1,167.84</b>
<b>E. NET WORTH (A+B+C-D)</b>	<b>1,503.06</b>	<b>1,394.01</b>	<b>1,159.70</b>	<b>1,070.59</b>	<b>1,001.67</b>	<b>899.79</b>
<b>F. Net worth Represented By</b>						
Share Capital	421.08	421.08	421.08	421.08	421.08	421.08
Reserves & Surplus	1,109.64	972.93	738.62	649.51	584.70	486.93
	1,530.72	1,394.01	1,159.70	1,070.59	1,005.78	908.01
Less: Share issue expenses to be written off	27.66	-	-	-	4.11	8.22
<b>NET WORTH</b>	<b>1,503.06</b>	<b>1,394.01</b>	<b>1,159.70</b>	<b>1,070.59</b>	<b>1,001.67</b>	<b>899.79</b>

Note: The above statement should be read with the Notes on Accounts and Significant Accounting Policies for Restated financial Statements as representing in Annexure – III to the Report .



<b>SUMMARY PROFIT &amp; LOSSES AS RESTATED</b>						
<b>(Rs. In lacs)</b>						
<b>PARTICULARS</b>	<b>FOR / DURING THE YEAR / PERIOD ENDED</b>					
	<b>30.09.07</b>	<b>31.03.07</b>	<b>31.03.06</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.03</b>
<b>INCOME</b>						
<b>Gross Turnover</b>						
a) Domestic Sales						
- Own Manufactured goods	3,590.42	6,787.59	6,377.48	5,002.61	3,513.20	2,670.58
- Others	-	891.90	14.55	53.28	24.57	12.00
b) Export Sales	164.83	317.74	140.40	94.25	120.95	88.99
<b>Total</b>	<b>3,755.25</b>	<b>7,997.23</b>	<b>6,532.43</b>	<b>5,150.14</b>	<b>3,658.72</b>	<b>2,771.57</b>
Less: Central Excise Duty	528.86	961.11	927.78	727.68	492.46	405.91
<b>Net Turnover</b>	<b>3,226.39</b>	<b>7,036.12</b>	<b>5,604.65</b>	<b>4,422.46</b>	<b>3,166.26</b>	<b>2,365.66</b>
Other Income	8.92	5.63	6.11	2.43	5.04	3.56
Increase / (Decrease) in Stocks	146.13	(54.44)	43.84	104.37	11.75	50.25
<b>Total Income</b>	<b>3,381.44</b>	<b>6,987.31</b>	<b>5,654.60</b>	<b>4,529.26</b>	<b>3,183.05</b>	<b>2,419.47</b>
<b>EXPENDITURE</b>						
Raw Materials Consumed	1,805.73	4,063.94	3,045.20	2,402.69	1,546.81	1,271.10
Manufacturing Expenses	830.25	1,671.58	1,528.94	1,184.33	846.22	586.15
Administrative & General Expenses	94.77	179.70	171.01	148.34	107.09	112.20
Selling & Distribution Expenses	110.71	195.32	176.02	163.76	121.58	130.83
Interest & Financial Charges	80.89	162.23	132.81	111.84	93.66	37.26
Depreciation & Amortization	159.69	275.32	337.84	343.74	314.80	166.59
<b>Total Expenditure</b>	<b>3,082.05</b>	<b>6,548.09</b>	<b>5,391.82</b>	<b>4,354.70</b>	<b>3,030.16</b>	<b>2,304.13</b>
<b>Profit for the Period</b>	<b>299.39</b>	<b>439.22</b>	<b>262.78</b>	<b>174.56</b>	<b>152.89</b>	<b>115.34</b>
Exceptional / Extraordinary Items	(13.97)	(4.16)	(49.50)	2.78	(0.60)	(0.97)
<b>Profit Before Tax</b>	<b>285.42</b>	<b>435.06</b>	<b>213.28</b>	<b>177.34</b>	<b>152.29</b>	<b>114.37</b>
<b>Provision for Tax</b>						
- Current Year	58.00	155.00	84.62	39.30	15.43	10.67
- Earlier Years	0.45	1.92	-	-	-	-
- Deferred Tax Liability / (Assets)	41.00	(4.18)	(8.46)	25.62	39.09	30.58
<b>Net Profit After Taxation</b>	<b>185.97</b>	<b>282.32</b>	<b>137.12</b>	<b>112.42</b>	<b>97.77</b>	<b>73.12</b>
Less: Dividend & Tax thereon	49.26	48.01	48.01	47.61	-	-
<b>Retained Surplus after Dividends</b>	<b>136.71</b>	<b>234.31</b>	<b>89.11</b>	<b>64.81</b>	<b>97.77</b>	<b>73.12</b>
Surplus brought forward from previous year	846.82	612.51	523.40	458.59	360.82	287.70
<b>Net Surplus carried to Balance Sheet</b>	<b>983.53</b>	<b>846.82</b>	<b>612.51</b>	<b>523.40</b>	<b>458.59</b>	<b>360.82</b>

## Manjushree Extrusions Limited

### 3. THE ISSUE DETAILS:

Particulars	Number of Equity Shares
<b>Composite Issue</b>	93,36,900 equity shares of face value of Rs 10/- each aggregating to Rs. 3,570 Lacs.
<b>Of which:</b>	
<b>PART A: Rights Issue Component</b>	42,10,800 equity shares of face value of Rs. 10/- each.
Rights Entitlement	1 equity share for every 1 equity share held on the Record Date
Record Date	24 <sup>th</sup> December, 2007
Rights Issue Price per Equity Share	Rs. 30
<b>PART B: Public Issue Component</b>	51,26,100 equity shares of face value of Rs. 10/- each for Cash at a premium of Rs. 35 per equity share.
Retail investors (at least 50% of the equity shares offered)	25,63,050 equity shares of face value of Rs. 10/- each for cash at premium of Rs. 35 i.e. at a price of Rs. 45 per equity share.
Other than retail investors (50% of the equity shares offered)	25,63,050 equity shares of face value of Rs. 10/- each for cash at premium of Rs. 35 i.e. at a price of Rs.45 per equity share.
<b>Equity Shares outstanding prior to the Issue</b>	42,10,800 equity shares of Rs. 10/- each.
<b>Equity Shares outstanding after the Issue</b>	1,35,47,700 equity shares of Rs. 10/- each.
<b>Use of Issue Proceeds</b>	Please see section entitled "Objects of the Issue" on page 20 this Offer Document

In case of under subscription, if any, in the net offer to the public, the non – institutional portion or retail portion shall be allowed to be met with spillover inter-changeably.

#### 4. GENERAL INFORMATION :

##### MANJUSHREE EXTRUSIONS LIMITED

The Company was originally incorporated as a Private Limited Company under the provisions of the Companies Act, 1956 on 13<sup>th</sup> November, 1987 vide registration no. 2799 of 1987-88 under the name and style of “Manjushree Extrusions Private Limited” with the Registrar of Companies, Assam, Shillong. Later on by virtue of Special Resolution passed on 12<sup>th</sup> December, 1994 the Company was converted into a Public limited Company with the approval of Registrar of Companies, Assam, Shillong. At the time of incorporation, the registered office of the Company was situated at S.R.C.B Road, Fancy Bazar, Guwahati—781001, which was thereafter shifted on 31<sup>st</sup> July, 2003 to the present address;

##### Registered & Corporate Office:

##### Manjushree Extrusions Limited

143-C5, Bommasandra Industrial Area,

Hosur Road, Bangalore-560099

Tel: **+91-80-27833478**

Fax: **+91-80-27833819**

E-mail: **investor@manjushreeindia.com;**

**Website:** www.manjushreeindia.com

**Registration Number:** CIN U67120KA2003PTCO32636

##### Address of Registrar of Companies

Registered with the Registrar of Companies, **Karnataka at Bangalore** ‘E’ Wing, 2<sup>nd</sup> Floor Kendriya Sadan, Koramangala, Bangalore 560034, India. Website: www.mca.gov.in

##### AUTHORITY FOR THE ISSUE:

Pursuant to Section 81 and Section 81 (1A) of the Companies Act, 1956, the present Rights cum Public Issue of equity shares has been authorized vide Special Resolution passed at the Extra Ordinary General Meeting of the Company held on 16<sup>th</sup> March, 2007 and resolutions passed by the Board of Directors at its meetings held on 14<sup>th</sup> April, 2007 and 05<sup>th</sup> December, 2007 wherein the Record date, Ratio and Price for Rights and Public issue was decided by the Board of Directors.

This is a composite issue of equity shares of Rs. 10/- each at a price of Rs. 30 per share for the Rights Issue and at a price of Rs. 45 per share for the Public Issue through a single offer document on Rights cum Public basis.

As per clause 1.2.1 (viii) of SEBI DIP Guidelines composite issue means an issue of securities by a listed company on a public cum rights basis offered through a single offer document wherein the allotment for both public and rights components of the issue is proposed to be made simultaneously.

##### BOARD OF DIRECTORS

**The Company is currently managed by Board of Directors comprising of 8 Directors. The Board of Directors consists of the following persons:**

S.N	Name of Director	Designation	Status	DIN No.
1	Mr. Vimal Kedia	Managing Director	Non-Independent	00072923
2	Mr. Surendra Kedia	Executive Director	Non-Independent	00072926
3	Mrs. Savita Kedia	Non Executive Director	Non-Independent	00072934
4	Mrs. Sashi Kedia	Non Executive Director	Non-Independent	00072936
5	Mr. Jayant Kumar Singhania	Non Executive Director	Independent	00368195
6	Mr. Narendra Kumar Sarawagi	Non Executive Director	Independent	01367741
7	Mr.G. Vamanacharya	Non Executive Director	Independent	00246237
8	Mr. Radheshyam Phoolchand Agarwal	Non Executive Director	Independent	00333600

##### PROFILE OF THE MANAGING AND WHOLE TIME DIRECTORS OF THE COMPANY:

For details refer to the section titled “Management-Brief Profile of the Directors” on page no. 65.

## Manjushree Extrusions Limited

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### **COMPANY SECRETARY & COMPLIANCE OFFICER**

**Mr. Naresh Kumar Sharma**

# 143 C-5, Bommasandra Industrial Area,

Hosur Road, Bangalore – 560 099 (Karnataka)

**Tel: +91-080-27833478 / 3499**

**Fax: +91-08027833819**

**Email: investor@manjushreeindia.com**

Investors can contact the Compliance Officer in case of any pre- Issue or post- Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

### **LEGAL ADVISORS TO THE ISSUE**

**ALMT Legal**

2, Lavelle Road, Bangalore-560001

**Tel: +91-80-40160000**

**Fax: +91-80-40160001**

**Email: Bangalore@almtlegal.com**

**Contact person: Mr. Prashant Popat /Mr. Rajat Bopaiah**

### **BANKERS TO THE COMPANY**

**State Bank of India**

Industrial Finance Branch

Residency Road, Bangalore – 560 025

**Tel: +91-80-25943505 / 502**

**Fax: +91-80-25581853**

**E-mail: umakrishnamoorthy@sbi.co.in**

**Website: www.statebankofindia.com**

**Contact Person: Ms. Uma Krishnamoorthy**

### **LEAD MANAGER TO THE ISSUE**

**CENTRUM CAPITAL LIMITED**

**SEBI Regn No. INM000010445**

**UIN No. 100016915**

59, "Krishna Chambers", Ground Floor,

Sir Vithaldas Thakerysey Marg, New Marine lines, Mumbai-400020

**Tel: +91-22-4030-0500**

**Fax: +91-22-4030-0510**

**Website: www.centrum.co.in**

**Email: manjushree@centrum.co.in**

**Contact Person: Mr. Ravish Bansal / Mr Alpesh Shah**

### **REGISTRAR TO THE ISSUE**

**Alpha Systems Private Limited**

**SEBI Regn No. INR000000791**

**UIN No. 100011684**

30, Ramana Residency, 4<sup>th</sup> Cross

Sampige Road, Malleswaram Bangalore-560003

**Tel : +91-80-2346-0815/818**

**Fax: +91-80-2346-0819**

**Email: mel@123alpha.com**

**Website: www.123alpha.com**

**Contact Person: Mr. S. Vijayagopal**

## **BANKERS TO THE ISSUE**

### **HDFC Bank Limited**

SEBI Regn No.: INBI00000063

26A, Narayan Properties, Off Saki Vihar Road, Chandivali,  
Saki Naka, Andheri (East), Mumbai-400072

**Tel:**+91-22-28569009/28474900 Ext: 1640

**Fax:**+91-22-28569256

**Email:** [uday.dixit@hdfcbank.com](mailto:uday.dixit@hdfcbank.com)

**Website:** [www.hdfcbank.com](http://www.hdfcbank.com)

**Contact Person:** Mr. Uday Dixit/ Mr. Deepak Rane

### **BNP PARIBAS**

SEBI Regn No.: INBI00000893

1 Forbes, 6<sup>th</sup> Floor, Dr. V.B.Gandhi Marg, Mumbai-400023

**Tel:**+91-22-66182647

**Fax:**+91-22-66337521

**Email:** [Rupa.Balsekar@asia.bnpparibas.com](mailto:Rupa.Balsekar@asia.bnpparibas.com)

**Website:** [www.bnpparibas.com](http://www.bnpparibas.com)

**Contact Person:** Ms. Rupa Balsekar

## **BROKERS TO THE ISSUE**

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

## **AUDITORS OF THE COMPANY**

### **A. Kedia & Associates**

#### ***Chartered Accountants***

330/36, 2<sup>nd</sup> Floor, 38<sup>th</sup> Cross, East End Main Road, Jayanagar 9<sup>th</sup> Block,  
Bangalore – 560 069 (Karnataka)

**Tel No.:**+91-80-2653 5744

**Fax No.:**+91-80-2653 5553

**Email:** [atulke@gmail.com](mailto:atulke@gmail.com)

**Membership no.:** FCA 051631

## **CREDIT RATING**

There is no credit rating required for the composite Issue.

## **TRUSTEES**

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

## **APPRAISAL OF THE PROJECT**

The project is not appraised.

## **MONITORING OF ISSUE PROCEEDS**

The Company has not appointed any Monitoring Agency. The company has set up Audit committee comprising of Non-Executive and Independent directors who have been entrusted with the responsibility of monitoring the use of issue proceeds. The Audit committee will review the uses/applications of the funds by major category (capital expenditure, sales and marketing, working capital, etc.) on a quarterly and annual basis, till such time full money raised through this issue has been fully spent. The Company will disclose the utilization of issue proceeds on quarterly basis as part of their quarterly declaration of financial results as well as on annual basis under a separate head in the Balance Sheet clearly and specifically the purpose for which such proceeds has been utilized. It shall also, in its Balance Sheet, provide details, if any, in relation to all such proceeds that have not been utilized there by also indicating investment, if any, of such unutilized proceeds of the issue.

## **UNDERWRITING TO THE ISSUE**

The Issue is not underwritten.

## **CORPORATE GOVERNANCE**

The Company undertakes that it has complied with the corporate governance requirements of the Clause 49 of the Listing Agreements of the Stock Exchanges. The Auditors of the Company M/s A. Kedia & Associates, Chartered Accountants, vide their certificate dated 06<sup>th</sup> December, 2007 have certified the compliance by the Company of the corporate governance requirements upto 05<sup>th</sup> December, 2007.

## Manjushree Extrusions Limited

### 5. CAPITAL STRUCTURE OF THE COMPANY

(Rs in Lacs)

SHARE CAPITAL	NOMINAL VALUE	TOTAL VALUE INCLUDING PREMIUM
<b>A. AUTHORIZED CAPITAL</b>		
1,50,00,000 Equity Shares of Rs. 10/- each	1500.00	
<b>B. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
42,10,800 Equity Shares of Rs. 10/- each	421.08	520.10
<b>C. PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER CUM PROSPECTUS</b>		
● <b>Rights Issue</b> of 42,10,800 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 20 Per Equity Share (i.e. at a price of Rs. 30/- per share)	421.08	1263.24
● <b>Public Issue</b> of 51,26,100 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 35 per Equity Share ( i.e. at a price of Rs. 45 per share)		
<b>a) Retail investor (at least 50% of the equity shares offered)</b> <b>25,63,050</b> Equity shares of face value of Rs. 10/- each for cash at premium of Rs. 35 per equity share  <b>b) Other than retail investors (50% of the equity shares offered)</b> <b>25,63,050</b> Equity shares of face value of Rs. 10/- each for cash at premium of Rs. 35 per equity share	512.61	2306.76
<b>D. PAID-UP EQUITY CAPITAL AFTER THE ISSUE</b>		
● 1,35,47,700 Equity Shares of Rs. 10/- each fully paid up	1354.77	4090.10
<b>E. SHARE PREMIUM ACCOUNT</b>		
● Before the composite Issue		99.02
● After the composite Issue		2735.33

#### DETAILS OF INCREASE IN AUTHORISED CAPITAL:

Date	Increase from		Increase to	
	Number of Share	Amount (Rs. in lacs)	Number of Share	Amount (Rs. in lacs)
13.11.1987	-	-	1,50,000	15,00,000
20.03.1992	1,50,000	15,00,000	2,50,000	25,00,000
12.12.1994	2,50,000	25,00,000	32,50,000	3,25,00,000
5.03.1995	32,50,000	3,25,00,000	40,00,000	4,00,00,000
3.05.1995	40,00,000	4,00,00,000	50,00,000	5,00,00,000
16.03.2007	50,00,000	5,00,00,000	1,50,00,000	15,00,00,000

Note : On 13<sup>th</sup> November, 1987 at the time of incorporation the Authorized capital of the company was Rs.15 Lacs divided in to 1,50,000 Equity Shares of Rs. 10 each.

## NOTES TO THE CAPITAL STRUCTURE:

### 1) SHARE CAPITAL HISTORY OF THE COMPANY:

Date of Allotment/ Forfeiture	No. of equity shares	Face Value (Rs.)	Issue price (Rs.)	Consideration	Nature of Allotment/ Forfeiture	Cumulative no. of equity shares	Cumulative securities premium (Rs.)
13.11.87	20	10	10	Cash	Subscriber to the MOA	20	-
25.02.91	1,04,000	10	10	Cash	Private Placement of Shares at par	1,04,020	-
28.09.92	53,400	10	10	Cash	Private Placement of Shares at par	1,57,420	-
15.11.94	92,580	10	10	Cash	Private Placement of Shares at par	2,50,000	-
02.11.95	42,00,300*	10	12.50	Cash	Public issue of Shares and firm allotment to promoter, directors, their friends, relatives and associates	44,50,300	1,05,00,750
30.09.97	(2,39,500)				Forfeiture of shares	42,10,800	99,02,000

#### Note:

\* Out of the above 42,00,300 Equity Shares, 2,39,500 Equity shares have been forfeited on 30.09.1997 for non-payment of allotment money.

Note: Allotment made pursuant to Equity Shares issued through IPO, wherein Rs. 6.25 per share (including Rs. 1.25 towards premium) was payable on application by Public Shareholders and the balance Rs. 6.25 per share (including Rs. 1.25 towards premium) was payable on allotment. The balance amount of Rs. 6.25 per share payable on allotment were received over a period of time in the form of Allotment money in arrears, which ended during the financial year 1997-1998.

### 2) PROMOTERS CONTRIBUTION AND LOCK-IN:

The requirements of promoters contribution is not applicable pursuant to clause 4.10.1(a) and 4.10.1(c) as per details given below.

#### EXEMPTION UNDER CLAUSE 4.10.1(a)

Company shares have been listed on Ahmedabad Stock Exchange, Calcutta Stock Exchange & Gauhati Stock Exchange since November 1995.

Company has a track record of dividend payment for at least immediately preceding three years details of which are as under.

Particulars	2004-2005	2005-2006	2006-2007
Dividend paid %	10	10	10

#### EXEMPTION UNDER CLAUSE 4.10.1(c)

The requirement of promoter's contribution is also not applicable in case of rights issue component.

## Manjushree Extrusions Limited

### a) ALLOTMENT TO PROMOTERS AND PROMOTER GROUP:

Name of the Promoter / Promoter Group entities	Date of Allotment / Purchases made and fully paid up	Nature of Payment or Consideration (PI see note1 and 2)	Number of equity shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Pre-issue Paid-up Capital	% of post rights and public issue capital (PI see note 3)
Vimal Kedia	13.11.1987	Subscriber to Memorandum	10	10	10		
	25.02.1991	Allotment	19,000	10	10		
	28.09.1992	Allotment	2,500	10	10		
	15.11.1994	Allotment	10,190	10	10		
	02.11.1995	IPO Allotment	8,000	10	12.5		
	15.10.1997	Purchase	15,500	10	7.5		
			<b>55,200</b>			<b>1.31%</b>	<b>0.81%</b>
Surendra Kedia	13.11.1987	Subscriber to Memorandum	10	10	10		
	25.02.1991	Allotment	13,000	10	10		
	28.09.1992	Allotment	8,000	10	10		
	15.11.1994	Allotment	12,190	10	10		
	02.11.1995	IPO Allotment	24,000	10	12.5		
	15.10.1997	Purchase	22,000	10	7.5		
	29.06.2004	Purchase	600	10	6		
			<b>79,800</b>			<b>1.90%</b>	<b>1.18%</b>
Savita Kedia	28.09.1992	Allotment	2,700	10	10		
	15.11.1994	Allotment	30,000	10	10		
	2.11.1995	IPO Allotment	4,000	10	12.5		
	27.11.1997	Purchase	7,800	10	10		
			<b>44,500</b>			<b>1.06%</b>	<b>0.66%</b>
Sashi Kedia	28.09.1992	Allotment	2,500	10	10		
	15.11.1994	Allotment	16,000	10	10		
	27.11.1997	Purchase	5,000	10	10		
			<b>23,500</b>			<b>0.56%</b>	<b>0.35%</b>
Jai Govind Vimal Kumar Kedia (HUF)	25.02.1991	Allotment	40,000	10	10		
	28.09.1992	Allotment	10,000	10	10		
	15.11.1994	Allotment	4,000	10	10		
	27.11.1997	Purchase	5,000	10	10		
	31.01.2000	Purchase	3,600	10	10		
			<b>62,600</b>			<b>1.49%</b>	<b>0.92%</b>
Vimal Kumar Kedia & Sons (HUF)	25.02.1991	Allotment	10,000	10	10		
	28.09.1992	Allotment	1,800	10	10		
	15.11.1994	Allotment	8,000	10	10		
	27.11.1997	Purchase	5,500	10	10		
			<b>25,300</b>			<b>0.60%</b>	<b>0.37%</b>
Surendra Kumar Kedia & Sons (HUF)	25.02.1991	Allotment	12,000	10	10		
	28.09.1992	Allotment	2,500	10	10		
	15.11.1994	Allotment	4,500	10	10		
	27.11.1997	Purchase	3,000	10	10		
	02.01.2001	Purchase	400	10	10		
			<b>22,400</b>			<b>0.53%</b>	<b>0.33%</b>
Jai Govind Kedia & Sons (HUF)	25.02.1991	Allotment	10,000	10	10		
	28.09.1992	Allotment	4,200	10	10		
	27.11.1997	Purchase	4,500	10	10		
			<b>18,700</b>			<b>0.44%</b>	<b>0.28%</b>



Anchi Devi Kedia	15.11.1994	Allotment	7,500	10	10		
	02.11.1995	IPO Allotment	36,000	10	12.5		
			<b>43,500</b>			<b>1.03%</b>	<b>0.64%</b>
Ramesh Kumar Agarwal	15.11.1994	Allotment	100	10	10		
	02.11.1995	IPO Allotment	2,000	10	12.5		
	31.01.2000	Purchase	1,200	10	10		
			<b>3,300</b>			<b>0.08%</b>	<b>0.05%</b>
Ankit Kedia	28.09.1992	Allotment	4,800	10	10		
	27.11.1997	Purchase	3,500	10	10		
			<b>8,300</b>			<b>0.20%</b>	<b>0.12%</b>
Vrinda Kedia	28.09.1992	Allotment	4,800	10	10		
	27.11.1997	Purchase	1,400	10	10		
			<b>6,200</b>			<b>0.15%</b>	<b>0.09%</b>
Sashi Agarwal	15.11.1994	Allotment	100	10	10		
	02.11.1995	IPO Allotment	2,000	10	12.5		
	31.01.2000	Purchase	1,000	10	10		
			<b>3,100</b>			<b>0.07%</b>	<b>0.05%</b>
Manjushree Fincap Pvt. Ltd	02.11.1995	IPO Allotment	7,44,000	10	12.5		
	16.04.2002	Purchase	1,35,300	10	5.25		
			<b>8,79,300</b>			<b>20.88%</b>	<b>12.98%</b>
Shruti Financial Service Pvt. Ltd	2.11.1995	IPO Allotment	7,85,900	10	12.5		
	16.04.2002	Purchase	62,300	10	5.25		
			<b>8,48,200</b>			<b>20.14%</b>	<b>12.52%</b>
Hitech Creations Pvt. Ltd	31.01.2000	Purchase	1,32,000	10	6.25		
	01.04.2000	Purchase	2,11,600	10	6		
	15.04.2001	Purchase	2,09,700	10	6		
	20.04.2003	Purchase	1,000	10	6		
	29.06.2004	Purchase	1,60,300	10	5.5		
			<b>7,14,600</b>			<b>16.97%</b>	<b>10.55%</b>
Rajat Kedia	28.09.1992	Allotment	<b>4,800</b>	10	10	<b>0.11%</b>	<b>0.07%</b>
Shruti Kedia	28.09.1992	Allotment	<b>4,800</b>	10	10	<b>0.11%</b>	<b>0.07%</b>
Ram Narayan Kedia	31.01.2000	Purchase	<b>12,500</b>	10	10	<b>0.30%</b>	<b>0.18%</b>
Saroj Agarwal	31.01.2000	Purchase	<b>4,000</b>	10	10	<b>0.09%</b>	<b>0.06%</b>
Ramesh Agarwal	31.01.2000	Purchase	<b>4,000</b>	10	10	<b>0.09%</b>	<b>0.06%</b>
Bhagawati Prasad Jajodia	31.01.2000	Purchase	<b>2,000</b>	10	10	<b>0.05%</b>	<b>0.03%</b>
Mahabir Prasad Agarwal	31.01.2000	Purchase	<b>2,000</b>	10	10	<b>0.05%</b>	<b>0.03%</b>
Saroj Singhania	2.11.1995	IPO Allotment	<b>1,000</b>	10	12.5	<b>0.02%</b>	<b>0.01%</b>
Indra Mani Agarwalla	2.11.1995	IPO Allotment	<b>800</b>	10	12.5	<b>0.02%</b>	<b>0.01%</b>
Rajesh Singhania	2.11.1995	IPO Allotment	<b>500</b>	10	12.5	<b>0.01%</b>	<b>0.01%</b>
Santosh Siotia	2.11.1995	IPO Allotment	<b>100</b>	10	12.5	<b>0.00%</b>	<b>0.00%</b>
<b>Total Shares Held by the Promoter group</b>			<b>2,875,000</b>			<b>68.28%</b>	<b>42.44%</b>
<b>Share Holding of Directors of Promoter Group Companies (Other than listed above)</b>							
N.K.Sarawgi	02.11.1995	IPO Allotment	<b>800</b>	10	12.5	<b>0.02%</b>	<b>0.01%</b>

**Notes:**

1. The company was converted from Pvt. Ltd. Co. to Public Ltd. Co. on 12th December 1994, before IPO in the year 1995. As such, items shown as "Allotment" refer to allotments made by erstwhile private limited company upto the year 1994.
2. Items shown as "Purchase" refer to off-market purchases made by respective promoter entities on dates as shown.
3. The % of post rights & public issue capital has been calculated assuming full subscription to eligible rights entitlement by respective promoter entities and no subscription to public issue, based on post issue number of 1,35,47,700 Equity shares.

## Manjushree Extrusions Limited

### b) FINAL SHAREHOLDING OF THE PROMOTERS AS ON 30<sup>th</sup> November, 2007:

Sr. No.	Name of the Promoters	Number of Equity Shares	% holding
1	Mr. Vimal Kedia	55,200	1.31
2	Mr. Surendra Kedia	79,800	1.90
	<b>Total</b>	<b>1,35,000</b>	<b>3.21</b>

#### Notes:

1. An oversubscription to the extent of 10% of the net offer to the public can be retained for the purpose of rounding off to the nearest integer of shares while finalizing the allotment..
2. In the event of oversubscription allotment will be made on proportionate basis (subject to minimum application size) as detailed under basis of allotment

### 3. EQUITY SHARES HELD BY TOP TEN SHAREHOLDERS

#### A) TOP TEN SHAREHOLDERS ON THE DATE OF FILING OF THE OFFER DOCUMENT

Sr. No	Name of the shareholders	No. of shares	% age of total shares
1	Manjushree Fincap Pvt. Limited	8,79,300	20.88
2	Shruti Financial Services Pvt. Limited	8,48,200	20.14
3	Hitech Creations Pvt. Limited	7,14,600	16.97
4	Shabana A Shfaqe	2,00,000	4.75
5	Prag Innovations Pvt. Limited	1,14,300	2.71
6	CRB Trustee Ltd A/C CRB Mutual Fund	1,00,000	2.37
7	Surendra Kedia	79,800	1.90
8	Jai Govind Vimal Kumar (HUF)	62,600	1.49
9	Vimal Kedia	55,200	1.31
10	Madhubala Sheth	52,000	1.23
	<b>Total</b>	<b>31,06,000</b>	<b>73.76</b>

#### B) TOP TEN SHAREHOLDERS TWO YEARS PRIOR TO THE DATE OF FILING OF THE OFFER DOCUMENT

Sr. No	Name of the shareholders	No. of shares	% age of pre issue Capital
1	Manjushree Fincap Pvt. Limited	8,79,300	20.88
2	Shruti Financial Services Pvt. Limited	8,48,200	20.14
3	Hitech Creations Pvt. Limited	7,14,600	16.97
4	Habib Ahmad Siddiqi	2,00,000	4.75
5	Prag Innovations Pvt. Limited	1,14,300	2.71
6	BOI Mutual Fund	1,00,000	2.37
7	CRB Trustee Ltd A/C CRB Mutual Fund	1,00,000	2.37
8	Surendra Kedia	79,800	1.90
9	Jai Govind Vimal Kumar (HUF)	62,600	1.49
10	Vimal Kedia	55,200	1.31
	<b>Total</b>	<b>31,54,000</b>	<b>74.90</b>

**C) TOP TEN SHAREHOLDERS 10 DAYS PRIOR TO THE DATE OF FILING THE OFFER DOCUMENT**

Sr. No	Name of the shareholders	No. of shares	% age of total shares
1	Manjushree Fincap Pvt. Limited	8,79,300	20.88
2	Shruti Financial Services Pvt. Limited	8,48,200	20.14
3	Hitech Creations Pvt. Limited	7,14,600	16.97
4	Shabana A Shfaqe	2,00,000	4.75
5	Prag Innovations Pvt. Limited	1,14,300	2.71
6	CRB Trustee Ltd A/C CRB Mutual Fund	1,00,000	2.37
7	Surendra Kedia	79,800	1.90
8	Jai Govind Vimal Kumar (HUF)	62,600	1.49
9	Vimal Kedia	55,200	1.31
10	Madhubala Sheth	52,000	1.23
	<b>Total</b>	<b>31,06,000</b>	<b>73.76</b>

The pre and post composite issue shareholding pattern of the Company is given below: -

Cat. Code	Category of shareholder	Pre-issue					Post Issue		
		Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a % of total number of shares		Total Number of Shares	Total shareholding as a % of total number of shares	
					As a % of (A+B) 1	As a % of (A+B+C)		As a % of (A+B) 1	As a % of (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>								
<b>(1)</b>	<b>Indian</b>								
(a)	Individuals/ Hindu Undivided Family	31	432900	9200	10.28	10.28	865800	6.39	6.39
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	6	2442100	-	58.00	58.00	4884200	36.05	36.05
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-
(e)	Any Other(Specify)	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>37</b>	<b>2875000</b>	<b>9200</b>	<b>68.28</b>	<b>68.28</b>	<b>5750000</b>	<b>42.44</b>	<b>42.44</b>
<b>(2)</b>	<b>Foreign</b>								
	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>37</b>	<b>2875000</b>	<b>9200</b>	<b>68.28</b>	<b>68.28</b>	<b>5750000</b>	<b>42.44</b>	<b>42.44</b>
<b>(B)</b>	<b>Public shareholding 3</b>								
<b>(1)</b>	<b>Institutions</b>								
(a)	Mutual Funds/UTI	3	200000	50000	4.75	4.75	400000	2.95	2.95
(b)	Financial Institutions/ Banks								

## Manjushree Extrusions Limited

(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>3</b>	<b>200000</b>	<b>50000</b>	<b>4.75</b>	<b>4.75</b>	<b>400000</b>	<b>2.95</b>	<b>2.95</b>
<b>(2)</b>	<b>Non-institutions</b>								
(a)	Bodies Corporate	7	152100	21200	3.61	3.61	304200	2.25	2.25
(b)	Individuals -								
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	925	715900	276900	17.00	17.00	1431800	<b>10.57</b>	<b>10.57</b>
	ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh.	2	65000	65000	1.54	1.54	130000	<b>0.96</b>	<b>0.96</b>
(c)	Any Other (specify)								
	NRI	3	202000		4.80	4.80	404000	2.98	2.98
	Director	1	800		0.02	0.02	1600	0.01	0.01
	Through proposed public issue						5126100	37.84	37.84
	<b>Sub-Total (B)(2)</b>	<b>938</b>	<b>1135800</b>	<b>363100</b>	<b>26.97</b>	<b>26.97</b>	<b>7397700</b>		
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>941</b>	<b>1335800</b>	<b>413100</b>	<b>31.72</b>	<b>31.72</b>	<b>7797700</b>	<b>57.56</b>	<b>57.56</b>
	<b>TOTAL (A)+(B)</b>	<b>978</b>	<b>4210800</b>	<b>422300</b>	<b>100.00</b>	<b>100.00</b>	<b>13547700</b>	<b>100.00</b>	<b>100.00</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>978</b>	<b>4210800</b>	<b>422300</b>	<b>100.00</b>	<b>100.00</b>	<b>13547700</b>		<b>100.00</b>

\*Assuming all the shareholders apply for and are allotted Equity Shares

### Notes:

- As on date of filing of this Offer Document with SEBI, the issued capital of the Company is fully paid up.
- No single applicant can make an application for number of shares which exceeds the number of shares offered.
- As per SEBI Guidelines, a minimum of 50% of the net offer to the public is reserved for allotment to individual investors applying for Equity Shares of or a value of not more than Rs 1,00,000. The remaining 50% of net offer to the public is reserved for individuals applying for equity shares of a value more than Rs 1,00,000 and corporate bodies /institutions etc. Unsubscribed portion in either of these categories shall be added to the other category inter changeably.
- The Company has not issued any equity shares out of revaluation reserves or for consideration other than cash.
- The Company has not availed any bridge loans against the proceeds of this Issue.
- The Company will get the full amount of equity shares including premium at the stage of application.
- As of the date of this Offer Document, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering.

8. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time
9. The Company presently do not intend or propose to alter its capital structure for a period of six months from the date of opening of the Issue, either by way of split or consolidation of the Equity Shares or by way of further issue of equity shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, or if the Company enters in for acquisitions or joint ventures, it may consider raising additional capital to fund such activity or use equity shares as currency for acquisition and/ or participation in such joint ventures.
10. The total numbers of members of the Company are 978 as on 30th November, 2007.
11. No shares have been allotted through a Public Issue in the last two years nor has the Company bought back its equity shares in the last six months.
12. Any transaction in securities by the "Promoters", Promoter Group" and the immediate relatives of the Promoters during the period between the date of filing of the Offer Document with the Registrar of Companies or Stock Exchanges as the case may be and date of closure of the issue shall be reported to the stock Exchanges concerned within 24 hours of the transaction.
13. The Company has not granted any options or shares of the Company under any scheme of Employee Stock Options or Employee Stock Purchase to its employees.
14. As on 30<sup>th</sup> November, 2007 the promoter & promoter group is holding 28,75,000 equity shares of Rs. 10 each forming 68.28% of the Pre issue Capital of the Company. The person in Promoter group has confirmed that they intend to subscribe to the fullest extent to their entitlement in the Rights offer. The Promoters intend to apply for additional shares in the Rights offer such that at least 90% of the Rights offer size is subscribed in case of under subscription in the Rights offer. As a result of this subscription in the Rights offer Promoters shareholding shall be 42.44 % of post Rights cum Public issue capital of the Company. In case of promoter subscribing to the entire Rights Issue as mentioned in issue details on page no 8 their holding may go up to 52.30 % of the Post Rights Cum public issue capital. Thus public shareholding will not fall below the minimum permissible level and hence the provisions of clause 17 of SEBI (Delisting of Securities) Guidelines 2003 will not be applicable. This subscription to the Rights offer will not result in change of control of the management of the Company and shall be exempt in terms of proviso to regulation 3 (1) (a) and 3 (1) (b) of the SEBI Substantial Acquisition of Shares and Takeover Regulations, 1997.
15. The Company, Promoters/Directors and the Lead Managers to the issue has not entered into any buyback /standby or similar arrangements for purchase of Equity shares being issued through this Offer Document.
16. Details of Directors on Board of Directors of Companies forming part of promoter group are disclosed on page no. 93.

## Manjushree Extrusions Limited

### 6. OBJECTS OF THE ISSUE

The Company proposes the Present Issue:

1. To expand and diversify its operations by setting up facilities for manufacture of Specialty Plastic Containers and PET Preforms
2. To meet the Working Capital Margin requirement for the proposed project.
3. To meet the expenses of the issue

The main object clause of the Memorandum of Association of the Company enables to undertake the existing activities and the activities for which the funds are being raised by the Company through the present issue. Further, the Company confirm that the activities have been carrying out until now is in accordance with the objects clause of the Memorandum of Association.

#### FUNDS REQUIREMENT

The Company has estimated funds requirement as under:

Sr. No	Particulars	Amounts (Rs. in Lacs)
1.	To expand and diversify its operations by setting up facilities for manufacture of Specialty Plastic Containers and PET Preforms	4214.00
2.	To meet the Working Capital Margin requirement for the proposed project	870.00
3.	To meet the expenses of the issue	286.00
	<b>Total</b>	<b>5370.00</b>

Break up of aforesaid expenses are as follows:

Sr. No.	Particulars	Amount (Rs. In Lacs)
1.	Land & Site Development	20.00
2.	Building & Civil Works	340.00
3.	Plant & Machineries	3372.00
4.	Utility installation	213.00
5.	Misc. Fixed Assets	55.00
6.	Contingency & Escalation @ 2.5% on Capital Cost	100.00
7.	Working capital Margin requirement for the proposed project	870.00
8.	Preliminary and Preoperative Expenses	114.00
9.	Expenses to the issue	286.00
	<b>Total</b>	<b>5370.00</b>

Note: The Company proposes to acquire Net Tangible Assets amounting to Rs 4000 Lacs, which represents 74.48% of the project cost.

#### FUNDING PLANS (MEANS OF FINANCE):

The funding plans proposed by the Company are as under:

Sr. No.	Particulars	Amount (Rs. In Lacs)
1.	Rights Issue of equity shares	1263.24
2.	Public Issue of equity shares	2306.76
	<b>Total</b>	<b>3570.00</b>
3.	Term Loan	1800.00
	<b>Total</b>	<b>5370.00</b>

The Company has received the sanction letter from State Bank of India for term loan of Rs. 1800 lacs vide its letter no. CPC/RM-III/258 dated 23.05.2007 to part finance the expansion project.

Thus the Company confirms that excluding the amount to be raised through the proposed composite issue, firm arrangements of finance through verifiable means towards 100% of the stated means of finance have been made.

The substantial amount of funds required is proposed to be funded through the Rights and Public issue. In case of any shortfall, the Company shall meet the same through further debt / internal accruals, if any. Excess Money if any will be utilized for general corporate purpose including but not restricted to repayment of loan.

**Details regarding the Term Loan – SBI, IFB, Bangalore [Rs. 1800 Lacs]**

<b>Name of the Borrower</b>	Manjushree Extrusions Limited
<b>Date of Sanction</b>	23.05.2007
<b>Amount of Term Loan</b>	Rs. 1800 Lacs
<b>Period of term loan</b>	72 months excluding moratorium period
<b>Purpose</b>	Expansion of manufacturing facilities at Manjushree Extrusions Limited as per project detail
<b>Rate of Interest</b>	13.25% p.a. with monthly rests, subject to revision in every 2 years
<b>Repayment</b>	In 24 Quarterly Installments (from June 2008 to March 2014), first 8 installment of Rs. 50 lacs each, next 8 of Rs. 75 Lacs each & last 8 of Rs. 1 Crore each
<b>Primary Security</b>	Hypothecation of all stocks, book debts and other current assets of the company on first exclusive charge basis.
<b>Collateral Security</b>	i. Extension of charge on fixed assets of the company. This will include an extension of EM on the factory land (plot No.143 C5 – 9010 Sq. Meters, plot No 60E – 2 Acres 29.13 Guntas, both at Bommasandra I.E. Anekal Taluk, Bangalore District) and buildings thereon. ii. Extension of E.M of the landed property known as Mohan market comprising of land admeasuring 11 lechas (out of total land 2 Kathas 14 Lechas) owned by Smt Anchi Devi Kedia covered by Dag Nos.2328, 2329, 2378, 2380, 2381 and 2382 (all old) and No.481 (New) and periodic patta No 1063 situated at SRCB road, Guwahati, along with building thereon. iii. Extension of E.M of residential property located at Ranka Paradise, 9 Primrose Road, Bangalore. iv. Hypothecation of Plant & Machinery both existing and to be purchased and owned by the company.
<b>Guarantee</b>	Personal Guarantee of all the Promoter Directors & Anchi Devi Kedia

**IMPORTANT TERMS AND CONDITIONS FOR TERM LOAN:**

**1. Insurance:**

All erection (umbrella) cover, Transit cover, loss of profit policy. Comprehensive insurance policies with suitable Bank clause/jointly in the name of the Bank to be obtained with adequate coverage, preferably with New India Assurance.

**2. Disbursal:**

Already commenced as per Bank certificate dated 27<sup>th</sup> November, 2007.

**3. Prepayment Clause:**

Pre-payment penalty of 2% of the loan outstanding shall be recovered

**4. Negative Lien:**

The Company should not create, without the prior written consent of the bank, charges on their current assets during the currency of credit facilities granted by the bank except among the banks financing the Working Capital requirements under MBA/ Consortium Arrangement, if any.

**1. Major Covenants of above sanctioned loan**

The restrictive covenants (both in respect of short-term and long-term borrowings) include, among others, the following:

- **The unsecured loans / venture capital as envisaged at the time of appraisal has to be arranged for / brought in by the Company as undertaken. The company should ensure that overall margin on Term Loan / Working Capital, as stipulated by the Bank are met at all times.**
- **The funds so brought in shall not be repaid without prior specific approval from the Bank in writing.**

## Manjushree Extrusions Limited

### 2. The borrowing arrangements would also be subject to the following special terms and conditions:-

- i. The Bank will have the right to examine the books of accounts of the Company and to have their factories inspected from time to time by officers of the Bank and / or outside consultants and the expenses incurred by the Bank in this regard will be borne by the Company.
- ii. The Bank may, at its sole discretion, disclose such information to such institution(s) in connection with the credit facilities granted to the Company.
- iii. During the currency of the Bank's credit facilities, the Company shall not, without the prior approval of the Bank in writing :-
  - a) effect any change in their capital structure;
  - b) formulate any scheme of amalgamation or reconstruction;
  - c) undertake any new project/schemes without obtaining the Bank's prior consent therefore unless the expenditure on such expansion, etc., is covered by the Company's net cash accruals after providing for dividends, investments, etc., or from long term funds received for financing such new projects or expansion;
  - d) Invest by way of share capital in or lend or advance funds to or place deposits with any other concern. Normal trade credit or security deposits in the usual course of business or advances to employees, etc., are however not covered by this covenant;
  - e) enter into borrowing arrangement either secured or unsecured with any other Bank, financial institution, Company or otherwise save and except the working capital facilities granted / to be granted by other member Banks under MBA/Consortium, and the term loans proposed to be obtained from financial institutions / Banks for completion of the replacement-cum-modernization programme;
  - f) undertake guarantee obligations on behalf of the Company; and
  - g) Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations.
- iv. Enter into any contractual obligation of a long term nature or affecting the Company to a significant extent.
- v. Permit any transfer of the controlling interest or make any change in the management set up.
- vi. The Company's ancillary business / foreign exchange business / deposits should be routed through the Bank and shall not be less than our pro-rata share in case of MBA/Consortium.
- vii. The Company will keep the Bank informed of the happening of any event likely to have a substantial effect on their production, sales, profits, etc., such as labour problem, power cut, etc., and the remedial steps proposed to be taken by the Company.
- viii. The Company will keep the Bank advised of any circumstances adversely affecting the financial position of their subsidiaries including any action, taken by any creditor against the subsidiary.
- ix. The Company shall pay to the Bank a processing fee aggregating to **Rs.4,72,500/-** (Rupees Four Lacs Seventy Two Thousand Five Hundred Only) on the enhanced working capital credit facilities of Rs.25.20 crores (25% concessional rate @ Rs.187.50 ps for every Rs.1,00,000/- on fund based & non-fund based limits, with a maximum fee of Rs.12,00,000/-).
- x. The company shall pay to the Bank an upfront fee of **Rs.13,50,000/-** (Thirteen Lacs Fifty Thousand Only) on the Term Loan facility of Rs.18.00 crores (25% concessional rate @ 0.75% of the Term Loan amount).
- xi. Monies brought in by principal shareholders/directors/ deposits will not be allowed to be withdrawn without the Bank's permission.

### PROJECT DETAILS

The manufacturing facilities of Manjushree Extrusions Limited are located at the following locations:

Unit-1 No-143, C-5, Bommasandra Industrial Area, Hosur Road, Bangalore-560099

Unit-2 Plot No. 60 E, Bommasandra Industrial Area, Hosur Road, Bangalore-560099

At present the Company has an installed capacity for manufacture of 4140 MT per annum of specialty plastic containers. In view of the increasing volume of operations and further diversification into PET Preforms, the Company proposes to expand its



existing capacity by 10100 MT per annum, thereby raising the overall manufacturing capacity of Specialty Plastic Containers and PET Preforms to 14240 MT on triple shift operation basis. The total cost of the project is Rs. 5370 lacs out of which Company proposes to raise Rs. 3570 lacs through Right cum Public Issue and balance Rs. 1800 Lacs as term loan

### 1) LAND AND SITE DEVELOPMENT (Rs. 20 lacs)

The Company proposes to implement the proposed expansion project at its existing plant located at 60E, Bommasandra Industrial Area, Hosur Road, Bangalore having existing land admeasuring 2.5 acres, which is considered adequate in respect of the requirement for expansion project, However, a sum of Rs. 20 lacs is proposed to be spent on site development including earth filling, leveling and landscaping.

### 2) BUILDING & CIVIL WORKS (Rs 340 lacs)

The Company has completed the building and civil work of 82500 sq ft. including basement, ground plus three floors of new factory building to accommodate the entire expansion project. The cost of building and civil works was estimated at Rs. 340 lacs which included the Architect fees of Rs. 8.00 lacs. However the Building has already been constructed by M/ s P.R.constructions and actual expenses incurred on the same up till 31<sup>st</sup> October, 2007 were Rs. 346 Lacs out of which actual payment till 31<sup>st</sup> October, 2007 is Rs. 197 Lacs . However Architects fees are yet to be paid.

### 3) PLANT & MACHINERY (Rs. 3372 Lacs)

The Company proposes to erect the Plant & Machineries aggregating to Rs. 3372 lacs out of which Plant & Machineries aggregating to Rs.1954 lacs is imported and the balance Plant & Machineries aggregating to Rs. 1418 Lacs is indigenous. The detailed break up of Plant & Machinery required for the project and estimated costs are given below:

#### INDIGENIOUS

#### (1) MACHINARIES ALREADY PURCHASED (Rs 380.50 lacs)

SI	Description	Qty	Supplier Name	Total Cost ( Rs in Lacs)	Invoice No. & Date
1	Stretch Blow Molding Machine	1	Magplastic Asia Pvt Ltd	63.36	181 dt. 23.03.07
2	Mould with Wheels	1	Magplastic Asia Pvt Ltd	2.40	07-08/IN/0001 Dt 03.04.07
3	Water Chillers 20W	1	PrasadGWK Cooltech Pvt. Ltd.	2.70	505 dt 04.04.07
4	Water Chillers 30W	1	PrasadGWK Cooltech Pvt. Ltd.	4.83	39 dt 26.04.07
5	Dehumidifier Dryer	1	Prasad Koch-technik pvt. Ltd	6.73	54 dt 26.04.07
6	Mould	1	Surat Beverage Ltd	25.63	271 Dt 19.05.07
7	Stretch Blow Molding Machine	2	ASB International Pvt Ltd	202.74*	700434 dt. 16.06.2007 & 7000481 dt. 25.06.2007
8	Water Chiller 45W	1	Prasad GWK Cooltech Pvt. Ltd	5.94	116 dt. 09.06.2007
9	Dehumidifying Dryers	2	Prasad Kochtechnik P. Ltd	13.55	138 dt. 09.06.2007 & 171 dt 25.06.2007
10	Water Chiller Accessories	1	Prasad GWK Cooltech Pvt. Ltd	0.91	498 dt. 31.03.2007
11	Water Chillers Weco 30W	2	Prasad GWK Cooltech Pvt. Ltd	8.85@	294 dated 29.09.2007
12	4 Cavity Mould	1	ASB International Pvt. Ltd	9.34	7007338 dt. 08.08.2007
13	5 & 6 Cavity Mould	1	ASB International Pvt. Ltd	33.52	701035 dt 22.09.2007
	<b>TOTAL</b>			<b>380.50</b>	

The above cost of Rs 380.50 lacs includes Entry tax, freight and Excise

\*additional freight paid of Rs. 2.24 Lacs.

@out of the above Rs.0.71 Lacs is unpaid as on 31<sup>st</sup> October, 2007 as per the auditors of the Company M/s A.Kedia & Associates, Chartered Accountants, certificate.

## Manjushree Extrusions Limited

### (2) MACHINERIES FOR WHICH QUOTATIONS HAVE BEEN RECEIVED BUT ORDER HAS NOT BEEN PLACED (Rs. 859.92 lacs)

	Description	Qty	Supplier Name	Total Cost (Rs in Lacs)	Quotation No. & Date
1	Nissei ASB 70D Machine	4	ASB International Pvt Ltd	527.42	QID 071121KKA dt 21.11.07
1a	Moulds for Above	4	ASB International Pvt Ltd	200.00	QID061212PJA 12.12.06
2	Injection Molding Machine SIGMA	2	Ferromatic Milacron India Ltd	68.00	FMIL/BLR/200799, dt 22.11.07
3	Water Chiller WECO 15W	5	PrasadGWK Cool Tech Pvt Ltd	8.72	PGCPL/J/18086/2006 Dt 21.09.06
5	Dehumidifying Dryer	7	Prasad Koch Technik Pvt Ltd	55.78	PKTPL/J/18018/2006 Dt. 28.09.06
	<b>Total</b>			<b>859.92</b>	

Note:

➤ The above cost of Rs 859.92 lacs includes estimated freight, Excise duty and cervat

### 3) MACHINERIES FOR WHICH QUOTATIONS HAVE NOT BEEN RECEIVED NOR ORDERS HAVE BEEN PLACED (Rs 180.00 lacs)

SI	Description	Qty	Supplier Name	Total Cost (Rs in Lacs)	Quotation No. & Date
1	Blow Molds	Lot	Not yet finalized	180.00	Not yet obtained

The above cost of Rs 180.00 lacs includes Excise duty

## IMPORTED

### (1) MACHINERIES FOR WHICH ORDER HAS BEEN PLACED (Rs. 977 lacs)

SI	Description	Qty	Supplier Name	Total Cost USD \$	Total Cost (Rs in Lacs)	Order No. & Date
1	HYPET 300 P120/130.72 Cavity Preform Systems	1	Husky Injection Molding Systems Singapore Pte Ltd	19,90,000	797.00*	MEL/Husky/2007 dt 10.10.2007

\* The above cost does not include customs duty, entry tax and installation cost which is estimated to be Rs. 180 lacs. An advance of Rs. 470 Lacs has been made against the above machine.

USD conversion @ Rs. 40.05.

### (2) MACHINERIES FOR WHICH QUOTATIONS HAVE BEEN RECEIVED BUT ORDER HAS NOT BEEN PLACED (Rs. 977 Lacs)

SI	Description	Qty	Supplier Name	Total Cost (Rs in Lacs)	Quotation No. & Date
1	HYPET 300 P120/130.72 Cavity Preform Systems	1	Husky Injection Molding Systems Singapore Pte Ltd	797.00*	Dt 10.10.2007

\* The above cost does not include customs duty, entry tax and installation cost which is estimated to be Rs.180 lacs.

## 4) UTILITY INSTALLATION

The details of Utility Installations are as below:

### INDIGENOUS

#### (1) UTILITY EQUIPMENT ALREADY PURCHASED (Rs. 85.13 lacs)

SI	Description	Qty	Supplier Name	Total Cost (Lacs)	Invoice No. & Date
1	Stabilizer 1500 KVA	1	Jindal Rectifiers	20.27^	085 dt 26.03.07
2	Lift	1	Supriya Elevator (I) Pvt Ltd	8.63	158 dt 12.09.06
3	Compressor	1	Chicago Pnuematic Sales	17.30	700180 dt 17.04.07
4	Air Receiver Kit	1	Chicago Pnuematic Sales	3.83	700148 dt 04.04.07

5	Compressor	1	Chicago Pnuematic Sales	25.86#	700245 dt 21.05.07
6	GI Pipes	Lot	Sical Logistics Ltd	1.02	575 dt 06.06.07
7	Temperature Controller	1	Moulding Solutions	2.03	228 dt 12.06.07
8	Electrical Stacker	1	Maini Material Movement Pvt Ltd	2.03	111 dt 27.07.07
9	Manual Battery Charger	1	Maini Material Movement Pvt Ltd	0.26	112 dt 27.07.07
10	Stabilizers	3	Automatic Electric Ltd	3.54	4008316 dt 22.09.07
11	Sealing Machine	2	Sevana Trade& Appl. Pvt Ltd	0.36	G-13 dt 09.04.07
	<b>Total</b>			<b>85.13</b>	

^ Rs. 2.28 Lacs is unpaid and # Rs.2.00 Lacs is unpaid as on 31<sup>st</sup> October 2007 as per auditors M/s A.Kedia & /associates, Chartered Accountants, certificate.

The above cost of Rs. 85.13 lacs includes Entry tax, freight and Excise

(2) UTILITY EQUIPMENT FOR WHICH ORDERS HAVE BEEN PLACED **(Rs. 4.86 lacs)**

SI	Description	Qty	Supplier Name	Total Cost (Rs in Lacs)	Order Date
1	Granulator	1	PIMCO Machines Pvt Ltd	1.75	21.09.07
2	Piping Systems	lot	Maxwell Engineers	3.11	02.05.2007
	<b>Total</b>			<b>4.86</b>	

Note:

- The payment of Rs. 3.60 Lacs has been made against the order for the above said equipments.
- The above cost of Rs. 4.86 lacs includes Entry tax, freight and Excise

(3) UTILITY EQUIPMENTS FOR WHICH QUOTATIONS HAVE BEEN RECEIVED BUT ORDER HAS NOT BEEN PLACED **(Rs. 87.00 lacs)**

SI	Description	Qty	Supplier Name	Total Cost (Rs in Lacs)	Quotation No. & Date
1	Diesel Generator sets 570 KVA with Installations	2	Prime Energy Pvt Limited	82.00	VOL/QTN/07/078b dt 13.10.07
2	Isolation Transfer	6	Automatic Electric Ltd	5.00	BG-3/3/0531/2006 dt 15.11.06
	<b>Total</b>			<b>87.00</b>	

The above cost of Rs. 87.00 lacs includes Entry tax, freight and Excise

(4) UTILITY INSTALLATIONS FOR WHICH QUOTATIONS HAVE NOT BEEN RECEIVED / ORDERS ARE YET TO BE PLACED **(Rs. 32.25 lacs)**

SI	Description	Qty	Supplier Name	Total Cost (Rs in Lacs)	Quotation No. & Date
1	Electrical Installations Panels	Lot	Not Yet Finalized	28.00	Not yet obtained
3	Workshop Equipments	Lot	Not Yet Finalized	0.25	Not yet obtained
4	Laboratory Equipments	Lot	Not Yet Finalized	2.00	Not yet obtained
5	Weighing Equipments	Lot	Not Yet Finalized	2.00	Not yet obtained
	<b>Total</b>			<b>32.25</b>	

The above cost of Rs 32.25 lacs includes Entry tax, freight and Excise

**IMPORTED**

UTILITIES ALREADY PURCHASED **(Rs 11.65 lacs)**

SI	Description	Qty	Supplier Name	Total Cost (Rs in Lacs)	Invoice No. & Date
1	HP Dryers / Filters	Lot	Dominic Hunter Hiross SPA	6.11	RY/7201276 dt 21.03.07
2	HP/ LP Filters	Lot	Parker Hannifin Ltd	5.55	01/3287783&84 dt 03.04.07
	<b>Total</b>			<b>11.65</b>	

The above cost of Rs. 11.65 lacs includes Entry tax, freight.

Note: The machines etc can be purchased from suppliers other than those whose names have been stated in the quotation tables.

## Manjushree Extrusions Limited

### 5) MISCELLANEOUS FIXED ASSETS :( Rs. 55.00 lacs)

The Company has estimated Rs. 55 lacs as cost towards purchase of miscellaneous fixed assets like Furniture and Fixtures, Office Equipment including Computers, Firefighting Equipment and vehicles. The Company proposes to source these assets locally and has not taken any quotations for the same.

### 6) CONTINGENCY AND ESCALATION: (Rs. 100.00 lacs)

This has been calculated @ 2.5% over the capital cost of Rs. 4000 lacs to provide safeguard against escalation of price or any other unforeseen expenditure. The total amount works out to Rs. 100.00 lacs, and has been duly provided for in capital cost estimates

### 7) MARGIN MONEY FOR WORKING CAPITAL (Rs. 870.00 lacs)

The margin money for working capital in respect of expansion project has been calculated on the assumption of bank finance being available towards meeting of working capital requirements to the extent of 67.46% in respect of inventories and receivables. The margin money has been accordingly estimated at Rs. 870 lacs on the basis of 80% capacity utilization in the first year of operation against the net working capital requirement. The additional margin money requirement for the existing operations is proposed to be met out of internal accruals from such operations itself.

The details have been worked out as follows showing working capital requirement at various capacity utilization levels with corresponding margin money requirements:

Sr. No	Items	Norms
1	Raw Materials	1.5m
2	Finished Products	1.0m
3	Unpaid Stocks (Goods Received on Credit)	0.5m
4	Receivables	2.0m

m=months

Sr. No.	Items	Working capital (Rs. In Lacs)
<b>A.</b>	<b>STOCKS</b>	
	Raw Materials	793.25
	Finished Products	624.85
		1418.11
	Less: Unpaid Stocks	264.42
		<b>1153.69</b>
<b>B.</b>	<b>BOOK DEBTS</b>	
	Receivables	1514.23
<b>C.</b>	<b>Total</b>	<b>2667.92</b>
<b>D.</b>	<b>Proposed Bank Finance</b>	<b>1800.00</b>
<b>E.</b>	<b>Margin Money Required</b>	<b>867.92</b>
<b>F.</b>	<b>Rounded off</b>	<b>870.00</b>

### 8) PRELIMINARY & PRE-OPERATIVE EXPENSES ( Rs. 114 lacs)

An estimated expenditure of Rs. 114.00 lacs has been earmarked on this account is detailed below.

Sr.	Items	(Rs. In lacs)
1	Loan Processing and other financial charges	12.00
2	Insurance during construction period	12.00
3	Administrative & General Overheads, Traveling expenses etc.	15.00
4	Consultancy / Professional charges	15.00
5	Interest during construction period	60.00
	<b>Total</b>	<b>114.00</b>

## 9) PUBLIC ISSUE EXPENSES (Rs. 286.00 lacs)

An estimated expenditure of Rs. 286.00 Lacs has been earmarked on this account as detailed below.

Sr. No.	Description	Amount (Rs. In lacs)	% of the Total Issue Expenses	% of the Total issue size
1.	Lead Manager's Fees, Registrar, Legal Advisors & Auditor's Fees	63.58	22.23	1.78
2.	Advertising & Marketing Expenses	58.42	20.42	1.64
3.	Brokerage, Selling Commission	53.55	29.87	1.50
4.	Printing, stationery, Distribution & Postage	64.55	22.56	1.81
5.	Listing fees, Depository Charges etc.	14.00	4.89	0.39
6.	Other Expenses	31.90	11.15	0.89
	<b>Total</b>	<b>286.00</b>	<b>100</b>	<b>8.01</b>

## SCHEDULE OF IMPLEMENTATION

The detailed schedule of implementation of the project is proposed as follows:

Activities	Commencement(Month/Year)	Completion(Month/Year)
Development of land	July, 2006	January, 2008
Building and Civil Works	July, 2006	January, 2008
<u>Plant &amp; Machinery</u>		
- Placement of Order	October, 2006	December, 2007
- Delivery at Site	March, 2007	March, 2008
Arrangement of Power	March, 2007	March, 2008
Arrangement of Water	March, 2007	March, 2008
Erection of Equipment	March, 2007	March, 2008
Procurement of Raw Materials	January, 2008	Onwards
Recruitment / Training of Personnel	January, 2008	Onwards
Trial Runs	March, 2008	
Commercial Production	April, 2008 onwards	

On the basis of the schedule of implementation as detailed above, the project is expected to be commissioned by March, 2008 and the unit is expected to start the commercial production from April, 2008 onwards

## FUNDS DEPLOYED

The Company has already deployed Rs. 1198.70 lacs up to 31<sup>st</sup> October, 2007 towards the proposed project as envisaged in the present issue which has been certified by M/s A.Kedia & Associates vide their certificate dated 05<sup>th</sup> December, 2007. The details of funds already deployed are as under:

Sr.No.	Expenditure Head	Amount (Rs. In Lacs)
1	Factory Building	196.63
2	Machineries – Indigenous - Received	379.79
3	Advance against Imported Equipment	470.18
4	Utility Equipment – Imported - Received	11.66
5	Utility Equipment – Indigenous – Received	80.85
6	Advance against Utility Equipment	3.60
7	Preoperative Expenses:	
	- Share Issue Expenses	27.66
	- Bank Loan Documentation Expenses	28.33
	<b>Total</b>	<b>1198.70</b>

# Manjushree Extrusions Limited

## SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

The Company has deployed Rs.1198.70 Lacs on the project till 31<sup>st</sup> October, 2007, and the same has been financed out of internal accruals for which M/s A.Kedia & Associates, Chartered Accountants vide letter dated 05<sup>th</sup> December, 2007 have given a Certificate detailing the sources of financing.

## DETAILS OF BALANCE FUND DEPLOYMENT

The remaining amount is proposed to be incurred by the Company in the fiscal year 2007-2008 which is as follows:

(Rs. In Lacs)

Months / Year 2007	Till October 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08	Total
Investments							
Land & Site Development	-	-	10	10	-	-	20
Building & Civil Works *	197	135			-	8	340
Plant & Machinery **		-					
- Imported	470	5		700	200	579	1,954
- Indigenous	380		30	200	200	608	1,418
Utility Installations ***	96	26	20	20	20	31	213
Misc. Fixed Assets	-	3	5	10	20	17	55
Contingencies	-	-	10	10	30	50	100
Preoperative Expenses^	56	-	50	50	100	144	400
Margin for working Capital	-	-	-	-	-	870	870
<b>Total</b>	<b>1199</b>	<b>34</b>	<b>260</b>	<b>1000</b>	<b>570</b>	<b>2307</b>	<b>5,370</b>

\* The cost for Building and civil works was estimated at Rs 340.00 lacs however actual cost may come to Rs 354.00 lacs taking into account the actual cost incurred and proposed to be incurred on the same.

\*\* The total cost of machineries estimated was as Rs. 3372 lacs however the taking into account machineries already purchased and machineries proposed to be purchase the cost of machineries may come to Rs. 3372.62 lacs.

\*\*\* The total cost of utilities estimated was as Rs. 213.00 lacs however the taking into account utilities already purchased and utilities proposed to be purchase the cost of utilities may come to Rs. 220.89 lacs.

^ Bank Loan Documentation charges were estimated to be Rs. 12.00 lacs which has come to Rs. 28.33 lacs till 31<sup>st</sup> October, 2007 as per auditors, M/s A.Kedia & Associates, Chartered Accountants, Certificate.

Contingency has already been provided for the above esclations, as shown above.

## APPRAISAL

The Project has not been appraised by any Bank/Financial Institution.

## SHORTFALL OF FUNDS

The shortfall in funds, if any, shall be met by further debt/ Internal Accruals.

## INTERIM USE OF FUNDS

Pending utilization of funds as stated above, the Company intends to keep the proceeds of the issue in fixed deposits with any of the Scheduled Commercial Bank for the necessary duration.

## MONITORING OF ISSUE PROCEEDS

The Company has not appointed any Monitoring Agency. The company has set up Audit committee comprising of Non-Executive and Independent directors who have been entrusted with the responsibility of monitoring the use of issue proceeds. The Audit committee will review the uses/applications of the funds by major category (capital expenditure, sales and marketing, working capital, etc.) on a quarterly and annual basis, till such time full money raised through this issue has been fully spent. The Company will disclose the utilization of issue proceeds on quarterly basis as part of their quarterly declaration of financial results as well as on annual basis under a separate head in the Balance Sheet clearly and specifically the purpose for which such proceeds has been utilized. It shall also, in its Balance Sheet, provide details, if any, in relation to all such proceeds that have not been utilized there by also indicating investment, if any, of such unutilized proceeds of the issue.

## 7. BASIS FOR ISSUE PRICE:

Investors should read the following summary with the Risk Factors included from vi to xvi and the details about the Company and its financial statements included in this Offer Document. The trading price of the Equity Shares of the Company could decline due to these risks and the investor may lose all or part of his investment.

### Qualitative Factors:

- A profit making company since inception. Profit figures for last five years upto period ended 30<sup>th</sup> September, 2007 are as under:

(Rs. In Lacs)

Year	Profit after Tax
31.03.2003	73.12
31.03.2004	97.77
31.03.2005	112.42
31.03.2006	137.12
31.03.2007	282.33
30.09.2007 (6 Months)	185.97

The Company has a continuous track record of Dividends for recent 3 years and 5 out of 10 years since going public in 1995.

- **Strong Market Presence** – One of the largest manufacturers of PET /Monolayer / Multilayer Containers - Bottles & Jars in the country with a track record of more than a decade. Among the few Companies in India with the European / Italian Technology for manufacture of Multilayer Containers – For extensive application in Food Products (Milk and its derivatives, Ketchup, Fruits, Sauces etc.) and Agro-chemicals. The Company has been manufacturing PET Containers from the year 1996 and has grown today to one of the few manufacturers consistently supplying to FMCG majors in India like Cadbury India, Nestle India, P&G, HUL, Tata Tea, Godrej Sara Lee, Lotte India, GlaxoSmithKline, Perfetti etc. Manjushree's consistent increase in sales and repeat orders from top FMCG players for the last three years as shown on page no. 51 which supports the Company's strong market presence.
- **Experienced and Professional Management** – The Company is managed by a team of professionals who are qualified, well versed and has relevant experience in their respective spheres Viz. plastic industry, finance and law. One of the Directors Mr. Surendra Kedia is BE degree holder from BITS, Pilani, thus giving an edge to the technical operations of the company. For more details please refer to section titled as "Management and Organization" on the Page number 63 of this Offer Document.
- **Promoters' Credentials** – The Managing Director of the Company, Mr. Vimal Kedia is recipient of Indian President's Award for outstanding entrepreneurship and Award from Additional Secretary & Development Commissioner-SSI, New Delhi for his contribution to industrial growth of the state.
- **Strong customer relationship** – The Company is a regular supplier to companies like Hindustan Lever, Cadbury India, Nestle, Tata Tea, P&G, Britannia, Glaxo Smith Kline, Perfetti, Heinz, Godrej, PepsiCo, Pfizer, Lotte India, MTR, Wrigley's, Arya Vaidyashala etc. Repeat orders from the above clients in last three years show strong relationship enjoyed by the Company. The clientele is also broad based as Top 5 Clients contribute only 45% of total turnover. Refer to page no. 51 where sales to major clients which shows an unchanged composition of institutional customers accounting for around 60% of the Company's turnover over last 3 years.
- **Innovation, Research & Development** – A continuous effort on R&D at the floor level as well as with customers and vendors, Company's associate ventures in the field of IT enabled customized containers' design and development to make the solutions under one roof. The Company is also recipient of India Star and Asia star Awards for its innovations in designs for packaging. The Company has been engaged in the development of designs for various types of containers and its accessories, which have been tailor made to customers' requirement, through an ongoing process of in-house research & development. MEL has also obtained Patents' Office approval for such designs which have been listed on page 114 of the Offer Document, which evidences the fact of Company's efforts on R&D. The Company has also won national and international awards on number of occasions for their excellence in packaging designs as listed on page no. 60.
- **Process Controls and Quality Consciousness** – Major Equipment conform to Japanese and European Technologies. An ISO 9001:2000 Certified Company for manufacture of innovative and technologically advanced (e.g. Hot-fillable) containers.



# Manjushree Extrusions Limited

## Quantitative Factors:

### 1. Adjusted earning per share (EPS) weighted (based on restated financial statements- stand alone basis)

Year	EPS	Weightage
12 Months Ended 31 <sup>st</sup> March 2005	2.67	1
12 Months Ended 31 <sup>st</sup> March 2006	3.26	2
12 Months Ended 31 <sup>st</sup> March 2007	6.70	3
<b>Weighted average EPS</b>	<b>4.88</b>	<b>6</b>

**Note:** EPS has been calculated on the basis of the restated profits for the respective Financial Years.

### 2. Price Earning Ratio (P/E ratio) in relation to the Issue Price of Rs. 30 per share in case of Rights Issue and Rs 45 per share in case of Public Issue.

Pre issue P/E:

**A. Market Price (as on 05<sup>th</sup> December, 2007): N.A.**

**B. Rights Issue price of Rs. 30 per share**

- Based on year ended March 31, 2007 EPS of Rs. 6.70 is **4.48**
- Based on weighted average EPS of Rs. 4.88 is **6.14**

**C. Public Issue price of Rs. 45 per share**

- Based on year ended March 31, 2007 EPS of Rs. 6.70 is **6.72**.
- Based on weighted average EPS of Rs. 4.88 is **9.22**

### 3. Plastic Industry – Composite P/E Ratio:

● Highest	<b>[102.70]</b>
● Lowest	<b>[1.60]</b>
Composite P/E ratio of plastic product companies as per Capital Market volume XXII/20 (Dec 03 – 16, 2007) is 20.5	

### 4. Weighted Average Return on Net worth ( RONW ) (based on restated financial statements- stand alone basis):

Year	RONW (%)	Weightage
12 Months Ended 31 <sup>st</sup> March 2005	10.50	1
12 Months Ended 31 <sup>st</sup> March 2006	11.82	2
12 Months Ended 31 <sup>st</sup> March 2007	20.25	3
<b>Weighted Average</b>	<b>15.81</b>	<b>6</b>

RoNW has been calculated as per following formulae.

(Net Profit /loss (after tax) / (Equity shareholders funds outstanding at the end of the period)

Minimum return on Net worth after issue needed to maintain pre-issue EPS of Rs 6.70 is 18.97%

### 5. Net Asset Value (NAV) per share (Rs.) (based on restated financial statements- stand alone basis)

a) As on 30 <sup>th</sup> September 2007	35.70
b) As on 31 <sup>st</sup> March 2007	33.11
c) As on 31 <sup>st</sup> March 2006	27.54
d) As on 31 <sup>st</sup> March 2005	25.42
e) After Rights Issue*	32.85
f) Issue Price	30
g) After Public Issue**	40.80
g) Issue Price	45

\* The NAV after Rights Issue is calculated without taking effect of Public Issue.

\*\* The NAV after Public Issue is calculated without taking effect of Rights Issue.

Manjushree Extrusions Limited achieved an EPS of Rs. 6.70 per share and return on net worth of 20.25%, for the Financial Year ended 31<sup>st</sup> March, 2007.

**The Face value of shares is Rs.10/- and the Issue price in case of Rights Issue is 3 times of the Face value and in case of Public Issue is 4.5 times of the face value.**

6. The accounting ratios of companies in the concerned industry for the Financial year 2006-07 are as follows:

Company	EPS (Rs)	P/E Ratio	RONW (%)	NAV (Rs)
Fenoplast Ltd	4.6	7.4	14.5	34.30
Pearl Polymers	1.2	13.1	5.1	24.60
Wimplast	2.0	19.7	3.1	79.40
Manjushree Extrusions	6.7	6.71	20.25	33.11

**Source: Capital Market Volume XXII/20 (December 03-16, 2007)**

*The Lead Manager believes that the Issue price of Rs. 30 per share for the Rights Component and Rs.45 per share for the Public issue component is justified in view of the above quantitative and qualitative parameters. The investors may also want to peruse the risk factor and financials of the company including important profitability and return ratios, as set out in the Auditors Report in the Offer Document to have more informed views about the investment proposition.*

### 8. STATEMENT OF TAX BENEFITS

The Auditors of the company M/s A.Kedia & Associates, Chartered Accountants who vide their letter dated 1st June, 2007 have stated the possible tax benefits available to Manjushree Extrusions Limited (the "Company") and its shareholders under the current tax laws presently in force in India. They have stated that several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependant upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their subscription in the issue.

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

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

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of current tax laws presently in force in India, relevant to the subject matter of our report.

#### I. BENEFITS UNDER INCOME TAX ACT 1961 (IT Act)

##### A. TO THE COMPANY:

1. Dividend income (whether interim or final) in the hands of the company as distributed or paid by any other company is completely exempt from tax in the hands of the company under section 10(34) of the IT Act.
2. Long-term capital gains would be subject to tax at the rate of 20% as per the provisions of section 112(1) (b) of the IT Act. However, as per the proviso to Section 112(1)(b), the long term capital gains resulting on transfer of listed securities or units (not covered by section 10(38)) would be subject to tax at the rate of 20% with indexation benefits or 10% without indexation benefits as per the option of the assessee.
3. Long term capital gain arising from the sale of equity shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from IT if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax as per provisions of section 10(38) of the IT Act.
4. Short Term capital gains arising from the transfer of equity shares in any company through a recognized stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax as per provisions of section 111A of the IT Act.
5. In accordance with the provisions of section 54EC of the IT Act, the Company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by section 10 (38)) if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
6. In accordance with the provisions of section 54ED of the IT Act, capital gains arising from transfer of long term assets being listed securities or units (not covered by section 10(38)) shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an 'eligible issue of share capital' in the prescribed manner.
7. In accordance with the provisions of section 35D of the IT Act, the company is entitled to a deduction equal to one-fifth of specified expenditure incurred in connection with the issue for the extension of the industrial undertaking for a period of five successive years subject to the limits provided and the conditions specified under the said section.
8. The company is eligible for additional depreciation @ 20% over and above the usual depreciation available u/s 32 of the IT Act on the new plant and machinery to be installed.

##### B. TO RESIDENT SHAREHOLDERS:

1. Under section 10(34) of the IT Act, income earned by way of dividend from domestic company referred to in section 115-O of the Act is exempt from Income-Tax in the hands of the shareholders.
2. Under Section 112(1) (a) & (b) of the IT Act, long-term capital gains would be subject to tax at the rate of 20%. However, as per the proviso to Section 112(1) (a) & (b), the long term capital gains resulting on transfer of listed securities or units (not covered by section 10(38)) would be subject to tax at the rate of @ 20% with indexation benefits or 10% without indexation benefits as per the option of the assessee.

3. Long term capital gain arising from the sale of equity shares in the company through a recognized stock exchange shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and the sale is subject to Securities Transaction tax as per the provisions of section 10(38) of the IT Act.
4. Short Term capital gains arising from the transfer of equity shares in the company through a recognized stock exchange shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax as per the provisions of section 111A of the IT Act.
5. In accordance with the provisions of section 54EC of the IT Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company (not covered by section 10(38)), if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
6. In accordance with the provisions of section 54ED of the IT Act, the shareholders would be entitled to exemption from long term capital gain tax on transfer of their assets being listed securities or units (not covered by section 10(38)), to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section. However amount so invested shall be chargeable to tax subsequently if the new equity shares are transferred or converted in to money within one year from the date of their acquisition
7. In accordance with the provisions of section 54F of the IT Act, a shareholder being an individual or HUF would be entitled to exemption from long term capital gains on the sale of shares (not covered by section 10 (38)) upon investment of net consideration in purchase / construction of a residential house, in proportion to the investment of net consideration in the residential house within prescribed period. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains shall be charged to tax as long-term capital gains in the year in which such residential house is transferred.

#### **C. TO NON-RESIDENT INDIAN SHAREHOLDERS:**

1. Under Section 10(34) of the Act, Income earned by way of dividend from domestic company referred to in section 115-O of the Act is exempt from Income-Tax in the hands of the Shareholders.
2. In the case of shareholder being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with Section 115D read with Section 115E of the IT Act, long term capital gains arising from the transfer of the Indian company's shares (not covered by section 10(38)) will be subject to tax at the rate of 10% without any indexation benefit but with protection against foreign exchange fluctuation.
3. In case of a shareholder being a non-resident Indian and subscribing to the shares in convertible foreign exchange in accordance with Section 115F of the IT Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the transfer of shares in the Company upon investment of net consideration in modes as specified in sub-section (1) of Section 115F.
4. In accordance with the provisions of Section 115G of the IT Act, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the IT 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 the provisions of Chapter XVII-B of the IT Act.
5. In accordance with the provisions of Section 115H of the IT Act, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the IT Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
6. As per the provisions of 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 his return of income for that year under Section 139 of the IT Act, declaring therein that the provisions shall not apply to him for that assessment year and accordingly his total income will be computed in accordance with the normal provisions of the IT Act.
7. The tax benefits available to a resident shareholder under Sl. I (B) 3, 4, 5, 6 and 7 above shall be available to a non-resident Indian shareholder in the similar manner.
8. As per Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.
9. Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

## Manjushree Extrusions Limited

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### **D. TO OTHER NON-RESIDENTS:**

1. Under Section 10(34) of the Act, Income earned by way of dividend from domestic company referred to in section 115-O of the Act is exempt from Income-Tax in the hands of the Shareholders.
2. In accordance with the provisions of section 112(1) (b) of the IT Act, tax on long term capital gains arising on sale on listed securities or units before 1st October 2004 will be, at the option of the shareholder, 10% of capital Gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits).
3. The tax benefits available to a resident shareholder under Sr. I (B) 3, 4, 5, 6 and 7 above shall be available to a non-resident shareholder in the similar manner.
4. As per Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

### **E. TO FOREIGN INSTITUTIONAL INVESTOR (FII)**

1. In case of a shareholder being a FII, in accordance with the provisions of section 115AD of the IT Act, tax on long term capital gain (not covered by section 10(38)) will be 10% and on short term capital gains will be 30%. However, the benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the IT Act are not available to FII's.
2. As per Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the FII's.
3. The tax benefits available to a resident shareholder under Sl. I (B) 3, 4, 5 and 6 above shall be available to a FII in the similar manner.
4. Under section 10(34) of the IT Act, income earned by way of dividend from domestic company referred to in section 115-O of the Act is exempt from Income-Tax in the hands of a FII.

### **F. TO MUTUAL FUNDS**

In case of a shareholder being a Mutual fund, as per the provisions of Section 10 (23D) of the IT Act, any income of the Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Fund set up by public sector banks or public financial institutions and Mutual Fund authorized by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

### **G. TO VENTURE CAPITAL COMPANIES/ FUNDS**

In case of a shareholder being a Venture Capital Company / Fund, as per the provisions of Section 10(23FB) of the IT Act, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, would be exempt from Income Tax, subject to the conditions specified.

## **II. BENEFITS UNDER THE WEALTH TAX ACT, 1957**

Assets as defined under section 2(ea) of the Wealth Tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

## **III. BENEFITS UNDER THE GIFT TAX ACT**

As no Gift tax is livable in respect of gifts made on or after October 1, 1998, any gift of shares will not attract gift tax.

### **NOTES:**

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2007 and will be available only to the sole / first named holder in case the shares are held by joint holders.
2. Mention of a particular tax rate in regard to the transaction should be deemed to include a reference to surcharge and cess applicable on the tax rate at prescribed rates.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned shall be subject to benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
4. In view of individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax implication of his / her participation in the scheme, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

## SECTION IV: ABOUT MANJUSHREE EXTRUSIONS LIMITED

Information presented in this section has been extracted from publicly available documents and industry publications and has not been prepared or independently verified by the Company or the Lead Manager or any of its respective affiliates.

### 1. INDUSTRY OVERVIEW

#### History of Packaging

From the very earliest times, humans consumed food where it was found. Families and villages made or caught what they used. They were also self-sufficient, so there was little need for packaging of goods, either for storage or transportation. When containers were needed, nature provided gourds, shells, and leaves. Later, containers were fashioned from natural materials, such as hollowed logs, woven grasses and animal organs. As ores and chemical compounds were discovered, metals and pottery were developed, leading to other packaging forms.

Today, often for value products like cosmetics, toiletries, even clothes, beverages, food products and many such goods the outer appearance proves to be its Unique Selling Proposition.

There are a variety of products which are used for packaging which includes paper, plastic, glass, tin etc. Plastic is the newest packaging material in comparison with metal, glass, and paper. Although discovered in the 19th century, most plastics were reserved for military and wartime use. Plastics have become very important materials and a wide variety of plastics have been developed over the past 170 years.

#### Plastic Packaging

Plastics can be rigid like metals as well as flexible like rubber, they can be insulators as well as conductors, they have high abrasion resistance, high impact strength and resistance to corrosion and above all they can be “tailor made” to suit any specific need. It is the only class of material which has either partially or fully replaced conventional materials like glass, ceramic, wood, metal, leather etc. Several plastics were discovered in the nineteenth century: styrene in 1831, vinyl chloride in 1835, and celluloid in the late 1860s. However, none of these materials became practical for packaging until the twentieth century.

One of the most commonly used plastics today is polyethylene terephthalate (PET). This material only became available for containers during the last two decades with its use for beverages entering the market in 1977. By 1980, foods and other hot-fill products such as jams could also be packaged in PET.

(Source: <http://edis.ifas.ufl.edu/AE206>)

#### Indian Packaging Scenario

##### Indian Scenario

The Indian Packaging Industry is estimated at USD 14 billion and ranks 8<sup>th</sup> in the world in plastics consumption and by 2010, India is expected to be the third largest consumer of polymers after the USA and China with polymer demand estimated at 12.4 million tons. At a growth rate of 13-14% a year, polymer demand is expected to reach 22 million tonnes by 2015, accounting for 9% of global polymer demand. Currently, it stands at 7.3 million tonnes. It is expected that PE and PP materials will continue to dominate polymer demand in the country, with current demand totaling 3.33 million tonnes for both and 1.4 million tonnes for PVC.

(Source: Popular Plastic & Packaging, July 2006)

The packaging constitutes estimated 50% of total polymers consumed and, today, is perhaps the fastest growing segment. Plastics are seen increasingly replacing traditional glass and metal containers as the favored packaging material – in various forms which includes - pet bottles and jars, co-ex and multilayer films and rigid containers, retort pouches and aseptic bags and cans etc. Traditional jute is giving way to HDPE and netted bags. Tomato paste and mango pulp are being packed in aseptic bags.

A rough estimate of the quantity of packaging materials used for processed foods packaging, as informed by industry sources are as follows:

Glass – 800,000 MT

Metal – 500,000 MT

Paper – 500,000 MT

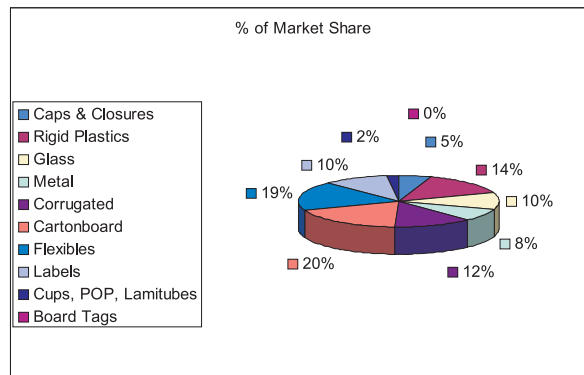
Plastics – 2,000,000 MT

(Source: Packaging India August 2004)



# Manjushree Extrusions Limited

## INDIA's PACKAGING MARKET SEGMENTATION 2005



(Source: Popular Plastic & Packaging, February 2006)

**Table 2 : Per capita consumption pattern of plastics in the World**

India	China	North America	W. Europe	Latin America	E. Europe	World Avg.
4.5Kg	17Kg	90Kg	15Kg	18Kg	10Kg	20Kg

The Indian Plastic Industry is growing at a fast pace and the per-capita consumption of plastics in India has seen a manifold rise, compared to the earlier decade. Though the plastic consumption showed a sharp increase during the last two decades, the per capita consumption is still only 4.5 Kgs, as compared to the world average of 20 Kgs. On the basis of value added, the plastic products sector contributes to around 0.5% of GDP of the country. The plastic products sector also provides around 1% of the country's exports.

(Source: Modern \_Plastics & Polymers- June-July-2006)

The sector has a significant presence of the unorganized sector, which accounts for more than 70% of the industry turnover. More than 95% of the firms in the industry are partnership, proprietorship or private limited companies.

The present capacity utilization for industry is 65%, which is an industry feature due to presence of small scale units and not an indicator of overcapacity. With domestic demand for plastic products increasing at a rate of 12% - 15% over the medium term, there would be potential for further growth.

Even though the Indian processing industry is a highly fragmented one it has begun to attract global attention as its technical revolution gathers momentum, which in turn sees the country becoming the preferred hub for outsourcing of plastic products manufacturing. India has location and logistic advantages over other countries and the fact that Asia is a major consumer is a big advantage to India. India has grown to become a strategic manufacturing location for the PET industry in Southern Asia, also covering Africa and the Gulf Region for both PET resin producers and machinery manufacturers.

Other competitive advantages include an abundance of managerial and technical manpower, an ability to assimilate and adapt to new technology as well as availability of steady supply of raw material for processing. India also has a strong recycling industry (recycled plastics constitute 30% of the total consumption of materials in the country). All this contributed to India's exports of plastics hitting a record USD 2.6 billion in the fiscal 2005-06 and the government backed Plastics Export Promotion Council fixing the 2006-07 target at USD 3.45 billion.

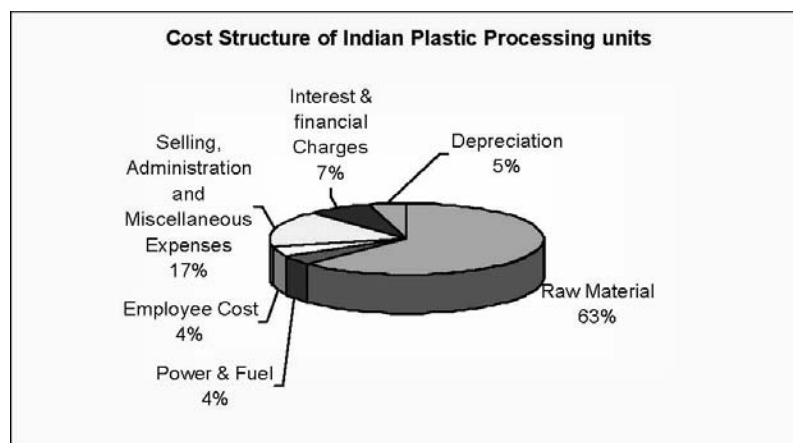
(Source: PRA March 2007.)



## COST STRUCTURE OF INDIAN PLASTIC PROCESSING UNITS

A very high level of other costs is of a fixed nature indicating a beneficial position for the larger sized companies. However, there is a tradeoff because of fragmented nature of the overall market of plastic products implying a smaller sized company dedicated for a particular product also enjoying advantages.

The above figure shows the cost structure of the Indian plastic processing companies. As the figure shows the raw material costs account for 63% of the total costs. Other important cost heads are capital costs, power costs, employee expenses and selling expenses.



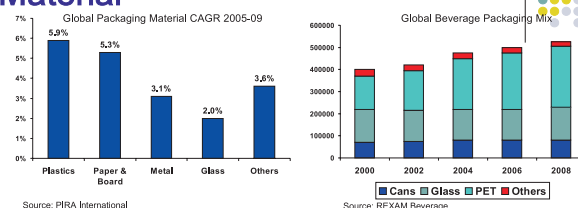
(Source: Compiled by INGRES)

## The Global Packaging Market

The total Packaging business worldwide (includes Paper, Plastic, Metals, Glass etc.) is valued at \$600 billion. The growth rate in developed part of the world hovers at around 5% but the developing regions are witnessing a growth rate of over 10%. The Asiatic region accounted for 29% of global business. While the per capital consumption is \$74 in United States, the corresponding figure for China and India stands at \$14 and \$9, clearly indicating the huge potential for growth. The key driver to the packaging market in India will be the agri-horti sector, food processing, growing middleclass families, increasing consumerism with factors like health consciousness, emergence of sophisticated retail outlets and brand consciousness etc. A very healthy growth rate of over 15% is envisaged in near future.

(Source: Popular Plastic & Packaging July, 2006)

## Highest Growth Packaging Material



- Convenience is the key to growth in Packaging materials
- Plastics is the highest growth segment
- Low prices of large family packs is the key driver for growth of plastic packaging

PET packaging share in beverages up from 38% to 52%

(Source: Reliance Industries Limited)

PET satisfies most of the requirements of the food and beverage industry. Improved blow molding techniques and bi-axial stretching have made PET container to be pressurized due to its strength, dimensional stability and precision. Additionally they have glass like appearance, good transparency luster, chemical inertness and unbreakability.

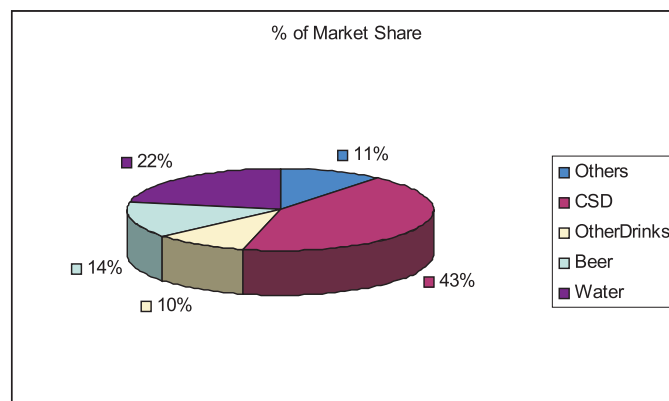
## Manjushree Extrusions Limited

Advantages of PET containers are as follows:

- Superior packaging to product ratio, PET container being 63% and 47% more energy efficient than glass bottles and 47% more energy efficient than aluminum cans.
- PET bottles are 32% more energy efficient than glass bottles during delivery of 1000 gallons of soft drinks.
- Glass bottles and Aluminium cans generate 230% and 175% more atmospheric emissions compared to PET.
- PET bottles contribute 68% and 18% less solid waste by weight compared to glass and aluminium containers respectively.
- 100 kg of oil is required to produce 1000 one litre PET bottles as against 230 kg for 1000 equivalent glass bottles.
- PET bottles help in saving fuel due to their light weight.

Currently over 90% of PET is consumed in food packaging with the beverage/ drinks forming nearly 80%. The breakup of world PET world consumption by weight expressed percentage share is shown in following figure:

### World PET Resin Consumption for Jars and Bottles

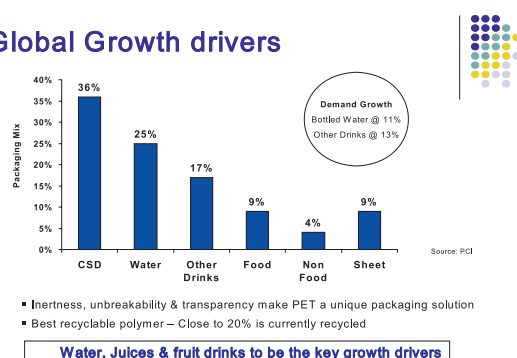


(Source: Packaging India, August-September, 2006)

### \*CSD- Carbonated Soft Drinks

In 1998, a developed country like Germany had less than 1.7 million liters of non-alcoholic beverage reaching its consumers in PET bottles, five years later the number had reached 6 billion liters of beverage. This shows the strength of plastic packaging, which had 42% of market share in 2003. In 2006 it has already crossed 50% of market share in packaging.

### Global Growth drivers



(Source: Reliance Industries Limited)

With a major share of carbonated drinks, PET is now moving in to dairy; and Juices. Even in the beer market with strong glass bottle tradition plastics is seen as future material for packaging.

### Technology Used

Among the various modes of plastic packaging, container and jars constitute an important mode. There are various processes available to manufacture Jars and containers some of which are described below:

Among the various plastic processing techniques blow molding is one of the fastest growing techniques in India. Blow molded containers are increasing the market share in place of traditional packaging materials, particularly in liquid packaging applications.

Blow molding is the formation of hollow tube called 'parison or Preforms, and the parison is then blown in the mould cavity with the help of air and coiled to take form the shape of the mould.

#### Process- an overview

The various blow molding processes used in plastic processing industry are Extrusion Blow molding (EBM), Injection Blow Molding (IBM) and Stretch blow molding (SBM).

EBM is the dominant process used in the plastics processing industry with the capabilities to process a variety of polymers.

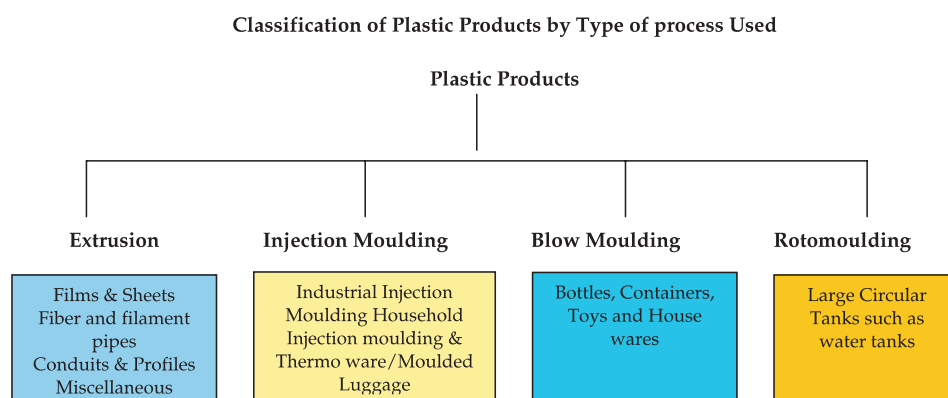
In Extrusion Blow Molding (EBM), plastic is melted and extruded into a hollow tube (a parison). This parison is then captured by closing it into a cooled metal mold. Air is then blown into the parison, inflating it into the shape of the hollow bottle, container or part. After the plastic has cooled sufficiently, the mold is opened and the part is ejected.

The process of Injection Blow Molding (IBM) is used for the production of hollow glass and plastic objects in large quantities. In the IBM process, the polymer is injection molded onto a core pin; then the core pin is rotated to a blow molding station to be inflated and cooled. The process is divided into three steps: injection, blowing and ejection

SBM is used extensively in manufacturing of PET bottles, which are renowned for transparency and higher impact resistance.

In Stretch Blow Molding (SBM) process, the plastic is first molded into a "preforms" using the Injection Molded Process. These Preforms are produced with the necks of the bottles including threads (the "finish") on one end. The Preforms are heated (typically using infrared heaters) above their glass transition temperature, then blown using high pressure air into bottles using metal blow molds. Usually the preform is stretched with a core rod as part of the process.

(Source: Popular Plastics & Packaging, April 2007)



The polymer consumption in India according to various processes is provided as follows:

Process	Share in Total Consumption in India	Share in Total Consumption in USA, a mature market
Extrusion	75.6%	72.8%
Injection Moulding	18.0%	18.3%
Blow Moulding	5.1%	8.7%
Rotomoulding	1.3%	1.2%
<b>Total('000 tones)</b>	<b>4070</b>	<b>22,800</b>

(Source; ICRA Information, Grading & Research Service)

# Manjushree Extrusions Limited

## MAJOR END USER SEGMENTS OF PLASTIC CONTAINERS

### ❖ **Retail Market:**

Retail market aims at satisfying the direct consumer. One third of all PET container material usage goes into jars and other applications. All kinds of liquid and dry products are filled in PET jars. Such branded jars are also sold in retail shops as kitchenware. Jars are used in the kitchens to store provisions. Plastic containers have strong replacement market also usually over a period of year. For household purpose and in daily use, these are very cheap compared to other metallic products. The retail market consists of organized and unorganized market mainly dominated by the local players.

### ❖ **Industrial Market:**

In the industrial market, the products have potential as packaging for packing carbonated soft drinks, edible oils, liquor, pharmaceuticals, mineral water, cosmetics, processed foods, tea, coffee, confectionery, agrochemical and pesticides etc. The demand for these products from the organized sectors has been increasing at a pace of 8-10% Y.O.Y till now which is expected to increase to 15% in the coming years.

### ➤ **CARBONATED SOFT DRINKS (CSD):**

Bottling of CSD in PET is now established on a worldwide basis. PET has proven totally acceptable because it's lightweight, clarity, barrier, softness, toughness, food grade and shatterproof characteristics. The current popular sizes in are 500ml, 1 liters, 1.5 liters and 2 liters. These sizes are supposed to have better gas barrier than smaller size bottles. Carbon-dioxide gas loss and oxygen ingress affects the shelf life of CSD. The bottle can be coated with a suitable polymeric barrier coat, viz. PVdC (Poly vinylidene chloride), which works by effectively sealing the micro porous structure and reducing the permeation rate.

### ➤ **MINERAL WATER:**

This segment was the initial user and today still is the leading torch bearer for PET Bottles in a large way. With the government placing a ban on PVC for Mineral Water Bottles, PET has already fast replaced the former from market place in almost all the regions of the country today. Major players today in the mineral water industry are Coca-Cola (Kinley), PepsiCo (Aquafina), Bisleri (Parle), Bailey, Ganga (T- Series), Yes (Kothari), S & S Industries, Godrej, Trupthi (NEPC), Neer etc.

### ➤ **EDIBLE OILS:**

Edible oils were one of the first products to be bottled in PET after CSD, in foreign countries. The decided advantages over standard PVC are the absence of 'pin holding', smell, improved break strength, clarity, and absence of stress cracking, top load performance and reduced cap leakage. In India, many manufacturers have introduced edible oils in PET Bottles including such leading names as ITC Agrotech, Goldwinner, Roshanlal oil Mills, Hindustan Unilever, Kerafed, KPL Oil, KOF etc.

### ➤ **COSMETICS:**

Plastic Containers can be used for packaging cosmetics. Present / potential user include Marico, Godrej, Hindustan Unilever, Reckitt & Colman, Lakme and Ponds. Small sized bottles ranging from 10ml to 60ml find applications in the Hotel Industry where cosmetic and beauty products are packed in small sizes.

### ➤ **LIQUORS:**

Despite the positive image enjoyed by the PET bottle in CSDs, water, healthcare and edible oil, its image with regard to liquor is somewhat negative. PET and Multilayer Containers have outstanding resistance to a very wide range of solvents including Alcohol. In international markets, Liquor in PET containers has been introduced. In India, PET Bottles have ample scope in IMFL with leading companies viz. McDowell, Mohan Meakins, United Breweries and Shaw Wallace though many of these players have started using PET bottles for their miniature sized bottles of 30 and 60ml

### ➤ **BEER:**

Beer is carbonated to lower levels than CSD but is more susceptible to light and oxygen. This can be overcome by using coloured resins and PVDC coating. In India, post-filling sterilization at high temperature is done which may enable the growing use of Multilayer bottles gradually over a period of time.

### ➤ **PHARMACEUTICALS:**

Granules and liquid formulation can be packed in PET as well as in Multilayer. However, PET cannot be used for processes which require sterilization as in the case of I.V. fluids etc. PET can be used for costly drugs. Present / potential users of PET / Multilayer include such leading names as Dabur, Hamdard, Maharishi Ayurveda, Ranbaxy, Cipla, Rallis, GSK Dr. Reddy's Lab., TTK Pharma etc.

➤ **CONFECTIONERY:**

In confectionery, polybag is the primary packing unit while Glass and PET Jars are secondary give-way articles in case of bulk purchase. Parry's, Wrigley's, Nutrine, Parle, Cadburys and Nestle are the major users in this segment.

➤ **PESTICIDES:**

Multilayer Containers have outstanding chemical resistance and are now being introduced extensively for packaging agrochemicals and pesticides. This is rapidly replacing both the Aluminum and Polyethylene containers. Major users in this segment are Bayer, Novartis, Aventis Crop Science, Monsanto, Excel etc.

➤ **PROCESSED FOODS:**

PET and Multilayer containers are finding increasing usage in this industry segment because of its versatility and shelf life. For low temperature fill products such as Pickles, refrigerated juice, honey, tea, liquid sweetener etc., PET is finding extensive application, while for hot-fill products like Ketchup, Sauces, fruit juices etc., Multilayer container is the ideal packaging medium. Major users in this segment are Hindustan Unilever, Coca-Cola, HMM, Indana, Cadbury, Nestle, Jagajit industries, Tata Tea, Goodricke, Mcleod Russel etc.

**Global forecast up to 2010**

A forecast by BASF projected up to the year 2010 predicts growth in average global per capita consumption of plastics from 20kg in 2003 to 37kg in 2010.

BASF forecasts an average growth rate for plastics of 5.5% per year, over the forthcoming years. According to this, total global demand for plastics will rise to 260 million tons per annum by the year 2010.

India will be the third largest plastic consumer in the world, by the year 2010, with an estimated consumption of about 12.5 million tonnes per annum.

**(Source: Popular Plastics & Packaging-February-2006)**

## Manjushree Extrusions Limited

### 2. BUSINESS OVERVIEW

Manjushree Extrusions Limited is engaged in manufacturing of various types of Plastic Containers namely PET or PP ISBM Bottles and Jars, Extrusion Blow Moulded Containers and Injection Moulding of Caps for Multinational Companies in FMCG, Pharma, Food Processing and Agrochemical sectors. It also markets the Jars and containers under its own brand name 'POLYPET', "DURAFLEX" and "THERMOPET" to retailers to be sold to individual customers who use them for household and other activities. The Company has well-established marketing offices at major metros including at Mumbai, Chennai and Bangalore to effectively coordinate and liaise with its customers spread across the length and breadth of the country.

#### A) LOCATION OF THE PROJECT

##### PROJECT DETAILS

The manufacturing facilities of Manjushree Extrusions Limited are located at plot no. 143C-5, and plot no. 60E , with total land area of 2,15,000 Sq.ft. out of which 1,10,000 Sq.ft is the constructed area at Bommasandra Industrial Area, Hosur Road, Bangalore-560099.

At present the Company has a capacity for manufacture of 4140 MT per annum of specialty plastic containers. In view of the increasing demand of its products and the opportunities present in the packaging industry, the Company proposes to expand its existing capacity by 10100 MT per annum, thereby raising the overall manufacturing capacity of Specialty Plastic Containers and Preforms to 14240 MT on triple shift operation basis. The total cost of the project is Rs. 5370 lacs out of which Company proposes to raise Rs. 3570 lacs through Rights cum Public issue and balance Rs. 1800 Lacs as term loan.

#### B) PLANT AND MACHINERY

The following machineries are presently being used by the Company for its operation:

Machine Type	Number
PET Injection Stretch Blow Moulding Machine:	
➤ Nissei ASB, Japan	10
➤ Sidel Ahura	1
➤ Printlink	5
Extrusion Blow Moulding	
➤ Monolayer	1
➤ Multilayer (Techne SPA)	2
Hot Fill machine	2
Injection Moulding Machine	8

The Details of the Plant and Machinery proposed to be installed for the new project have been mentioned under the section "Object of the Issue" on page 20 of this Offer Document.

#### TECHNOLOGY

##### A] EXISTING PRODUCTS

The Company's existing capacity for manufacture of 4140 MTPA of PET / Monolayer / Multilayer Containers is almost entirely based on single stage machines wherein the conversion of raw materials to finished products is completed in one single process. The PET Containers manufacturing facilities are equipped with Injection Stretch Blow Molding Machines employing Japanese technology while the Multilayer Containers manufacturing facilities are equipped with Extrusion Blow Molding Machines employing European technology

The prime business of manufacturing PET ISBM Containers comprises of 95% of Turnover. These jars are produced on single stage ISBM machines of Nissei ASB make (Japan). The technology is a proven one for manufacture of PET Jars and Bottles which enables to produce different sizes ranging from 15 ml to 15 Liters in various designs.

##### B] PROPOSED PRODUCTS –

The Company now proposes to expand its operations by adding plastics containers manufacturing capacity of 2260 MTPA (thus totaling 6400 MTPA) and PET Preforms manufacturing capacity of 7840 MTPA. As such, the overall capacity of the Company will go up to 14240 MTPA after expansion, consisting of 6400 MTPA of Plastics Containers and 7840 MTPA of saleable PET Preforms.

<b>Class of Goods Manufactured</b>	<b>Existing Capacity (MT)</b>	<b>Proposed Capacity addition (MT)</b>	<b>Capacity After Expansion (MT)</b>
i) Monolayer/ PET Containers	3780	2260	6040
ii) Multilayer Containers	360	NIL	360
iii) Preforms	NIL	7840	7840
<b>Total</b>	<b>4140</b>	<b>10100</b>	<b>14240</b>

PET Preforms is the intermediate product in the process of manufacture of PET Containers which will enable to Company to tap demand from customers in Mineral Water, Liquor, Beverages and Pharmaceuticals sectors who require the same in bulk quantities for the purpose of blowing / filling at their own manufacturing facilities spread over various locations, thereby deriving advantages in terms of transportation cost, online filling under aseptic conditions, mould changing to suit specific requirement etc. The Company has also procured a two stage machine for its containers capacity expansion envisaging captive consumption of a portion of Preforms which are now proposed to be manufactured by the Company.

PET ISBM machines are proposed to be procured from same company i.e. Nissei ASB, who has supplied earlier, which would be used to manufacture single stage ISBM PET Bottles and Jars. As such the business shall expand in same lines hence any change in the technology is not envisaged.

The Company also proposes to purchase a Husky Injection Molding system comprising of Extruder, Hot Runner Mould operated by a computerized and fully automatic electronic controlled system. These machines are technologically advanced and can produce PET Preforms which are intermediate products to manufacture PET Bottles and Jars. All the above mentioned items are part of the objects of the issue and the financing of the same will be carried out by funds from the issue.

## **MANUFACTURING PROCESS**

### **THE MANUFACTURING PROCESS FOR PET CONTAINERS**

#### **EXISTING –**

The process of manufacture of PET containers is briefly outlined below:

- PET granules are sucked into the hopper automatically. The Dehumidifying Dryer takes out the moisture from the PET granules in the hopper.
- NISSEI injection stretch blow moulding machine consists of a set of 4 stage moulds, function of which are explained below:

#### ❖ **Injection Station:**

At this injection station, the body of the cavity mould moves to meet the neck mould. The core pins slide down through the neck moulds and they are clamped together to form the cavities. The molten material is then injected into the cavities to make the parison, which look very much like test tubes.

#### ❖ **Temperature Conditioning:**

The molded parison then moves 90 degree to the heat adjusting station. Here, the temperature distribution of the parison is adjusted to the most suitable temperature for blowing. The heat penetrates the depth of the material thus heating the preform's wall irrespective of the limited heat conductivity of plastics. This allows for a controlled temperature profile to be applied along preform height and thus gives greater control over subsequent blowing process.

#### ❖ **Blow Moulding:**

As soon as the blow mould closes, the parisons are stretched by rods and then air is introduced around the core to expand the parison and provide lateral orientation. After the parison is blown up to form the bottle, the blow cavity opens and then the blow mould moves down.

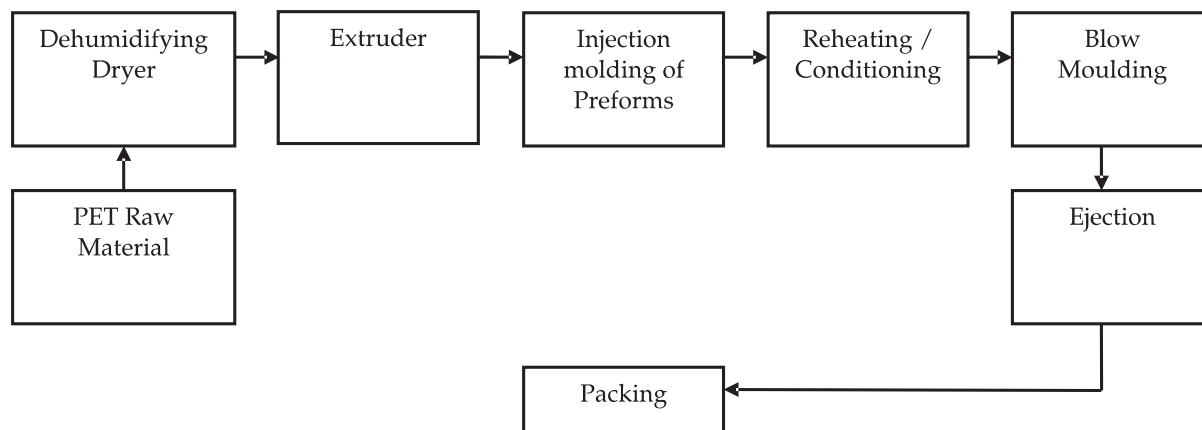
#### ❖ **Ejection:**

The ejection mould ejects the bottles as per required cavities in standard timing of approximately 15-20 seconds cycle. As soon as the bottles are ejected out, bottles are collected and stacked



## Manjushree Extrusions Limited

### PROCESS FLOW CHART OF PET CONTAINERS



#### PROPOSED-

The Company is essentially expanding its present facilities and setting up new plants. And there is no change in the technology/ manufacturing process in the new capacity being created by the Company.

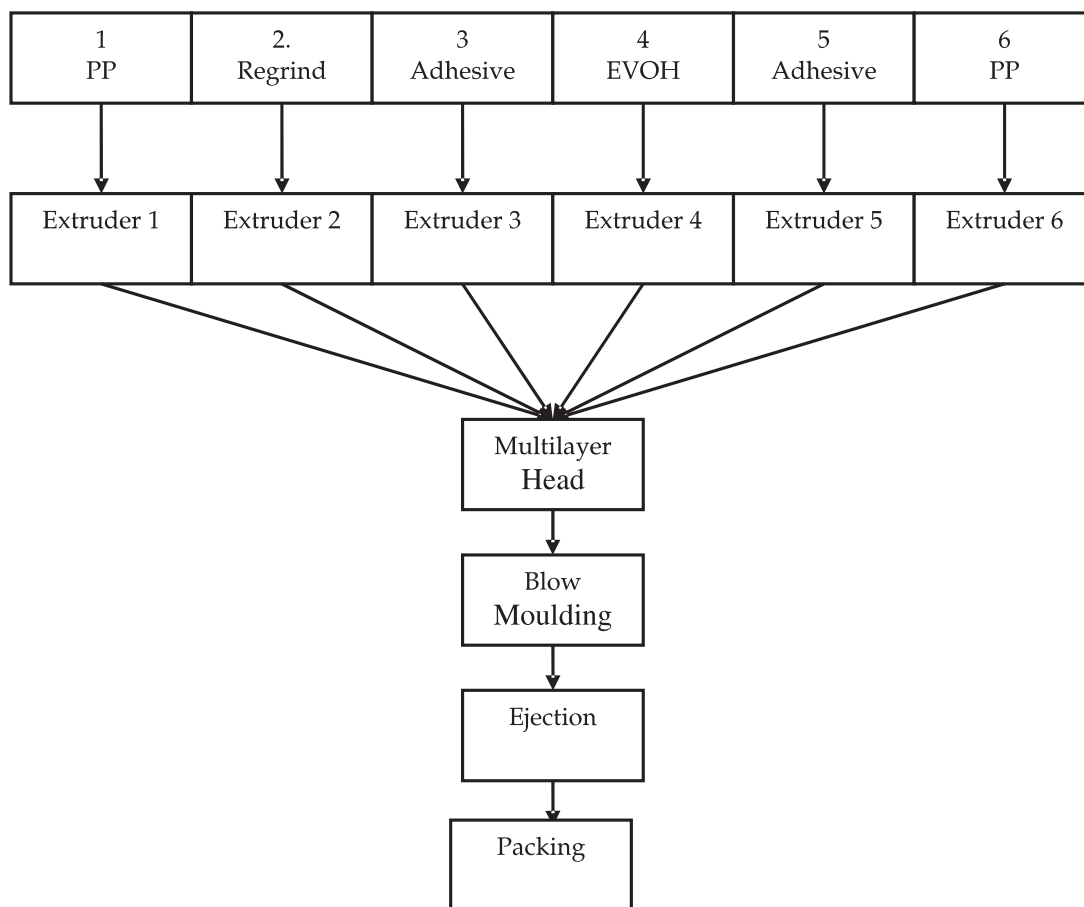
#### MANUFACTURING PROCESS FOR MULTILAYER CONTAINERS

Blow Molding is a family of processes for a large variety of hollow articles to be produced in high volumes. Blow Molding is subdivided into extrusion, injection stretch, dip-blow molding and more. The basic process steps of extrusion blow molding are listed below:

- Plasticizing and preparation of the thermoplastic melt in an extruder.
- Diversion of the melt into vertical downward flow.
- Forming a tube of plastic melt, which is called the parison. This is carried out of the parison head (also called extrusion head, die head or blow head).
- Closing the mold (consisting of two halves) around the parison and squeeze it off at both ends.
- Shoot in blow pin or blow needle.
- Inflate the parison onto the cooled walls of the mold where the plastic cools down. Solidifies, and sets the part shape.
- Open the mold and demold the blow-molded part.
- Pinch-off the squeezed off flashes at both ends of the part (deflasing).

Downstream process then follow, either in-line or off-line. Downstream process can include leak testing and labeling; in the case of packaging products, filling, capping or closing as well as further process steps, such as shrink-films wrapping or palletizing. Technical products such as fuel tanks, filler or air ducts can be completed by welding on additional parts.

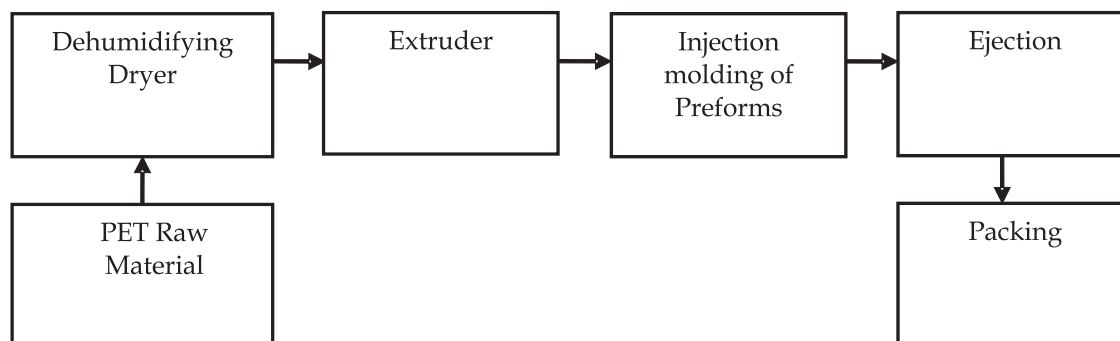
## PROCESS FLOWCHART FOR MULTILAYER CONTAINERS



## MANUFACTURING PROCESS OF PET PREFORMS

PET Preforms are manufactured in injection moulding systems comprising an extruder, a hot runner mould, operated by a Computerized and fully automated electronic control system. The solid stated PET resin of the required intrinsic viscosity is charged into the extruder through a hopper drier. The polymer resin is melted in the extruder at high temperatures and injection moulded, usually in 48 to 72 cavities into PET Preforms. The product is then packed in cartons and then supplied to customers like Pepsi, Coke or others who blow them into containers and fill them with beverages at their facilities.

## PROCESS FLOW CHART FOR PET PREFORMS



## Manjushree Extrusions Limited

### COLLABORATIONS

The Company at present does not have any collaboration.

### RAW MATERIAL

#### PRESENT & PROPOSED REQUIREMENT

The only raw materials required by the Company for its existing /expansion project is PET / PP chips. The PET / PP chips are being procured by the unit since commencement of its operation in 1996 from indigenous as well as international sources based on prevalent international prices. The import of PET / PP chips is allowed to actual user under Open General License at present.

#### MAJOR SUPPLIERS OF RAW-MATERIAL

The major international suppliers are from China, Taiwan and Korea.

The major indigenous manufacturers of PET / PP Chips in India supplying to the Company are:

- Reliance Industries Limited,
- Indian Petrochemicals Corporation Limited,
- GAIL Limited,
- Southeast Petrochem Limited,
- J.K. Synthetics Limited,
- Elque Polyesters Limited

A number of projects are coming up the world over depending on the demand for PET in the respective regions

Considering the additional capacities for PET / PP coming up in the petrochemical sector, the availability of raw materials to the Company on a consistent basis is therefore not likely to pose any problem, more so in view of its existing tie-ups with major manufacturers in the field, at competitive prices.

### POWER

#### EXISTING

The Company's plants draw 1400 KW power from Karnataka Electricity board. At the same time the Company is having DG sets with aggregate rated capacity of 1424 KW at its plants as a contingency measure.

Details of connected power at the Company's plants are as under:

Sr.No.	Machine	Load (KW)
1	NISSEI ASB Machines – 10	600
2	Injection Molding Machines - 6	180
3	Compressors – 10	300
4	Chillers -12	120
5	Dryers – 12	120
6	Cooling Towers – 3	30
7	Multilayer Machines – 2	300
8	Blow Molding Machines - 8	100
	<b>Total in KW</b>	<b>1750</b>
	<b>Connected Load 80%</b>	<b>1400</b>
	<b>Sanctioned Load</b>	<b>1400</b>

## PROPOSED POWER REQUIREMENT

The total connected load required for the proposed expansion is likely to go up to 3000 KVA on implementation of expansion project proposed to be sourced from Karnataka Electricity Board and Company also plans to procure additional DG sets with rated capacity of 1200 KVA to ensure uninterrupted operation on three shifts basis both for existing as well as expansion project. The details of the same are as under:

Sr. No	Equipment	Qty.	KW
1	ASB 70 DPH Machine	6	360
2	Husky Preform System	2	300
3	Accessories for ASB/Husky machines	8	240
4	Injection Molding Machines	2	90
5	Mag Plast Blowing Machine	1	60
6	Water Installations		20
7	Workshop Equipment		20
8	Air Compressors		80
9	Office Equipment		10
10	General Electrification		20
	<b>Total load in KW</b>		1200
	<b>Total load in KVA</b>		1500

## WATER

### EXISTING FACILITIES

The Company's manufacturing process does not require lot of water. Water is mainly required for make-up and cooling which is circulated while the other requirement for water is for domestic consumption. The Company has its own bore wells at its respective plants and has the following infrastructure at its plants:

- Bore well
- RO Plant (Reverse Osmosis Plant)
- Cooling Tower
- Pumps
- Chilling plant
- Water softening plant

### PROPOSED REQUIREMENT:

Make-up	20,000 litre
Process	20,000 litre
Hygiene purpose	10,000 litre

## AIR

The Company uses compressed air and has the necessary air compressors along with air driers and air tanks for meeting with its requirements.

## FUEL

The Company does not use any fuel except for diesel required for operating the DG sets.

# Manjushree Extrusions Limited

## MAN POWER

### EXISTING

The details of the present manpower of the Company are as under:

Particulars	Technical Staff (No.s)	Non-Technical Staff (No.s)
Administrative	34	45
Skilled	45	30
Unskilled	45	5
<b>Total</b>	<b>124</b>	<b>80</b>

### PROPOSED MANPOWER REQUIREMENT

Since the Company has now two established units in the field of Monolayer and Multilayer Containers, hence the requirement / training of the requisite manpower is not likely to pose any problem. As the Company has adequate administrative and managerial staff in its existing unit, the additional requirement will take place mostly in Technical categories.

The details of manpower requirement are as under:

Manpower Requirement	Technical Staff (No.s)	Non-Technical Staff (No.s)
Administrative Staff	11	2
Skilled Personnel	30	5
Un-skilled Personnel	50	4
<b>Total</b>	<b>91</b>	<b>11</b>

## CAPACITY AND CAPACITY UTILISATION

### CURRENT PRODUCTS & THEIR CAPACITIES.

Figures In MTPA

Class of Goods Manufactured	Financial Year ended 31 <sup>st</sup> March 2005	Financial Year ended 31 <sup>st</sup> March 2006	Financial Year ended 31 <sup>st</sup> March 2007
<b>i) Monolayer/ PET Containers</b>			
Installed Capacity	3270	3780	3780
Utilized Capacity	2853	3493	3676
% of installed capacity	87%	92%	97%
<b>ii) Multilayer Containers</b>			
Installed Capacity	180	360	360
Utilized Capacity	23	19	49
% of installed capacity	13%	6%	14%
<b>iii) PET Preforms</b>			
Installed Capacity	NIL	NIL	NIL
Utilized Capacity	NA	NA	NA
% of installed capacity	NA	NA	NA

### PROPOSED CAPACITIES

Figures in MTPA

Class of Goods Manufactured	Financial Year ended 31 <sup>st</sup> March 2008	Financial Year ended 31 <sup>st</sup> March 2009	Financial Year ended 31 <sup>st</sup> March 2010
<b>i) Monolayer/ PET Containers</b>			
Installed Capacity	6040	6040	6040
Utilized Capacity	4734	5198	5875
% of installed capacity	78%	96%	98%

Class of Goods Manufactured	Financial Year ended 31 <sup>st</sup> March 2008	Financial Year ended 31 <sup>st</sup> March 2009	Financial Year ended 31 <sup>st</sup> March 2010
<b>ii) Multilayer Containers</b>			
Installed Capacity	360	360	360
Utilized Capacity	144	180	216
% of installed capacity	40%	50%	60%
<b>iii) PET Preforms</b>			
Installed Capacity	7840	7840	7840
Utilized Capacity	3136	6664	7056
% of installed capacity	40%	85%	90%

## COMPETITION, KEY PLAYERS AND MARKET SHARE

Large part of the Indian packaging industry operates in the unorganized sector. There are very few large integrated players who offer complete services under one roof.

Some of the companies who operate in the same line of business as the Company are:

- Pearl Polymers Ltd
- Wimplast Ltd
- Essel Propack Ltd
- Fenoplast Ltd
- Karur KCP Packaging Ltd
- Jauss Polymers Ltd
- Innovative Tech Pack Ltd
- Futura Polysters Ltd
- Mold-Tek Technologies Ltd
- Bilcare Ltd

### Market Share:

Since the market is highly fragmented, Industry data is not available.

## COMPETITIVE STRENGTHS:

Manjushree Extrusions Limited is an ISO -9001:2000 certified Company with over two decades of presence in plastic packaging. It provides its clients with packaging solutions; in which the Company offers end to end services, right from conceptualization, product design, manufacture of prototype to the production and manufacture, shrink-wrapping and ready to market of product packaging. It is supplying its products to various MNC and Indian companies in FMCG, Personal Care and Pharmaceutical space, for details please refer page no 51. It is also exporting its products to various countries in Middle East, Europe and Africa, for details please refer page no.52.

Manjushree adopts European and Japanese technology to develop products, The Company manufactures monolayer containers using Nissei ASB Machines which are of Japanese make and it manufactures multilayer containers by using Techne SPA machines which are European make, which meets the benchmarked standards of quality and performance. It also has a class 10000 clean room (for pharmaceutical containers) and a dedicated tool room.

By a quality-focused process, the Company is able to rectify design shortcomings in the conceptualization stage itself saving time, effort and investment.

Manjushree has taken backward integration initiatives which help it in cost reduction and value addition. Some of the services which make Manjushree more competitive are as follows:

### ➤ Testing Facilities:

Various equipments are installed in its testing centre for cutting edge products to match the customer's quality expectations:

- a) Top Load Tester: To measure maximum Load withstanding capacity of bottle or jar
- b) Air Leakage Detector: Used Online to detect micro holes (if any) in bottles. This is generally used for bottles which are used for packing liquids or fine powdered products

## Manjushree Extrusions Limited

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- c) Busting Strength: To measure the bursting strength of Carton boxes, Partitions & Plates, and measure the specification with respect to customer specified parameters.
- d) Digital Microscope (with digital camera):  
Used to measure the layer thickness of multilayer bottle or Jars.{A thin layer from the multilayer container is cut from the sample and stretched out on a glass slide. The layer is then observed under the microscope and the thickness of various layers is measured and recorded in the prescribed format in microns. Further this can be transferred to MS-Excel to get the desired thickness in percentage.}
- e) Retort Machine:  
A small lab model pressurized heat retort machine, for in-house trial purpose has been installed, for conducting shelf life trials with packed fresh Fruits & Vegetables in Multilayer containers.
- f) Induction Sealing:  
A Hand operated (Lab model) Induction sealing machine, is installed for conducting / checking sealing on to lip area of jars / containers.

### ➤ Technical Competence

Company manufactures packaging products for applications in Food Products, Beverages, Pharmaceuticals, Cosmetics, Agro-chemicals, and allied sectors, which are different than a regular plastic container for e.g. hot fill containers are suitable for filling hot juice where normal PET containers can not be used. The overall process right from Injection to conditioning to blowing and ejection are being done in-house.

### ➤ IT Infrastructure

The Company follows tailor made Enterprise Resource Planning (ERP) systems and procedures which are connected through LAN with over 75 Computers and Laptops with broadband internet connectivity backed by appropriate IT infrastructure including "Power Shape" for 3"D" Moduling, AUTOCAD 2006 LT for 2"D" drawing and mail management software.

### ➤ Strong Customer Relationship

The Company has track record of timely deliveries of product to their existing customers, which enable the Company to maintain the relationship with each of its existing clients and enhance its client base. As can be seen from the top ten client list for last three years referred in page no. 51, the Company is getting repeated orders for its products.

### ➤ Professional Management

The Company is managed by a professional team with relevant past experience. The management team is supported by Board of Directors who are qualified and having more than 20 years of experience in the Plastic industry The Company has adequately qualified and experienced managerial personnel in all the operational segments in a fully decentralized structure to conduct the operations smoothly. For Details please refer page no 63 of this Offer Document .

The last few years has seen an overwhelming boom in packaging needs. The fiercely competitive market meant that designs firms made good looking designs without understanding of manufacturing and practical difficulties. The Company realized that it was becoming increasingly important to have a comprehensive design and production collaboration to ensure high performance solutions. Hence Mphinite technologies, (a group company), was started, which takes care of entire process from the design to the closure of packaging system.

Manjushree is one of the largest manufacturers of PET containers, bottles and jars, in India. It is also among the few companies in the country to manufacture multilayer containers by employing Italian technology which are used in food and dairy products packaging.

## MARKETING STRATEGY

Major strength of the Company lies in offering quality & innovative packaging solution to its clients in large quantity within the stipulated time with varieties ranging from 15 ml to 15 liters of PET Containers in different attractive designs.

The main target customers/groups are from FMCG sector & other MNC's that need primary & secondary packaging for retailing their products.

The Company is also adding on new capacities every year as per market requirements and spreading its vision on to future products packaging. The major expansion has now been planned with addition of PET Containers, Preforms and manufacturing facility.



Keeping in view the future packaging needs of varied customers where the product will primarily sell out to its packaging and outlook, MEL has floated another company "Mphinite Technologies Pvt Limited" as a background integration to take care of the packaging design needs of the customer, wherein not only packaging design drawings are developed but also complete analysis backed by other basic inputs shall be given. This facility is totally unique & not available with others in the packaging field. The latest software and tools are used to arrive at the best solution for a particular product packaging.

### **BUSINESS STRATEGY PROPOSED**

#### ➤ **Customer Relationship Management.**

The customers are already regularly kept abreast of new designs and development done by Manjushree, through its in-house News Letter "MPOWER". Company's belief in execution of order in time and maintaining good rapport and relationship through its five regional offices will continue. Company officers regularly visits to customer's office & manufacturing locations, submitting new samples as & when developed will also continue.

#### ➤ **Leveraging Existing Relationships**

Due to increase in production capacity through its proposed expansion project the Company will be able to leverage its existing customer base by satisfying their increasing demand.

#### ➤ **Targeting & Adopting to new Trends**

At present there are two major consumer segments for plastic packaging, one is Industrial users where besides FMCG sector, Pharma, liquor, agro-chemical industries are there and second is direct consumers who use Jars, bottles, Tiffin etc for household and other activities. Now a new segment is getting added to it i.e. Organized RETAIL. Plastic packaging will play a major role here for all kinds of products as it will enhance shelf life and increase attractiveness of the products. Organized retailers also have their own Private label brands. This strategy by the retailers to retain and attract customer to their stores, presents big potential to plastic packaging industry. Retailers are looking at Plastic Packaging in a big way for their packaging solutions. The Company plans to tap this opportunity for further increase in business.

### **TOP TEN CUSTOMERS**

#### **FINANCIAL YEAR 2006 – 07**

<b>Name</b>	<b>Amount (Rs. Lacs)</b>	<b>% of Total sales</b>
Cadbury India Ltd	1040.22	13.01%
Nestle India Ltd	887.65	11.10%
Procter & Gamble Hygiene & Health Care Ltd	651.50	8.15%
Arya Vaidya Sala	557.40	6.97%
Hindustan Unilever Limited	515.68	6.45%
Glaxosmithkline Consumer Health care Ltd	426.19	5.33%
Tata Tea India Ltd	334.66	4.18%
Lotte India Limited	268.63	3.36%
Perfetti Venmelle Pvt. Ltd	146.96	1.84%
Godrej Sara Lee Ltd	133.23	1.67%
<b>Total</b>	<b>4962.12</b>	<b>62.06%</b>
	<b>Gross Turnover</b>	<b>7997.24</b>

## Manjushree Extrusions Limited

### FINANCIAL YEAR 2005 – 06

Name	Amount (Rs. Lacs)	% of Total sales
Cadbury India Ltd	1001.76	15.33%
Hindustan Unilever Limited	478.51	7.32%
Procter & Gamble Hygiene & Health Care Ltd	634.92	9.72%
Tata Tea India Ltd	241.78	3.70%
Nestle India Ltd	505.57	7.74%
Perfetti Venmelle Pvt. Ltd	412.66	6.32%
Lotte India Ltd	403.19	6.17%
Godrej Sara Lee Ltd	322.74	4.94%
Heinz India Ltd.	178.48	2.73%
Glaxosmithkline Consumer Health care Ltd	378.21	5.79%
<b>Total</b>	<b>4557.82</b>	<b>69.77%</b>
<b>Gross Turnover</b>		<b>6532.43</b>

### FINANCIAL YEAR 2004 – 05

Name	Amount (Rs. Lacs)	% of Total sales
Cadbury India Limited	1044.56	20.28%
Hindustan Unilever Limited	642.34	12.47%
Procter & Gamble Hygiene & Health Care Ltd	409.00	7.94%
Tata Tea India Ltd	401.22	7.79%
Nestle India Ltd	371.81	7.22%
Perfetti Van Melle India Pvt. Ltd	341.92	6.64%
Lotte India Limited	302.50	5.87%
Godrej Sara Lee Ltd	252.20	4.90%
Heinz India Ltd.	113.16	2.20%
Nutrine Confectionery Private Limited	111.96	2.17%
<b>Total</b>	<b>3990.67</b>	<b>77.48%</b>
<b>Gross Turnover</b>		<b>5150.14</b>

### EXPORT POSSIBILITIES AND EXPORT OBLIGATIONS

#### EXPORT POSSIBILITIES

Manjushree Extrusions Limited manufactures complete range of PET Bottles and Jars from 15 ml to 15 Liters as well as other containers such as PP ISBM, Multilayer as well as PET Preforms and Closures.

Developing countries in Middle East and develop countries like America, South Africa and countries in Europe has immense potential for requirement of these containers. Equally there is wide scope of exporting PET Preforms to both the developed and developing countries due to high growth of bottled water as well as juices in various parts of the world.

The Company has been exporting plastic components for the past 10 years to various companies in Saudi Arabia, Australia, Kingdom of Bahrain, Nepal, Qatar, South Africa and Sri Lanka

The details of exports of the Company for the past 5 years is as under:

#### DETAILS OF COUNTRY WISE EXPORT

(Figures in Rs)

A] Direct Exports:	2002-03	%	2003-04	%	2004-05	%	2005-06	%	2006-07	%	30.09.07 (6 Month)	%
Saudi Arabia	980084	11.01%	4516282	37.34%	4206628	44.63%	4090221	29.13%	5045864	15.88%	2822192	17.12%
Qatar	916428	10.30%	538550	4.45%	598158	6.35%	593928	4.23%	1220229	3.84%	-	-
Dubai	1506292	16.93%	318694	2.63%	-	-	517590	3.69%	376828	1.19%	-	-
Nepal	234672	2.64%	-	-	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	4298362	30.62%	6927756	21.80%	-	-
South Africa	-	-	2295856	18.98%	-	-	-	-	11552684	36.36%	7812375	47.40%
Jeddah	-	-	-	-	-	-	-	-	826287	2.60%	-	-
China	-	-	-	-	-	-	-	-	2063	0.01%	130531	0.79%
Bangkok	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total [A]</b>	<b>3637476</b>	<b>40.88%</b>	<b>7669382</b>	<b>63.41%</b>	<b>4804786</b>	<b>50.98%</b>	<b>9500101</b>	<b>67.66%</b>	<b>25951711</b>	<b>81.68%</b>	<b>10765098</b>	<b>65.31%</b>
<b>B] Indirect Exports:</b>												
Indirect Exports through Merchant Exporter	5261366	59.12%	4425484	36.59%	4620070	49.02%	4539837	32.34%	5822372	18.32%	5718003	34.69%
<b>Total [B]</b>	<b>5261366</b>	<b>59.12%</b>	<b>4425484</b>	<b>36.59%</b>	<b>4620070</b>	<b>49.02%</b>	<b>4539837</b>	<b>32.34%</b>	<b>5822373</b>	<b>18.32%</b>	<b>5718003</b>	<b>34.69%</b>
<b>Grand Total [A+B]</b>	<b>8898842</b>	<b>100%</b>	<b>12094866</b>	<b>100%</b>	<b>9424856</b>	<b>100%</b>	<b>14039938</b>	<b>100%</b>	<b>31774084</b>	<b>100%</b>	<b>16483101</b>	<b>100%</b>

(Source: Audited Balance Sheets)

#### EXPORT OBLIGATION

As on 31<sup>st</sup> October, 2007 Company has 3 outstanding EPCG licenses. As per the licensing requirements under the said scheme, Company is required to export goods within a specific time period failing which the Company has to make payment to the Government of India equivalent to the duty benefits enjoyed by the Company under the scheme along with the interest and penalty. Although the Company has fulfilled some of the total export obligation as of 31<sup>st</sup> October 2007 there can be no assurance that the Company will be able to fulfill its entire obligation which can affect the Profitability of the Company. Details of the export obligations and duty payable in case of non-fulfillment of obligations are given as under:

Sr. No.	Authorization No.	Authorization Date	CIF Value	EO fixed in freely convertible currency	% of EO fulfilled	Expiry date of EO period	Duty payable incase of non fulfillment of obligation (Amount in Rs. Lacs)
1	0730003223/2/11/00	30.08.2005	\$134556	\$1076451	75%	29.08.2013	15.64
2	0730005433/2/11/00	26.03.2007	\$2806	\$22448.95	-	25.03.2015	1.25
3	0730005439/2/11/00	26.03.2007	\$2717	\$21736.24	-	25.03.2015	1.21
	<b>Total</b>						<b>18.10</b>

#### INSURANCE

The details of the same are given below as on 31st October 2007:

SI No	Insurer Name	Policy Type	Amount (Rs. Lacs)
1	The New India Assurance Co.	Standard Fire policy & special Perils policy	5609.53
2	The New India Assurance Co.	Marine Cargo Policy	2420.00
3	The New India Assurance Co.	Vehicle Policy	28.90
4	AVIVA Life Insurance Co. Pvt Ltd.	Key Man Insurance Policy	197.39

## Manjushree Extrusions Limited

5	The New India Assurance Co.	Employees Mediclaim Policy	114.30
6	AVIVA Life Insurance Co. Pvt Ltd.	Group Gratuity Policy	76.34
7	AVIVA Life Insurance Co. Pvt Ltd.	EDLI Policy	119.00
	<b>Grand Total</b>		<b>8565.46</b>

### PROPERTY

There has been no transaction(s) relating to the property which is to be purchased wholly or partly out of the proceeds of the issue or the purchase or the acquisition of which has been completed within the preceding two years of the date of this Offer Document in which any person who is, or was at the time of the transaction, a Promoter, or a director or proposed director of the Company had any interest direct or indirect.

Except as mentioned in the section "Object of the issue" There are no transaction(s) relating to the property which is to be purchased/constructed or proposed to be purchase/constructed wholly or partly out of the proceeds of the issue .

### A. IMMOVABLE PROPERTIES (OWNED)

Sr. No	Particulars of Property with address	Details of Vendor / Owner	Agreement value / Cost (Rs. in Lacs)	Date of agreement	Nature of Title/ Interest	Residential / Commercial	Area in Sq.mtrs. /ft.
1	Flat No. 221Ranka Paradise Primrose Road. Bangalore	Mrs. Lata Bhagwan Gulrajani and Mr. Bhagwan H Gulrajai	23.75	27.02.2001	Owned	Residential	2100. Sq Ft
2	Unit-I, 143 C5, Bommasandra Industrial Area. Bangalore	Karnataka Industrial Areas Development Board	24.33	14.12.2002	Owned	Land	9010 Sq meter
3	Unit-II, 60E, Bommasandra Industrial Area. Bangalore	Ultrafabs Private Limited	51.50	30.08.2002	Owned	Land & Building	10041 Sq meter land and 2100 Sq ft for building
4	Unit-1, 143 C5, Bommasandra Industrial Area. Bangalore	Manjushree Extrusions Ltd.	229.03	NA	Owned	Building	Built up area 7083 Sq Ft.
5	Unit-II, 60E, Bommasandra Industrial Area. Bangalore	Manjushree Extrusions Ltd.	510.15	NA	Owned	Building	Built up area 11118 Sq Ft.

Note: Above said properties has been hypothecated to State Bank of India, Industrial Finance Branch, Residency Road, Bangalore as security to the Term Loan.

### B. LEASEHOLD PROPERTIES

Sr. No	Particulars of Property with address	Details of Lessor	Lease Rental (Rs. in Lacs)	Date of agreement	Nature of Title/ Interest	Residential / Commercial	Area in Sq.mtrs. / ft.
6#	No. F-1 Sy. No. 304 Bommasandra Industrial Area. Bangalore	Karnataka Industrial Areas Development Board	0.0167 / pm	10.11.1997	Leased	Residential	NA
7	C wing 503, Sidhant Complex, Old Nagardas Road, Andheri East, Mumbai -400 069	Mr. Bhawarlal Ramuram Mistry	1.65 (9 month)	19.12.2006	Leave & License	Commercial	NA
8\$	Venu Reddy Building, Hebbagodi, Electronic City post Bangalore -562 158 (9 flats)	Mr. C. Venugopal Reddy	0.013 / pm per flat	01.04.2003	Leased	Residential	NA
9\$*	C Kamala Building, Near Hebbagodi PS, Hosur Road, Bangalore -560 099 (4 flats)	Mrs. C. Kamala	0.025 / pm Per flat	01.04.2007	Leased	Residential	NA
10\$*	Maruthi Complex, Vinayaka Nagara, Tirupalya Road, Hebbagodi, Anekal, Bangalore – 560099 (10 flats)	Mr. Balappa	0.017 / pm per flat	10.05.2005	Leased	Residential	NA

Sr. No	Particulars of Property with address	Details of Lessor	Lease Rental (Rs. in Lacs)	Date of agreement	Nature of Title/ Interest	Residential / Commercial	Area in Sq.mtrs. / ft.
11\$*	I. 86/3, 2 <sup>nd</sup> Flr, Sreerama Reddy Bldg, Hebbagodi, Bangalore – 560 099 II. Block 2, 1 <sup>st</sup> Flr, Sreerama Reddy Building, Hebbagodi, Bangalore – 560 099	Mr. N. Sreerama Reddy	0.020 / pm	21.02.2005	Leased	Residential	NA
12\$*	Hebbagodi Main Rd, Bangalore – 560 099	Mr. Maddurappa	0.045 / pm	17.01.2005	Leased	Residential	NA
13\$*	Ambarish Reddy Building, I Flr, Hebbagodi Road, Bangalore – 560 099	Mrs. Susheela	0.025 / pm	01.12.2004	Leased	Residential	NA
14\$	Premises No. 7, I Flr, Block 'A' Hebbagodi, Bangalore – 562 158	Mr. H.N. Ramachandra Reddy	0.010 / pm	27.07.1998	Leased	Residential	NA
15\$	Premises No. 5, I Flr, Block 'A' Hebbagodi, Bangalore – 562 158	Mr. H.N. Ramachandra Reddy	0.015 / pm	27.07.1998	Leased	Residential	NA
16\$	Premises No. 8, I Flr, Block 'A' Hebbagodi, Bangalore – 562 158	Mr. H.N. Ramachandra Reddy	0.010 / pm	27.07.1998	Leased	Residential	NA
17\$	Premises No. 3, Ground Flr, Block 'A' Hebbagodi, Bangalore – 562 158	Mr. H.N. Ramachandra Reddy	0.011 / pm	27.07.1998	Leased	Residential	NA
18\$	Premises No. 2, Ground Flr, Block 'A' Hebbagodi, Bangalore – 562 158	Mr. H.N. Ramachandra Reddy	0.011 / pm	27.07.1998	Leased	Residential	NA
19\$	Premises No. 1, Ground Flr, Block 'A' Hebbagodi, Bangalore – 562 158	Mr. H.N. Ramachandra Reddy	0.011 / pm	27.07.1998	Leased	Residential	NA
20\$	Premises No. 4, Ground Flr, Block 'A' Hebbagodi, Bangalore – 562 158	Mr. H.N. Ramachandra Reddy	0.011 / pm	27.07.1998	Leased	Residential	NA
21\$	Premises No. 6, I Flr, Block 'A' Hebbagodi, Bangalore – 562 158	Mr. H.N. Ramachandra Reddy	0.015 / pm	27.07.1998	Leased	Residential	NA
22*#	Agarwal Court K.G. Plaza, S-5, Chennai- 600 002	Mr.. J. Harishankar Agarwal	0.067 / pm	20.05.2006	Leased	Business	611 sq. ft.
23\$#	Plot No. 67, Ground Flr, Mission Road, Bangalore -560 027	Hitech Creations Pvt. Ltd	0.092 /pm	01.04.2006	Leased	Commercial	700Sqr.ft.
24\$#	Plot No. 180, Classic orchards, Bannerghatta Road, Bangalore – 560 076	Mr. Vimal Kedia & Mrs. Savita Kedia	0.5 /pm	26.11.2005	Leased	Residential	NA
25#	Plot No.179, Classic orchards, Bannerghatta Road, Bangalore – 560 076	Mr. Surendra Kedia & Mrs. Sashi Kedia	0.5 / pm	26.11.2005	Leased	Residential	NA

Note:

(\*) Lease deed not registered as required under the registration Act, 1908

(\$) lease deed is not adequately stamped

(#) lease agreement has been expired. However the Company is still in possession of the same premises.

## Manjushree Extrusions Limited

### FINANCIAL INDEBTEDNESS:

The Company has availed certain credit facilities from the banks in the form of term loans, working capital facilities, and non-fund based limits like letters of credit. The details of indebtedness of the Company in this regard, as on 30<sup>th</sup> September, 2007 have been presented below:

### SECURED LOANS:

Name of the Lender / Nature of Loan	Sanction Amount (Rs. In lacs)	Loan Documentation	Amount outstanding as on 30.09.07 (Rs. In Lacs)	Int. Rate (%)	Repayment Schedule	Security Created
<b>State Bank of India, IFB, Residency Road, Bangalore</b>						
Cash Credit	1,200	Form C2A (Hypothecation Agreement) Form C5 (Sanctioned Limits & terms) Form B (Equitable mortgage) all executed on 11.04.2007	960.34	11.75, subject to revision from time to time	On demand	First Charge by way of equitable Mortgage / Hypothecation of movable, immovable properties and current assets and receivable (both present as well as future) of the company and also personal guarantee by promoter directors.
Term Loan – I	740	- do-	232.64	13, subject to revision from time to time	Quarterly installments Up to year 2012-13	- do-
Term Loan –II	600	- do-	405.04	9.5, subject to revision from time to time	Quarterly installments Up to year 2012-13	- do-
<b>Total</b>			<b>1598.02</b>			

### Important Terms and Conditions:

The restrictive covenants (both in respect of short-term and long-term borrowings) include, among others, the following:

The borrowing arrangements would also be subject to the following special terms and conditions:-

- i. The Bank will have the right to examine the books of accounts of the Company and to have their factories inspected from time to time by officers of the Bank and / or outside consultants and the expenses incurred by the Bank in this regard will be borne by the Company.
- ii. The Bank may, at its sole discretion, disclose such information to such institution(s) in connection with the credit facilities granted to the Company.
- iii. During the currency of the Bank's credit facilities, the Company shall not, without the prior approval of the Bank in writing :-
  - a) effect any change in their capital structure;
  - b) formulate any scheme of amalgamation or reconstruction;
  - c) undertake any new project/schemes without obtaining the Bank's prior consent therefore unless the expenditure on such expansion, etc., is covered by the Company's net cash accruals after providing for dividends, investments, etc., or from long term funds received for financing such new projects or expansion;
  - d) Invest by way of share capital in or lend or advance funds to or place deposits with any other concern. Normal trade credit or security deposits in the usual course of business or advances to employees, etc., are however not covered by this covenant;
  - e) enter into borrowing arrangement either secured or unsecured with any other Bank, financial institution, Company or otherwise save and except the working capital facilities granted / to be granted by other member Banks under MBA/ Consortium, and the term loans proposed to be obtained from financial institutions / Banks for completion of the replacement-cum-modernization programme;

- f) undertake guarantee obligations on behalf of the Company; and
- g) Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations.
- iv. Enter into any contractual obligation of a long term nature or affecting the Company to a significant extent.
- v. Permit any transfer of the controlling interest or make any change in the management set up.
- vi. The Company's ancillary business / foreign exchange business / deposits should be routed through the Bank and shall not be less than our pro-rata share in case of MBA/Consortium.
- vii. The Company will keep the Bank informed of the happening of any event likely to have a substantial effect on their production, sales, profits, etc., such as labour problem, power cut, etc., and the remedial steps proposed to be taken by the Company.
- viii. The Company will keep the Bank advised of any circumstances adversely affecting the financial position of their subsidiaries including any action, taken by any creditor against the subsidiary.
- ix. Monies brought in by principal shareholders/directors/ deposits will not be allowed to be withdrawn without the Bank's permission.
- x. The Company should not create, without prior written consent of the bank, charges on their any or all properties or assets during the currency of credit facilities granted by the bank.

#### UNSECURED LOANS

Name of the Lender / Nature of Loan	Sanction Amount (Rs. In lacs)	Loan Documentation	Amount outstanding as on 30.09.07 (Rs. in lacs)	Int. Rate (%)	Repayment Schedule	Security Created
Manjushree Fincap Pvt. Ltd.	NA	NA	217.62	NA	On demand	NA
Shruti Financial Services Pvt. Ltd	NA	NA	209.34	NA	On demand	NA
Mphinite Solutions Pvt. Ltd	NA	NA	143.50	NA	On demand	NA
Mphinite Technologies Pvt. Ltd	NA	NA	134.00	NA	On demand	NA
Vimal Kedia, Managing Director	NA	NA	29.20	NA	On demand	NA
Surendra Kedia, Executive Director	NA	NA	15.25	NA	On demand	NA
Sashi Kedia, Director	NA	NA	24.00	NA	On demand	NA
Sales Tax Deferral Scheme	202.78	Sanction Letter dated 5.06.2002	180.93	NA	Repayable in 3 equal installment after expiry of 7 years from 28.12.2001	NA
<b>Total</b>			<b>953.84</b>			

#### KEY INDUSTRY- REGULATIONS

The significant legislation and regulations that generally govern the industry in India are as follows:

##### STANDARDS OF WEIGHTS AND MEASURES (ENFORCEMENT) ACT, 1985

The Standards of Weights and Measures Act, 1976 was enacted to establish standards of weights and measures, to regulate inter-state trade or commerce in weights, measures and other goods which are sold or distributed by weight, measure or numbers, and to provide for matters connected therewith or incidental thereto.

##### EMPLOYEE'S STATE INSURANCE ACT, 1948

Employee's State Insurance Act, 1948 was enacted to provide certain benefits to employees in case of sickness, maternity and employment injury and to make provision for certain other matters in relation thereto.

#### ENVIRONMENTAL LAWS:

##### a) WATER (PREVENTION AND CONTROL OF POLLUTION) ACT, 1974

Water (prevention and Control of Pollution) Act, 1974 was enacted to provide for the prevention and control of water pollution and maintaining or restoring of wholesomeness of water.



## Manjushree Extrusions Limited

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### **b) AIR (PREVENTION AND CONTROL OF POLLUTION) ACT, 1981**

Air (prevention and Control of Pollution) Act, 1981 was enacted to provide for the prevention, control and abatement of air pollution.

### **c) ENVIRONMENTAL (PROTECTION) ACT, 1986**

Environmental (Protection) Act, 1986 was enacted to improve the environment and prevention of hazard to human being, other living creatures and plants and property.

### **THE FACTORIES ACT, 1948**

The Factories Act is a social legislation which has been enacted for occupational safety, health and welfare of workers at work places. This legislation is being enforced by technical officers i.e. Inspectors of Factories, Dy. Chief Inspectors of Factories who work under the control of the Chief Inspector of Factories and overall control of the Labour Commissioner.

It applies to factories covered under the Factories Act, 1948. The industries in which ten (10) or more than ten workers are employed on any day of the preceding twelve months and are engaged in manufacturing process being carried out with the aid of power or twenty or more than twenty workers are employed in manufacturing process being carried out without the aid of power, are covered under the provisions of this Act.

### **LABOUR LAWS AND REGULATIONS:**

The labour laws and regulations that may be applicable to the Company include the following:

- Contract Labour (Regulation and Abolition) Act, 1970;
- Industries (Development and Regulation) Act, 1951;
- Factories Act, 1948;
- Employees' State Insurance Act, 1948;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Payment of Gratuity Act, 1972;
- Payment of Bonus Act, 1965;
- Payment of Wages Act, 1936;
- Industrial Disputes Act, 1947 and Industrial Disputes (Central) Rules, 1957;
- Trade Union Act, 1926;
- Workmen's Compensation Act, 1922.
- Industrial Employees (Standing Orders) Act 1946
- Maternity Benefit Act, 1961
- The Weekly Holiday's Act, 1942
- The Karnataka Shops and Commercial Establishment Act, 1961

### 3. HISTORY OF THE COMPANY AND OTHER CORPORATE MATTERS

#### HISTORY AND MAJOR EVENTS

Manjushree Extrusions Limited (MEL) was incorporated as Private Limited Company on 13<sup>th</sup> November, 1987. Subsequently it was converted to Public Limited Company w.e.f. 12<sup>th</sup> December, 1994. The Company, presently, is being engaged in the manufacture of specialty plastic packaging products mainly containers and Jars for Multinational Companies in FMCG, Pharma, Food Processing and Agrochemical sectors through an ongoing process of research oriented design and development. The products of the Company include Injection / Blow molded **PET / PP and Multilayer plastic containers** which are manufactured by adopting Japanese and European technologies. The Company marketing offices at major metros in the country including at Mumbai, Chennai and Bangalore to effectively coordinate and liaise with its customers spread across the length and breadth of the country.

The Company had initially set-up a Flexible Packaging unit at Guwahati in the year 1988-89. In the year 1995-96, the Company set-up a unit for manufacturing of PET Containers with an initial installed capacity of 600 MT at Bommasandra Industrial Area, Bangalore at a capital cost of Rs. 8.25 crores which was funded by State Bank of India to the tune of Rs. 3 crores with the balance being raised through a public issue of the Company's equity shares including promoters' contribution and internal accruals.

The Company has made a Public Issue of 26,70,000 Equity Shares of Rs. 10/- for cash at a premium of Rs. 2.50 per Share aggregating Rs. 333.75 lacs in September, 1995 to part finance the project for setting up a unit for the manufacture of PET containers

Presently the Company is listed at Calcutta, Gauhati and the Ahmedabad Stock Exchange. However the Company shares are not traded at any of the above said exchanges.

In order to cater to growing requirement of PET Containers in various parts of the country, particularly the western and southern sectors, installed capacity of the unit was expanded by an additional 600 MTPA during the year 1998-99 at a total cost of Rs. 4.18 crores, for which the Company availed an additional term loan of Rs. 2.75 crores from State Bank of India, while the balance was met out of internal accruals of the Company.

In order to concentrate on its core activity for manufacturing of PET Containers the Company decided to dispose-off the Flexible Packaging unit at Guwahati on 1<sup>st</sup> October 2000 with requisite approvals.

During the year 2001-02, the capacity was further expanded by an additional 250 MTPA by funding from the Company's internal accruals, thereby raising the total installed capacity to 1450 MTPA.

During the year 2003-04, the Company commissioned a diversification project for manufacture of Monolayer / Multilayer containers with an additional capacity of 1613 MTPA (related to 1550 MTPA), thereby raising its overall plant capacity to 3000 MTPA, with the financial assistance of State Bank of India in the form of a term loan of Rs. 740 lacs and enhanced working capital facilities of Rs. 770 lacs, which have been fully utilized for the funding requirement in the respective areas. The plants have since stabilized its operations successfully and the Company has been able to market its entire production at enhanced levels without any constraints.

The capacity has been further increased to 3450 MT during the FY 2004-05 and to 4140 MT during the FY 2005-06 by installing additional machineries.

The Company has adhered to the Quality Management System Standard of ISO 9001: 2000 issued by the AQSR, International Incorporation, Michigan, USA.

The Company enjoys a preferred supplier status in regard to the Specialty Plastic Containers, which are marketed under the brand name of "POLYPET" predominantly to MNC's in FMCG sector; which assures a consistent market to the Company's products. The major clients of the Company at present include Hindustan Unilever, Nestle, Cadbury, Britannia, Glaxo Smith Kline, P&G, Coca Cola, Tata Tea, Goodricke Group, McLeod, Godrej, Nutrine, Wrigley's, Parry's, Heinz, P&G, Reckitt etc. Envisaging continuous demand of the Company's entire range of Products viz. 250ml to 750 ml Bottles, 800ml to 2000 ml Jars, 2500ml to 3500ml and 6000ml to 9000ml Jars from its existing customers and potent demand of export market, the Company proposes to expand its existing capacity by 10100 MT per annum, thereby raising the overall manufacturing capacity of Specialty Plastic Containers and Preforms to 14240 MT on triple shift operation basis. The total cost of the project is Rs. 5370 lacs out of which Company proposes to raise Rs. 3570 lacs through Right cum Public Issue and balance Rs. 1800 Lacs as term loan.

## Manjushree Extrusions Limited

### MAJOR EVENTS IN THE HISTORY OF THE COMPANY :

1987	Incorporation of the Company. Flexible Packaging Unit at Guwahati started functioning to manufacture laminates and other plastic packaging items etc.
1994	Bangalore Project for manufacturing PET Containers finalized. Converted to public limited Company w.e.f 12 <sup>th</sup> December, 1994
1995	Land allotted by Karnataka Industrial Development Board and the construction began. State Bank of India gave in principle clearance. Company went Public and was subsequently listed in Gauhati, Ahmedabad and Calcutta Stock Exchanges.
1996	Bangalore Unit For PET containers commenced production Mr. Vimal Kedia, Managing Director of Manjushree Extrusions Ltd, received an award from the Additional Secretary & Development Commissioner-SSI, New Delhi for his contribution to the industrial development in North Eastern Region. Mr. Vimal Kedia, Managing Director of Manjushree Extrusions Ltd received an award from the then President of India, Mr. Sankar Dayal Sharma.
1998	The first expansion with addition of two more PET ISBM Machines from Japan completed.
1999	Manjushree started exporting its products to Sri Lanka and Middle East Countries.
2000	Manjushree was awarded with INDIASTAR 2000 for the year 2000 (the highest recognition for excellence in Packaging) from Indian Institute of Packaging for their products.
2001	Manjushree was awarded with Asia Star 2000 for the year 2000 (Award for Packaging Excellence) from the Asian Packaging Federation for their products.
2002	The second expansion with further addition of two more injection moulding machines took place. Manjushree was awarded with INDIASTAR 2002 for the year 2002 (the highest recognition for excellence in Packaging) from Indian Institute of Packaging for their products.
2003	Manjushree started its second unit at Bommasandra Industrial Area with new technology of Multilayer and Hot Fill PET Bottle project.
2004	Third expansion at Unit I and 1 <sup>st</sup> expansion at Unit II completed with addition of new equipments and technologies. Manjushree was successfully accredited with ISO certification (ISO 9001:2000) by AQSR International Inc. Manjushree was awarded with INDIASTAR 2004 for the year 2004 (the highest recognition for excellence in Packaging) from Indian Institute of Packaging for their products. Manjushree was awarded with Asia Star 2004 for the year 2004 (Award for Packaging Excellence) from the Asian Packaging Federation for their products
2005	Manjushree brings in PPISBM Technology for the first time in the Country for their client namely M/s. GlaxoSmithKline for 'Horlicks' and 'Boost' packaging. Manjushree organized Furturepac Seminar on emerging trends in Rigid Packaging for Dairy, Food & RTD Beverages in collaboration with M/s. Indian Plastic Institute and Reliance Industries. Manjushree received an award for achieving highest rating in the ranking of India's Top 500 manufacturing small and mid sizes company from Jasubhai Digital Media.

## MAIN OBJECTS OF THE COMPANY

The main objects of the Company as stated in the Memorandum of Association of the Company are:

1. To manufacture, buy, sell, export, import, process, convert, lamination, print, reprocess or otherwise density and low density polyethylene, polyethylene, PVC products, woven fabrics, nylon, HDPE/PP woven sacks, bags, jute, twine, yarn, monofilament yarn, tape, films, co-extruded films, wide width films, collapsible and other tubes, sheets, containers, fitting, bitumen paper, aluminum foils, laminating materials, thermosetting, thermoplastics, Teflon plastic, cellulose esters, resins wax, coating laxquers, shellac and varnishes.
2. To carry on the business of manufacture, processors, designers, buyers, sellers, exporters, importers, and/or otherwise, dealers in all kinds of card board packing, corrugated packing, pillow packing, plastics packing, bags, containers, bottles, hollow wares, etc., whether made of plastic or any man-made fiber, leather or of other material including high and low density polyethylene, polyethylene, PVC chemicals and other man-made fibrous material, used in manufacture of card board packing, corrugated packing, plastic packing, polyethylene packing, gunny bags, containers, bottles, hollow ware, etc., and to manufactures, process, buy, sell, import, export or otherwise deal in all or any of such products, the raw materials, stores, packing materials, products and allied commodities.
3. The construct, erect, establish a factory or factories and workshop with suitable plants, engines. Machineries, tools, instruments for manufacture of plastics articles and materials used in the manufacture and treatment of plastic articles and materials used in the manufacture and treatment of plastics articles and to adopt all process of manufacture such as cutting, treating, molding, plasticizing, binding, shaping, fabricating, extruding, printing or other chemical, mechanical electrical or manual operating for making plastic articles and also take on hire, rent or acquire on hire, purchase any plant, engines, machineries, tools as referred to above from any person, government, central or states or, any government department or undertaking.
4. To carry on the business as buyers, sellers, importers, exporters, agents, commission agents, forwarding agents, clearing agents, distributors, warehousemen, merchants, traders, sales agents, representatives of manufacturers of all kinds of commodities, goods, article, material and things and for that purpose, to buy, to sell exchange, market, pledge, distribute, install, service, maintain, or otherwise deal in all kinds of commodities, goods, articles and things.

## CHANGES IN MEMORANDUM OF ASSOCIATION OF THE COMPANY

Date of Amendment	Amendments
20.03.1992	Amendment of Authorized capital clause to increase authorized capital from Rs.15 lacs to Rs. 25 lacs
12.12.1994	<ul style="list-style-type: none"> <li>• Amendment to Name clause by deleting the word "Private" to effect the conversion of private limited company into Public limited company.</li> <li>• Amendment of Authorized capital clause to increase authorized capital from Rs. 25 lacs to 325 lacs</li> </ul>
5.03.1995	Amendment of Authorized capital clause to increase authorized capital from Rs. 325 lacs to 400 lacs
3.05.1995	Amendment of Authorized capital clause to increase authorized capital from Rs. 400 lacs to 500 lacs
23.05.2003	Registered office clause is amended due to shifting of registered office from the State of Assam to State of Karnataka.
16.03.2007	Amendment of Authorized capital clause to increase authorized capital from Rs. 500 lacs to Rs. 1500 lacs.

## Manjushree Extrusions Limited

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### CHANGES IN REGISTERED OFFICE OF THE COMPANY

From	To	Reason of Board Resolution
S.R.C.B Road, FancyBazar Guwahati-781001	143-C5, Bommasandra Industrial Area,Hosur Road Bangalore - 560099	The Company's entire activities were controlled and managed from Bangalore, after disposing of its Flexible Packaging unit at Guwahati w.e.f. 1 <sup>st</sup> Oct, 2000. As maintenance of registered office become unmanageable and uneconomical it was decided to shift registered office from Guwahati to Bangalore in the interest of the Company in the year 2003.

### SUBSIDIARIES OF THE COMPANY

The Company does not have any subsidiary as on date.

### SHAREHOLDERS' AGREEMENT

There is no Shareholders' Agreement existing as on date.

### OTHER AGREEMENTS

There are no other agreements

### FINANCIAL / STRATEGIC PARTNERS

Presently there are no financial or strategic partners.

#### 4. MANAGEMENT AND ORGANISATION

The Company is a professionally managed organization. The Company functions under the control of a Board consisting of professional Directors. The day-to-day matters are looked after by qualified key personnel, under the supervisions of Managing Director.

Name, DOB, Address, Designation and Occupation	Date of Appointment	DIN NO	Tenure of office	Qualification	Other Directorships	Compensation (Rs. Lacs) (FY 2006-07)
Mr. Vimal Kedia DOB: 08.07.56 <b>Address:</b> # 180, Classic Orchards, Bannerghatta Road, Bangalore -76 <b>Designation:</b> Managing Director <b>Occupation:</b> Industrialist	13.11.1987	00072923	3 years w.e.f from 01 <sup>st</sup> April, 2007	B.Com	1) Shruti Financial Services (P) Ltd- Director- Since 1995 2) Manjushree Fincap (P) Ltd - Director – Since 1994 3) Mphinite Solutions (P) Ltd- Director – Since 2005 4) Mphinite Technologies (P) Ltd –Director – Since 2005	Rs. 4.85
Mr. Surendra Kedia DOB: 15.04.63 <b>Address:</b> # 179, Classic Orchards, Bannerghatta Road, Bangalore -76 <b>Designation:</b> Executive Director <b>Occupation:</b> Industrialist	13.11.1987	00072926	3 years w.e.f from 01 <sup>st</sup> April, 2007	B.E (Chem.)	1) Shruti Financial Services (P) Ltd- Director- Since 1995 2) Manjushree Fincap (P) Ltd - Director – Since 1994 3) Mphinite Solutions (P) Ltd- Director – Since 2005 4) Mphinite Technologies (P) Ltd –Director – Since 2005	Rs.4.32
Smt.Savita Kedia DOB: 12.05.61 <b>Address:</b> # 180, Classic Orchards, Bannerghatta Road, Bangalore -76 <b>Designation:</b> Director <b>Occupation:</b> Industrialist	15.11.1994	00072934	Retiring by rotation	Graduate	None	NIL

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<p>Smt. Sashi Kedia DOB: 04.01.67 <b>Address:</b> # 179, Classic Orchards, Bannerghatta Road, Bangalore -76 <b>Designation:</b> Director <b>Occupation:</b> Industrialist</p>	15.11.1994	00072936	Retiring by rotation	Graduate	<p>1) Shruti Financial Services (P) Ltd -Director – Since 1997 2) Manjushree Fincap (P) Ltd – Director – Since - 1997</p>	NIL
<p>Mr. Jayant Kumar Singhania DOB: 08.10.56 <b>Address:</b> Nahorjan Tea Estate, Bokakhat Dist. Golaghat, Assam <b>Designation:</b> Director <b>Occupation:</b> Industrialist</p>	05.06.1995	00368195	Retiring by rotation	B.Com (Hons)	<p>Nahorjan Tea Co Pvt. Ltd – Director – Since 1976  Rungajaun tea &amp; plantation Industries Pvt. Ltd – Director – Since 1983</p>	NIL
<p>Mr. G.Vamanacharya DOB: 14.07.42 <b>Address:</b> #4 KHM Block, Opp: R.T. Nagar post office, Bangalore - 30 <b>Designation:</b> Director <b>Occupation:</b> Professional</p>	30.09.2003	00246237	Retiring by rotation	B.Com ,FCA	None	Nil
<p>Mr. Narendra Kumar Sarawagi DOB: 19.06.56 <b>Address:</b> Flat No. 11, #9 Swamy Enclave, 1<sup>st</sup> Main 1<sup>st</sup> Block, Koramangala, Bangalore- 54 <b>Designation:</b> Director <b>Occupation:</b> Professional</p>	30.09.2003	01367741	Retiring by rotation	MBA, M.Com, LLB	<p>1) Mphinite Solutions (P) Ltd – Director – Since 2005 2) Mphinite Technologies (P) Ltd –Director – Since 2005</p>	Nil
<p>Mr. Radheshyam Phoolchand Agarwal DOB: 15.03.37 <b>Address:</b> F-503, Mittal Tower, No.6, M.G.Road Bangalore -01 <b>Designation:</b> Directors <b>Occupation:</b> Professional</p>	26.12.2005	00333600	Retiring by rotation	MBA, M.Com., LLB	<p>1) Welcast Steels Ltd – Director – Since 1985 2) Jairamdas &amp; Sons Pvt. Ltd – Director– Since-1984 3) S.L.N Enterprises Pvt. Ltd –Director – Since 1987 4) Infomart India Pvt. Ltd – Chairman – Since1994 5) Advantage India Ltd. -Director – Since 2006</p>	Nil



## PROFILE OF THE DIRECTORS OF THE COMPANY:

The board is balanced by an appropriate non-executive element with six out of eight Directors being non-executive. The Board considers four out of six of the Non-executive Directors to be independent and have no relationships interfering with their independent judgment.

1. **Mr. VIMAL KEDIA**, Managing Director, aged 51 years, is a commerce graduate. He is the promoter and the Managing Director of Manjushree Extrusions Limited since 13.11.1987. He has over three decades of experience in the business and possesses knowledge of the various strategic, managerial, marketing, commercial and financial aspects of the plastics industry. Under his leadership, Manjushree has grown from small company manufacturing extruded plastic products to a major player in the field of manufacture of speciality plastic containers. .

Mr. Vimal Kedia has been felicitated with the “Best Entrepreneur” award from the President of India. Mr. Vimal Kedia presently looks after strategic business planning, finance, business development and client interface in the Company.

Mr. Vimal Kedia is associated as Director with Manjushree Fincap Pvt. Ltd, Shruti Financial Services Pvt. Ltd, Mphinite Technologies Pvt. Ltd and Mphinite Solutions Pvt. Ltd

2. **Mr. SURENDRA KEDIA**, Executive Director, aged 44 years, is a qualified Chemical Engineer from BITS, Pilani and is related to Mr. Vimal Kedia as younger brother. Mr. Surendra Kedia is also having over 2 decades experience in Plastics Industry being associated with the Company as its promoter and Executive Director right since its inception. He has been actively looking after all the technical, commercial, marketing, operations, human resources and other managerial aspects of the Company. He has participated in a number of exhibitions and seminars on plastic industry having in-depth knowledge of plastics technology and processes.

Mr. Surendra Kedia is associated as Director with Manjushree Fincap Pvt. Ltd, Shruti Financial Services Pvt. Ltd, Mphinite Technologies Pvt. Ltd and Mphinite Solutions Pvt. Ltd

3. **Mrs. SAVITA KEDIA**, graduate in Arts, aged 46 years is related to Mr. Vimal Kedia as wife, and she has been associated with the Company since 1994.
4. **Mrs. SASHI KEDIA** graduate in Arts, aged 40 years is related to Mr. Surendra Kedia as wife, and she has been associated with the Company since 1994. Mrs. Sashi Kedia is associated as Director with Manjushree Fincap Pvt. Ltd. and Shruti Financial Services Pvt. Ltd.
5. **Mr. JAYANT KUMAR SINGHANIA**, B.Com. aged 51 years, is a renowned Industrialist and Tea Planter being associated as a Director of Nahorjan Tea Estate located in Assam. Mr. Singhanian has almost 30 years' of experience in administrative, finance and operational matters of tea plantations and has been a guiding force behind MEL's foray into plastic packaging applications in the Tea sector in a large way. His association with MEL is likely to be instrumental in future growth strategies to be adopted by the Company. Mr. Singhanian is an independent and professional director.
6. **Mr. NARENDRA KUMAR SARAWGI**, MBA, M.Com, LLB, aged 51 years, is a qualified and experienced professional and is presently the Executive Advisor to Electro Steel Castings Ltd at their Bangalore Office. Mr. Sarawgi is also on board of Mphinite Technologies Pvt. Ltd and Mphinite Solutions Pvt. Ltd. Mr. Sarawgi is an independent and professional director.
7. **Mr. G. VAMANACHARYA**, B.Com, FCA, aged 64 years, is a practicing Chartered Accountant with over 40 years of experience. Mr. Vamanacharya is an independent and professional director.
8. **Mr. RADHESHYAM PHOOLCHAND AGARWAL**, MBA, M. Com. LL.B., aged 70 years, is a qualified and experienced professional. Mr. Agarwal is associated with, Welcast Steels Ltd, Jairamdas & Sons Pvt.Ltd, S.L.N Enterprises Pvt.Ltd, Informart India Pvt.Ltd and Advantage India Ltd, as Director. Mr. Agarwal is an independent and professional director.

## RELATIONSHIP BETWEEN PROMOTERS AND DIRECTORS OF THE COMPANY

The directors of the Company are not related to each other except for the following directors:

- **Mr. Vimal Kedia,**
- **Mr. Surendra Kedia**
- **Mrs. Sashi Kedia**
- **Mrs. Savita Kedia**

**Mr. Vimal Kedia and Mr. Surendra Kedia are brothers and Mrs. Savita Kedia is wife of Mr. Vimal Kedia and Mrs. Sashi Kedia is wife of Mr. Surendra Kedia.**

# Manjushree Extrusions Limited

## DETAILS OF THE BORROWING POWERS

Vide a resolution passed at the Extraordinary General Meeting held on 16<sup>th</sup> March, 2007 the members of the Company have passed the following resolution authorizing the Company to borrow funds up to Rs. 200 Crores from financial institution and banks.

“**RESOLVED** that pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, and other applicable provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow for and on behalf of the Company monies in any manner from any Bank(s) and / or Public Financial Institution(s) as defined under Section 4A of the Companies Act, 1956 and / or any Foreign Financial Institution(s) and / or any entity / entities or authority / authorities and / or through suppliers credit, securities, instruments such as Floating Rate Notes, Fixed Rate Bond, Syndicated loans etc., and / or through credit from official agencies and / or by way of commercial borrowings from the Private Sector window of Multilateral Financial Institution either in Rupees or in such other Foreign Currency as may be permitted by Law from time to time (inclusive of such premium as may be fixed on the Securities) as may be required in future for the Company's activities and / or for general corporate purposes including Capital Expenditure, Working Capital requirements, strategic investment, any mergers, demergers, amalgamations, acquisitions, re-constructions or rearrangements or any other reorganizations as the Board may deem fit for the purpose of the Company and whether the same be secured or not and if secured whether by way of mortgage, charge, hypothecation, pledge or otherwise in any manner whatsoever in respect all or any of the Company's assets and properties, book debt, and stock-in-trade including raw materials, stores, parts components in stock or in transit, notwithstanding that monies so borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount up to which moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed Rs. 2,00,00,00,000 (Rupees Two Hundred Crores only) or equivalent thereof in foreign exchange (inclusive of such premium as may be fixed on the securities)”.

## COMPENSATION OF MANAGING DIRECTOR/ WHOLE TIME DIRECTORS OF THE COMPANY

### REMUNERATION OF MR. VIMAL KEDIA, MANAGING DIRECTOR

Vide Board resolution dated 31<sup>st</sup> day of January, 2007 Mr. Vimal Kedia was reappointed as Managing Director of the Company on revised terms and conditions. The shareholders have approved the appointment and the terms and conditions at the Extra Ordinary General Meeting held on 16<sup>th</sup> March, 2007 with effect from 1<sup>st</sup> April, 2007 for a period of 3 years.

**As per the said resolution, Mr. Vimal Kedia is eligible for following Salary and perks:**

#### (A) SALARY:

Rs. 75,000 p.m. (in the scale of Rs. 75,000- 5000 - 85,000)

#### (B) PERQUISITES:

Restricted to an amount equal to annual salary. This will comprise house rent allowance; leave travel concession, medical reimbursement, and fees of clubs.

These will be provided for as under:

The perquisites and allowances shall include accommodation or house rent allowance @ 60% of salary in lieu thereof, reimbursement of house maintenance expenses in respect of utilization of gas, electricity, water, furnishing and repairs; medical reimbursement, leave travel concession for self and family including dependents, club fees, medical insurance and such other perquisites and / or allowances up to the amounts specified above as may be mutually agreed, subject to overall ceiling of remuneration stipulated in the aforesaid provisions of the Companies Act, 1956.

#### Explanation:

The perquisites shall be evaluated as per the Income Tax Act, 1961 or any rules there under (including any statutory modifications(s) or re-enactment thereof, for the time being in force).

Perquisites not to be included in computation of the ceiling of on Remuneration:

- (a) Contribution to provident fund, super annulations fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (b) Gratuity payable and encashment of leave at the end of the tenure as per the rules of the company.

**MINIMUM REMUNERATION:**

In the event of any loss, or inadequacy of profits in any financial year of the Company during his tenure, the above salary and perquisites shall, nevertheless, be paid and allowed to him as the minimum remuneration for such year. However the total remuneration shall not exceed the limits prescribed under Part II of the Schedule XIII of the Companies Act, 1956 or as amended from time to time.

In the event of loss of office as Managing Director, Mr. Vimal Kedia shall be paid compensation in the manner and to the extent possible under the provisions of Section 318 of the Companies Act, 1956.

**REMUNERATION OF MR. SURENDRA KEDIA, EXECUTIVE DIRECTOR**

Vide Board resolution dated 31<sup>st</sup> day of January, 2007 Mr. Surendra Kedia was reappointed as Executive Director of the Company on revised terms and conditions. It is approved by shareholders at the Extra-Ordinary General Meeting held on 16<sup>th</sup> March, 2007 with effect from 1<sup>st</sup> April, 2007 for a period of 3 years.

**As per the said resolution, Mr. Surendra Kedia is eligible for following Salary and perks:**

**(A) SALARY:**

Rs. 70,000 p.m. (in the scale of Rs. 70,000- 5,000 - 80,000)

**(B) PERQUISITES:**

Restricted to an amount equal to annual salary. This will comprise house rent allowance; leave travel concession, medical reimbursement, and fees of clubs. These will be provided for as under:

The perquisites and allowances shall include accommodation or house rent allowance @ 60% of salary in lieu thereof, reimbursement of house maintenance expenses in respect of utilization of gas, electricity, water, furnishing and repairs; medical reimbursement, leave travel concession for self and family including dependents, club fees, medical insurance and such other perquisites and / or allowances up to the amounts specified above as may be mutually agreed, subject to overall ceiling of remuneration stipulated in the aforesaid provisions of the Companies Act, 1956.

**Explanation:**

The perquisites shall be evaluated as per the Income Tax Act, 1961 or any rules there under (including any statutory modifications(s) or re-enactment thereof, for the time being in force).

Perquisites not to be included in computation of the ceiling of on Remuneration:

(a) Contribution to provident fund, super annulations fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(b) Gratuity payable and encashment of leave at the end of the tenure as per the rules of the company.

**MINIMUM REMUNERATION:**

In the event of any loss, or inadequacy of profits in any financial year of the Company during his tenure, the above salary and perquisites shall, nevertheless, be paid and allowed to him as the minimum remuneration for such year. However the total remuneration shall not exceed the limits prescribed under Part II of the Schedule XIII of the Companies Act, 1956 or as amended from time to time.

The Remuneration specified above comprising of salary & perquisites payable in aggregate shall not exceed the ceiling of 10% of the net profits of the Company for any financial year prescribed by section 309 of the Companies Act, 1956.

In the event of loss of office as Executive Director, Mr. Surendra Kedia shall be paid compensation in the manner and to the extent possible under the provisions of Section 318 of the Companies Act, 1956.

**COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS****COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

Corporate Governance encompasses laws, procedure, practices and implicit rules that determine a management's ability to take sound decision vis-à-vis all its stakeholders - in particular, its shareholders, creditors, employees and the state. There is global consensus on the objective of good Corporate Governance i.e. maximizing long term shareholder's value.

The Company views Corporate Governance in its widest sense, almost like a trusteeship. Corporate Governance is not simply a matter of creating checks and balances; it is about creating an outperforming organization. The primary object is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness; and to develop capabilities

## Manjushree Extrusions Limited

and identify opportunities that best serve the goal of value creation. Corporate Governance is not merely compliance; it is ongoing measure of superior delivery of Company's objects with a view to translate opportunities into reality. It involves, leveraging its resources and aligning its activities to consumer need, shareholder benefit and employees growth, thereby delighting all its stakeholders while minimizing risk.

Since shareholders are residual claimants, this objective follows from a premise that in well- performing capital and financial markets, whatever maximizes shareholder value must necessarily maximize corporate value and best satisfy the claims of creditors, employees and the state. A Company which is proactively complaint with the law and which adds value to itself through Corporate Governance initiatives would also command a higher value in eyes of present and prospective shareholders.

The Company therefore believes that corporate governance is not an end in itself but is catalyst in the process towards maximization of shareholders value. Therefore, shareholders value as an objective is woven into all aspects of Corporate Governance – underlying philosophy, development of roles, creation of structures and continuous compliance with standard practices. For the Company, however, good corporate governance has been a cornerstone of entire management, with a decision making model based on decentralization, empowerment and meritocracy.

As the Company is contemplating major expansion projects in the near future, it is imperative for it to widen its shareholder base by tapping the capital market and consequently, there will be lot more responsibility for corporate governance on Manjushree, which is committed to highest standards of corporate governance in all its activities. Manjushree looks at corporate governance as the cornerstone for sustained and superior financial performance, for serving all the stakeholders and for instilling pride of association.

### I. BOARD COMPOSITION:

The Board is structured with adequate blend of executive, non-executive and independent directors, which is imperative for a vital balanced perspective of the organization. Of the Eight Directors on the Board of Manjushree, four are Promoter (Non independent) Directors and remaining four are Professional (Independent) Directors. The Board has two Executive Directors and the rest are non-executive directors, as per Clause 49 of Listing Agreement. Accordingly not less than one third of the directors comprises of non-executive and independent directors.

#### a) Number of Board Meetings

Manjushree held six Board Meetings during the year ended 31<sup>st</sup> March, 2007. These were held on 5<sup>th</sup> April, 2006, 30<sup>th</sup> June, 2006, 14<sup>th</sup> August, 2006, 31<sup>st</sup> October, 2006, 31<sup>st</sup> January, 2007 and 16<sup>th</sup> March, 2007.

#### b) Attendance at the Board Meeting

Name of the Director	Category of directorship *	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the Last AGM	No of other directorship/ committees
Vimal Kedia	NI & MD	6	6	No	4
Surendra Kedia	NI & ED	6	6	Yes	4
Savita Kedia	NI & NED	6	6	No	0
Sashi Kedia	NI & NED	6	6	No	2
Jayant Kumar Singhania	I & NED	6	0	No	2
Radheshyam Phoolchand Agarwal	I & NED	6	5	No	4
Narendra Kumar Sarawgi	I & NED	6	4	Yes	0
G.Vamanacharya	I & NED	6	3	No	1

\* MD – Managing Director, ED – Executive Director, NI – Non-independent,

NED – Non Executive Director, I - Independent

## II. Board Committees:

Presently, the Board has three Committees; Audit Committee, Remuneration Committee and Investor Grievance Committee. Members of Audit Committee and that of Remuneration Committee consist of three Independent Non Executive Directors. The Investor Grievance Committee consists of two Promoter directors & one independent director. The Company Secretary is the ex-officio Secretary for all committees.

### A. Audit Committee:

To adhere to the principle of transparent governance, a qualified & independent Audit Committee has been constituted on 14<sup>th</sup> August, 2006.

#### a) Members of Audit Committee:

Sr.No	Name	Designation	Category
1	Mr. G Vamanacharya	Chairman	Non-Executive & Independent Director
2	Mr. Narendra Kumar Sarawgi	Member	Non-Executive & Independent Director
3	Mr. Radheshyam Phoolchand Agarwal	Member	Non-Executive & Independent Director

All the members are well qualified and have adequate knowledge of Accounts and Finance.

#### b) Meeting and the Attendance during the year:

Meetings of Audit Committee were held two times in the year on 31<sup>st</sup> October, 2006 and 31<sup>st</sup> January, 2007 and all the members attended the meetings.

#### c) Terms of reference:

- Oversight of Company's financial reporting process
- Recommendation of appointment of Statutory auditors & their remuneration
- Review of Quarterly, Half Yearly, Annual Financial Statements
- Review of Internal control systems, and Internal Audit Function
- Discussion with Statutory Auditors regarding nature and scope of audit, before and after to ascertain areas of concern.
- Review of the Company's Financial and Risk Management Policies
- Such other function as may be covered in the clause 49 of the Listing Agreement with Stock Exchange or as may be required pursuant to section 292A of the Companies Act, 1956 or any other amendment thereof, from time to time over and above any specific functions that may be requested by the Board of Directors from time to time.

### B. Remuneration Committee:

The Board of Directors constituted the Remuneration Committee at its meeting held on 14<sup>th</sup> August 2006. Although as per requirement of the listing agreement the constitution of this committee is non-mandatory, the Company has constituted this committee for deriving benefits from its deliberations.

#### a) Members of Remuneration Committee:

Sr.No	Name	Designation	Category
1	Mr. Radheshyam Phoolchand Agarwal	Chairman	Non-Executive & Independent Director
2	Mr. G Vamanacharya	Member	Non-Executive & Independent Director
3	Mr. Narendra Kumar Sarawgi	Member	Non-Executive & Independent Director

#### b) Meeting and the Attendance during the year:

The Committee met once during the year on 31<sup>st</sup> January, 2007 and all the members attended.

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### c) Details of Executive Directors' Remuneration & Perquisites: (Amount in Rs.)

For the financial year ended 31<sup>st</sup> March, 2007

Particulars	Vimal Kedia	Surendra Kedia
	Managing Director	Executive Director
Remuneration	405,000	381,000
Monetary value of Perquisites	80,458	51,004
House Rent Paid	300,000	300,000
<b>Total</b>	<b>785,458</b>	<b>732,004</b>

Sitting fee of Rs. 2,000 for attending the Board Meeting was paid to Mr. G. Vamanacharya.

### C. Investor Grievance Committee:

The Investor Grievance Committee has been reconstituted for redressal of Investor grievances vide its Board resolution dated 14<sup>th</sup> April, 2007. The Committee's primary responsibility is to implement a smooth share transfer process, minimize investor grievances and to strengthen investor relations. The Committee met three times during the year as on 31<sup>st</sup> October, 2006, 31<sup>st</sup> January, 2007 and 16<sup>th</sup> March, 2007.

#### a) Members of the Committee:

Sr.No	Name	Designation	Category
1	Mr. Narendra Kumar Sarawgi	Chairman	Non -Executive & Independent Director
2	Mr. Vimal Kedia	Member	Executive & Non- Independent Director
3	Mr. Surendra Kedia	Member	Executive & Non- Independent Director

#### b) Meeting and the Attendance during the year:

All members of the Committee attended all meeting except Mr. Narendra Kumar Sarawgi, who did not attend the meeting held on 16<sup>th</sup> March, 2007. There was no complaint received in the meeting held on 16<sup>th</sup> March, 2007.

#### c) Details of Complaints for the Year 2006 – 07:

No of Complaint Received : NIL

No of Complaints Resolved / Pending: NA

### SHAREHOLDING OF DIRECTORS (including details of qualification shares held by them)

Sr. No.	Name of Director	No. of Shares Held	% of Total Shares
1	Mr. Vimal Kedia	55200	1.31
2	Mr. Surendra Kedia	79800	1.89
3	Mrs. Savita Kedia	44500	1.05
4	Mrs. Sashi Kedia	23500	0.55
5	Mr. Narendra Kumar Sarawgi	800	0.01

### INTERESTS OF DIRECTORS (OTHER THAN THE PROMOTER DIRECTORS)

Except as stated in "Related Party Transactions" on page 92 of this Offer Document, and to the extent of shareholding in the Company, the directors do not have any other interest in the business. The directors are interested to the extent of shares allotted to them. Except to the extent of their compensation as mentioned on page 66 of this Offer Document, and their shareholding or shareholding of companies they represent, the lease rent for property, the Directors, other than the Promoters who are also Directors, do not have any other interest in the Company.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Except as stated under the heading “Related Party Transactions” on page 92 of this Offer Document, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Offer Document in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

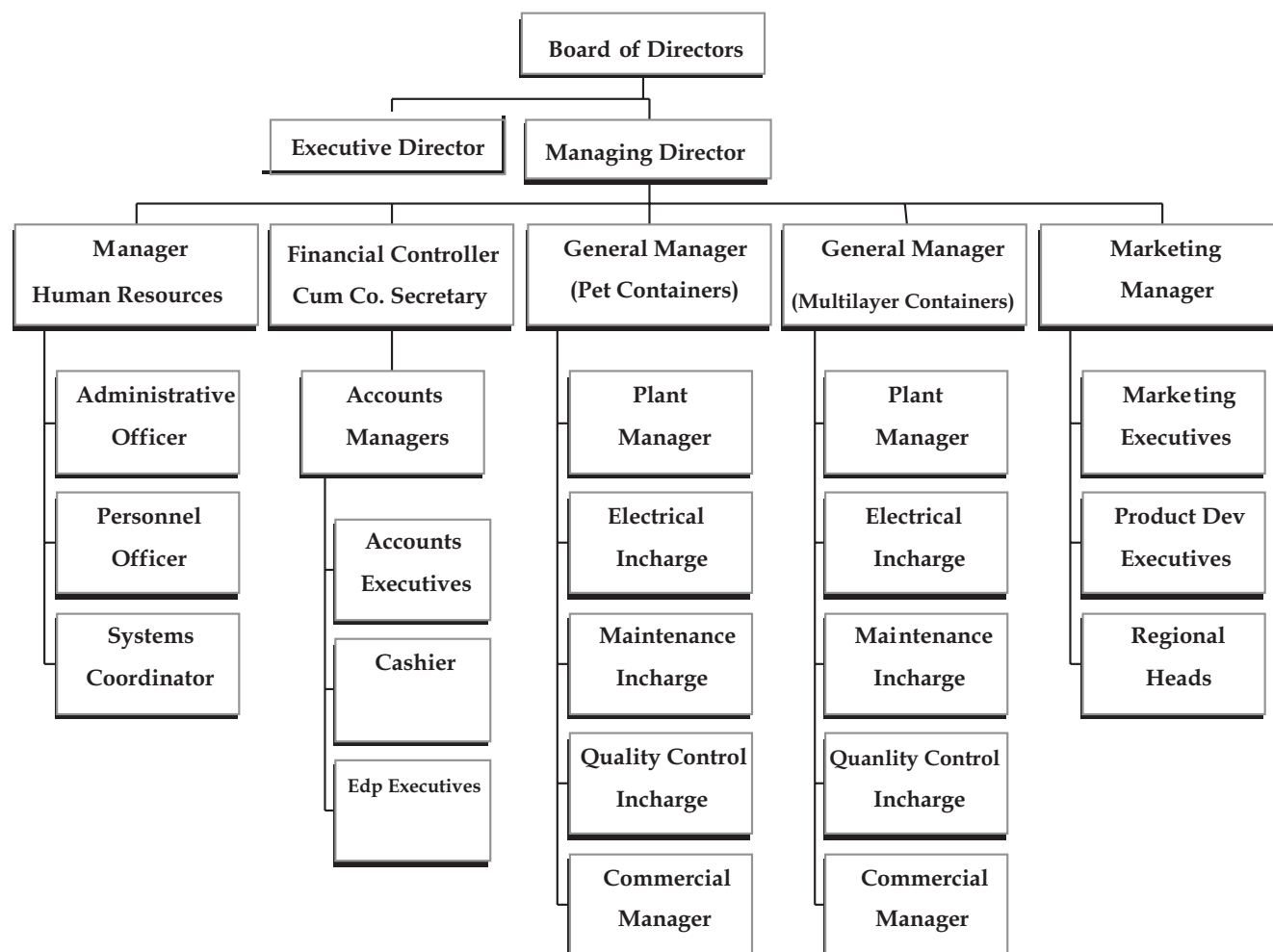
The Articles of Association provide that the Directors and officers shall be indemnified by the Company against loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his favour or is acquitted in such proceeding.

### CHANGES IN THE BOARD OF DIRECTORS IN THE LAST 3 YEARS

The following are the changes in the Board of Directors in the last 3 years and no changes thereafter have taken place:

Name of Director	Date of Appointment	Date of Cessation	Reason
Mr. G. Vamanacharya	September 30, 2003	-	Appointed as additional Director
Mr.Narendra Kumar Sarawagi	September 30, 2003	-	Appointed as additional Director
Mr.Radheshyam Phoolchand Agarwal	December 26, 2005	-	Appointed as additional Director

### MANAGEMENT ORGANIZATION CHART





## Manjushree Extrusions Limited

### KEY MANAGEMENT PERSONNEL:

Name & Age	Date of Joining	Designation	Salary Paid during 2006-07 (CTC/PA)	Area of Specialization	Qualifications	Overall Experience	Previous Employment
V.K. Baheti, 57 yrs	4/4/2002	Director - (Operations)	Rs.9.81 Lacs	Operation Management and Development	B.E. (Hons)	36 Years	1.Vijay Plastics Industries 2. Periwal Plastic Group of Companies
Thiam Nilakumar Singh, 50 yrs	2/4/1996	Senior Plant Manager - Unit I	Rs.5.19 Lacs	Production Operation of Unit I	Dip. In Plastic Mould Technology	27 Years	1. Rajesh Electronics 2. Easun Reyrolle Relays & Devices Ltd 3. Progressive Industries 4. Plastosen Pvt. Ltd
Y.R. Gurudath, 40 yrs	22/4/1996	Plant Manager Unit II	Rs.4.52 Lacs	Production Operation of Unit I	Dip in Electrical Engg	18 Years	1. NTT Ind. Ltd 2. DGP Windsor India Ltd
R.Subrahmanyam, 43 yrs	01/10/2005	Manager – Materials	Rs. 4.41 lacs	Procurement & Materials Management – Both Unit I & II	B.A. PGDMM, MA	23 Years	1. Himalaya Drug Company 2. Lake Chemical pvt. ltd 3. PRV Constructions 4. Genelec Ltd
S Manimaran, 35 yrs	1/4/1996	Manager - Production & Quality Control	Rs.3.42 Lacs	Production & Quality Assurance	B.Sc / PGDPPT / MBA	14 Years	1. Pear Polymers Ltd 2. Technology plastics
Mahesh Kumar M,	24/1/2000	Senior Deputy. Manager – Maintaince	Rs.3.43 Lacs	Electrical & Maintenance Operation - Unit II	Dip in Mech. Engg	16 Years	1. Pearl Polymers Ltd 2.Kirloskar Cummins Ltd
Umesh D.H., 34 yrs,	1/12/1996	Deputy.Manager Maintaince (Materials)	Rs. 2.77 Lacs	Electrical & Maintenance Operation - Unit I	Dip in Electrical Engg	16 yrs	1. Master Strips pvt ltd 2. Standard Cables pvt ltd 3. Karnataka Plascom engineers pvt ltd
D.C. Soni, 40 yrs	6/3/2006	Senior Manager (Fin & Admin)	Rs. 6.42 Lacs	Finance, Logistics & Admin (Unit II)	M.Com., AICWA, PGDBM (F)	18 yrs	1. Kolmack Chemicals Ltd 2. The Naihati Jute Mills Ltd
Kamal Sharma, 48 yrs	1/12/2003	Senior Manager (Accounts & Finance)	Rs.5.85 Lacs	Finance & Accounts – Unit I	B.Com.	26 Years	1. R.S. Bhagat & Co. Pvt Ltd, Kolkata 2. MEL, Guwahati 3. Atal Stores, Guwahati

O.S. Chandrashekar, 42 yrs	11/10/2006	Senior. Manager – Marketing	Rs.4.31 Lacs	Marketing & Sales promotion	B.Com. MBA	17 Years	1. Gujarat Propack Ltd 2. Vista Paper & Chemicals pvt Ltd
Naresh Kumar Sharma, 42 yrs	7/3/2007	Company Secretary	Rs.7.50 Lacs	Company Secretary	AICWA, ACS	15 Years	1. Blue Star Ltd 2. Hard Castle Waud Manu. Co. Ltd 3. Prerna Syntex 4. LM Glasfiber

None of the key managerial personnel as mentioned herein above are “Key Managerial Personnel” as per Accounting Standard 18.

The persons whose name appears as Key managerial Personnel are on the rolls of the Company as permanent employees.

#### RELATIONSHIP BETWEEN KEY MANAGERIAL PERSONNEL WITH DIRECTORS

No Key managerial personnel is related to the Directors.

#### BRIEF PROFILE OF KEY MANAGEMENT PERSONNEL

The brief profile of key managerial personnel is mentioned hereunder:

1) **Mr. V.K.Baheti** aged 57 years has graduated B.E (Hons) from BITS, Pilani , and has over 36 years of experience in plastic packaging field. He got associated with Manjushree in April 2002 as Assistant General Manager, and is now ‘Director-Operations’. He is overall in charge of the both manufacturing Units - in particular general administration of the factory as well as Office, Production, Preventive Maintenance, Dispatches, Designs and Development, Labour Welfare, Security etc. He is an Engineer by qualification. He was earlier working with Periwat plastic Group of Companies.

2) **Mr. Thiam Nilakumar Singh** aged 50 years is Sr. Plant Manager, In charge of production of PET JARS & BOTTLES at Unit I Plant has over 27 years of experience in various manufacturing industries such as Easun Reyrolle, Progressive Industries etc. He joined Manjushree in April 1996 as Manager - Design & Technical. He has been assisted by Production Engineers for day to day operations and in turn is reporting to Director – Operations.

3) **Mr. YR Gurudath** aged 40 years is associated with Manjushree since April 1996 where he started in the capacity of Maintenance Engineer at Unit. I He is dedicated employee in setting up of Unit II manufacturing plant in 2002 since erection and installation, and is now heading the Unit II as Plant Manager, fully responsible for production and maintenance of the plant reporting to Director - Operation. He has a diploma in Electrical Engineering. He was earlier working with DGP Windsor India Ltd

4) **Mr. R. Subrahmanyam** aged 43 years has joined Manjushree in October 2005 as Manager - Materials and is looking after entire materials management of both the Units, he was working with Himalaya Drug, Genelec etc. He Is an MBA in Material Management.

5) **Mr. S.Manimaran** aged 35 years Joined in March 1996 as Assistant Manager at Unit I in Production Department and was promoted to Manager Production in charge of both production and quality control departments, reporting to Director (Operations). He has over 14 years of experience in production field of plastic packaging. He was working with Technology Plastics Limited. He has a PGDBT and is an MBA.

6) **Mahesh Kumar M.** aged 34 years is associated with Manjushree since September 1996 as Sr. Maintenance Engineer at Unit I to look after the electrical & mechanical maintenance of plant and equipments as well as sophisticated office automation till November 1999. Due to some personal reasons, could not continue but again associated with Manjushree from January 2000 and he is fully responsible for maintenance of the entire plant of Unit II in the capacity of Sr. Deputy Manager – Maintenance. He has diploma in Mechanical engineering. He was working with Kirloskar Cummins Ltd.

7) **Mr. Umesh D.H.** aged 34 years has joined as a Trainee for the position of Electrical Supervisor in October 1996 and after his successful completion of training, he was attending and solving all the problems associated with Electrical, electronics and production plant and equipments at Unit I and is now fully in charge of mechanical maintenance of Unit I plant. He has diploma in electrical engineering. He was working with Karnataka Plascom Engineers (P) Ltd.

8) **Mr. Soni** aged 40 years is associated with Manjushree since March 2006 as Senior Manager - Finance & Admn. He is M.Com Post Graduate with AICWA and Post Graduate Diploma in Business Management - Finance. He is in charge of Factory Accounting and administration of Unit II. He also looks after all statutory compliances. He also oversees daily activities and

## Manjushree Extrusions Limited

analyze the problems to improve productivity in collaboration with Plant Manager. He is also looking after insurance, banking matters, export and imports related issues. He was working with Naihati Jute Mills Ltd.

9) **Mr. Kamal Sharma** aged 48 years B.Com. Graduate, joined R.S. Bhagat & Co in Kolkata as Assistant Manager - Accounts and moved to Guwahati in 1987 and joined Atal Stores as Manager - Accounts. Subsequently in January 1991 joined Manjushree Extrusions Limited, Guwahati as Manager - Accounts and transferred to Bangalore Unit I in November 2003 - Fully responsible for Accounts and Finance Departments

10) **Mr. O.S.Chandrasekhar** aged 42 yrs has joined Manjushree in October 2006, and is completely responsible for marketing activities of HQ and other customers thru MEL branch offices. He is an MBA and was working with Vista Paper and Chemicals Pvt Ltd.

11) **Mr. Naresh Kumar Sharma** aged 42 years is graduate in commerce and Associate Member Of Institute Of Cost & Works Accountants Of India and Institute Of Company Secretaries Of India having more than sixteen years of experience in companies like Blue Star Ltd, Hardcastle & Waud Manufacturing Company Ltd, Prerna Syntex (a unit of Associated Stone Industries (Kotah) Ltd) in the area of accounting, costing, taxation and company law matters. He has joined on 07.03.07

### SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

As on date no key managerial personnel are holding any shares in the Company.

### INTEREST OF KEY MANAGEMENT PERSONNEL

### BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL

There is no bonus or profit sharing plan of the Key Managerial Personnel.

### CHANGES IN THE KEY MANAGERIAL PERSONNEL IN THE LAST THREE YEARS

Sr.No.	Name	Designation	Date of Joining	Date of Leaving	Remarks
1	Ajay Nayak	AGM - Mktg	12/10/2001	5/20/2004	Better Prospects
2	Vikram Rajpal	Vice President	5/4/2002	6/20/2003	Better Prospects
3	Anil Jain	AM-Fin & Co.Secy.	2/1/2002	6/25/2004	Better Prospects
4	S.Venkataraman	Dy.Mgr (Inv.Mgmt)	8/8/2003	10/26/2004	Better Prospects
5	Kotilingam	Company Secy	3/30/2005	10/5/2005	Better Prospects
6	R.Subrahmanyam	Manager - Materials	01/10/2005	NA	NA
7	Gopi K	Assistant Manager HR	3/17/2006	09/25/07	NA
8	D.C. Soni	Sr. Manager - Finance & Admn	06/03/2006	NA	NA
9	O S Chandrasekhar	Sr. Manager Marketing	10/11/2006	NA	NA
10	Naresh Kr Sharma	Company Secretary	07/03/2007	NA	NA

## EMPLOYEES

The total manpower directly employed by the Company as on 30<sup>th</sup> September, 2007 is 204. Details of the man power are as follows:

### Summary of Administrative, Skilled & Unskilled Personnel

Particulars	Nos.
Administrative	79
Skilled	75
Unskilled	50
<b>Total</b>	<b>204</b>

## DISCLOSURES REGARDING EMPLOYEES STOCK OPTION SCHEME / EMPLOYEES STOCK PURCHASE SCHEME

Till date, the Company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the Guidelines or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

## PAYMENT OR BENEFIT TO OFFICERS OF THE COMPANY

Except the payment of salaries and perquisites, the company does not make any payments to its officers.

## CORPORATE GOVERNANCE

The Company undertakes that it has complied with the corporate governance requirements of the Clause 49 of the Listing Agreements of the Stock Exchanges. The Auditors of the Company M/s A. Kedia & Associates, Chartered Accountants, vide their certificate dated 06<sup>th</sup> December, 2007 have certified the compliance by the Company of the corporate governance requirements upto 05<sup>th</sup> December, 2007.

## Manjushree Extrusions Limited


### 5. PROMOTERS AND THEIR BACKGROUND

#### PROFILE OF THE PROMOTERS

##### DETAILS OF PROMOTERS BEING INDIVIDUALS:


Name: Mr. Vimal Kedia

Designation: Managing Director

	<b>Name</b>	Mr. Vimal Kedia
	<b>Designation</b>	Managing Director
	<b>Permanent Account Number</b>	AJEPK 1288K
	<b>Voter ID</b>	DKV1110147
	<b>Passport Number</b>	G1710945
	<b>Driving License Number</b>	F6944/K/PL3(LMV)
	<b>Address:</b>	# 180, Classic Orchards, Bannerghatta Road, Bangalore -76, Karnataka

Name: Mr. Surendra Kedia

Designation: Executive Director

	<b>Name</b>	Mr. Surendra Kedia
	<b>Designation</b>	Executive Director
	<b>Permanent Account Number</b>	AEGPK 2874N
	<b>Voter ID</b>	DKV1140144
	<b>Passport No.</b>	G2669681
	<b>Driving License no.</b>	1082/2001/K (W/Z)
	<b>Residential Address</b>	# 179, Classic Orchards, Bannerghatta Road, Bangalore -76, Karnataka

For brief profile of promoters please refer to page number 65 of this Offer Document

#### DECLARATION

It is confirmed that the permanent Account Number, Passport Number and Bank Account Number of Individual promoter are being submitted to the Stock Exchange on which Equity shares are proposed to be listed at the time of filing Offer document.

Further our promoters have not been declared as willful defaulters by RBI or any other government authority and there is no violation of securities laws committed by our promoters in the past nor are any such proceedings pending against them.

#### Relationship between the Promoters, Directors and Key Managerial Personnel.

There is no relationship between Promoters, Directors and Key Managerial Personnel except as mentioned on page no. 65 & 73.

## **COMMON PURSUITS**

There is no conflict of interest with Group Companies. Company is not in any way in direct/indirect competition in the segment in which Group companies operates.

## **FULL PARTICULARS OF THE NATURE AND EXTENT OF THE INTEREST, IF ANY, OF EVERY PROMOTER**

Save as stated in this Offer Document neither the Promoters nor the Firms or Companies in which they are members have any interest in the business of the Company, except to the extent of investments made by them and their group / investment companies in Manjushree Extrusions Limited and earning returns thereon.

None of the Promoters or the firms or companies in which they are members has any interest in any property acquired by the Company within two years of the date of this Offer Document or proposed to be acquired by it. The promoters are also interested in the Company to the extent of their shareholding for which they are entitled to receive the dividend declared if any, by the Company. There are no sums paid or an agreement to pay any sum to the director or promoter of the Company in cash or shares or otherwise by any person either to induce him to become or qualify him as a director or otherwise for service rendered by him or by the Company, in connection with promotion or formation of the Company.

## **PAYMENT OR BENEFIT TO PROMOTERS OF THE ISSUER COMPANY:**

Other than the salary and remuneration of the Promoter Directors, referred to in the section titled "Compensation and Perks to Managing Director/ Whole-time Directors" on page 66 of this Offer Document and lease rent on properties, there are no payment or benefit to promoters of the Company.

## **6. RELATED PARTY TRANSACTIONS AS PER FINANCIAL STATEMENTS:**

The details of related party transactions please refer to Annexure xvi of the Financial Statement on page 92.

## **7. CURRENCY OF PRESENTATION:**

In this Offer Document, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India.

In this Offer Document, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

## **8. DIVIDEND POLICY**

Details of dividends paid by the Company during last three financial years and upto 30<sup>th</sup> September, 2007 are as below:

<b>Year</b>	<b>Rate (%)</b>	<b>Record Date</b>	<b>Payment Date</b>
2007-08	10	01.09.2007	08.09.2007
2006-07	10	1.12.2006	13.12.2006
2005-06	10	1.12.2005	06.12.2005
2004-05	10	1.03.2005	14.03.2005

**Please note that all dividends have been paid as interim dividend.**

## SECTION V: FINANCIAL INFORMATION

We the Lead managers to the Issue confirm that all the notes to the accounts, significant accounting policies as well as Auditors qualifications, if any, have been incorporated.

### AUDITORS' REPORT

To,

The Board of Directors,  
**Manjushree Extrusions Limited,**  
# 143C5, Bommasandra Industrial Area,  
Hosur Road, Bangalore- 560 099

- A.** We have examined the annexed financial information of **Manjushree Extrusions Limited** (referred to as “the company”) having its registered office at #143C5, Bommasandra Industrial Area, Hosur Road, Bangalore - 560 099 (Karnataka), from the financial year ended 31<sup>st</sup> March 2003 to the half year ended 30<sup>th</sup> September 2007 being the last date upto which the accounts of the Company have been made up and audited by us. These financial information are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial information based on our audit. These financial information have been approved by the Board of Directors of the Company for the purpose of disclosure in the offer document / prospectus being issued by the company in connection with its proposed rights cum follow on public offer (composite issue) of equity shares (referred to as the “issue”).
- B.** In accordance with the requirement of:
- i) Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (“the Act”), and amendments made thereto from time to time;
  - ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (“the Guidelines”) issued by the Securities Exchange Board of India (“SEBI”) and amendments made thereto from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and
  - iii) The terms of reference by the Company requesting us to carry out work in connection with the offer document / prospectus as aforesaid;

We have examined the following financial information relating to the company, which is proposed to be included in the offer document / prospectus in connection with the composite issue of equity shares, as approved by you, and annexed to this report:

- i) The summary statement of Assets and Liabilities of the company as restated from the financial year ended 31<sup>st</sup> March 2003 to the half year ended 30<sup>th</sup> September 2007 are as set out in Annexure I to this report;
- ii) The summary statement of Profit and Losses of the company as restated from the financial year ended 31<sup>st</sup> March 2003 to the half year ended 30<sup>th</sup> September 2007 are as set out in Annexure II to this report;
- iii) Statement of Significant Accounting Policies and Notes on Accounts as appearing in Annexure III to this report;
- iv) Statement of Cash Flows as appearing in Annexure IV to this report;
- v) Age wise analysis of Sundry Debtors as appearing in Annexure V to this report;
- vi) Details of Loans & Advances as appearing in Annexure VI to this report;
- vii) Statement of Secured Loans as appearing in Annexure VII to this report;
- viii) Statement of Unsecured Loans as appearing in Annexure VIII to this report;
- ix) Statement of Other Income as appearing in Annexure IX to this report;
- x) Details of Contingent Liabilities as appearing in Annexure X to this report;
- xi) Statement of Financial Ratios as appearing in Annexure XI to this report;
- xii) Capitalisation Statement as appearing in Annexure XII to this report.
- xiii) Statement of Tax Shelter as appearing in Annexure XIII to this report;
- xiv) Statement of Investments as appearing in Annexure XIV to this report;



xv) Statement of Dividends paid as appearing in Annexure XV to this report; and

xvi) Details of transactions with related parties (as defined in AS 18 issued by ICAI) as appearing in Annexure XVI to this report.

Based on the information, explanations and representations obtained from the Company, the books of account of the company produced before us for our verification, and on the basis of our understanding of the business activities and operations of the Company and such other checks as we deemed appropriate, we do hereby certify that in our opinion, the financial information of the company as stated above, after regrouping as considered appropriate, has been prepared in accordance with Part II of the Schedule II of the Act.

- C.**
- i) The Company is consistently following the same set of accounting policies and practices during the period covered by this report, thereby requiring no restatement of expenditure or income, assets or liabilities during such period.
  - ii) There are no qualifications in our reports on the annual accounts during the period covered by this report, requiring any adjustment in the restated financial information.
  - iii) In our opinion and to the best of our information and on the basis of explanations furnished to us, the 'Exceptional / Extraordinary Items' shown in Annexure II do not include any material amounts relating to previous years requiring restatement in the financial information covered by this report.
  - iv) Balances in debtors, creditors and advance accounts as appearing in the books of account of the company at the close of relevant accounting period are subjected to external confirmation / reconciliation after the period end as per standard accounting practice followed by the company. In the opinion of the Board of Directors, all the current assets, loans & advances have a value on realisation in the ordinary course of business of a sum at least equal to the amount at which they are stated.
  - v) In our opinion and to the best of our information and on the basis of explanations furnished to us, our report and the annexed financial information comply with the applicable DIP guidelines (as amended) of Securities & Exchange Board of India.
- D.** We also do hereby give our consent for the purpose of disclosure of the contents of this report and the Annexures hereto in the offer documents / prospectus being issued by the company in connection with its proposed composite issue of equity shares and shall not be used, referred to or distributed for any other purpose without our written consent.

**For A. KEDIA & ASSOCIATES**  
**Chartered Accountants**

**SD/-**

**(A.K.KEDIA)**  
Proprietor

Bangalore,  
The 05<sup>th</sup> December, 2007

## Manjushree Extrusions Limited

### ANNEXURE I

#### SUMMARY OF ASSETS AND LIABILITIES AS RESTATED

(Rs. In lacs)

PARTICULARS	AS AT					
	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>A. FIXED ASSETS</b>						
Gross Fixed Assets	4,695.96	4,355.70	3,840.91	3,318.32	2,859.64	2,131.80
Less : Accumulated Depreciation	2,460.98	2,301.29	2,030.79	1,694.35	1,357.85	1,047.16
<b>Net Fixed Assets</b>	<b>2,234.98</b>	<b>2,054.41</b>	<b>1,810.12</b>	<b>1,623.97</b>	<b>1,501.79</b>	<b>1,084.64</b>
Capital Work In Progress	-	-	-	-	-	88.19
<b>Total (A)</b>	<b>2,234.98</b>	<b>2,054.41</b>	<b>1,810.12</b>	<b>1,623.97</b>	<b>1,501.79</b>	<b>1,172.83</b>
<b>B. INVESTMENTS</b>	-	-	-	-	4.10	4.10
<b>Total (B)</b>	-	-	-	-	<b>4.10</b>	<b>4.10</b>
<b>C. CURRENT ASSET, LOANS &amp; ADVANCES</b>						
Inventories	906.43	678.39	688.86	630.47	479.87	351.36
Sundry Debtors	1,071.37	934.54	884.22	784.26	599.22	328.38
Cash & Bank Balances	51.34	268.48	64.19	34.96	35.49	66.33
Loans & Advances	410.91	730.64	381.71	292.80	168.23	144.63
<b>Total (C)</b>	<b>2,440.04</b>	<b>2,612.05</b>	<b>2,018.98</b>	<b>1,742.49</b>	<b>1,282.81</b>	<b>890.70</b>
<b>D. LIABILITIES &amp; PROVISIONS</b>						
Secured Loans	1,598.02	836.98	1,768.08	1,622.02	1,335.69	720.49
Unsecured Loans	953.84	846.42	340.71	288.99	166.01	160.58
Deferred Tax Liability	123.66	82.66	86.84	95.30	69.67	30.58
Current Liabilities	424.61	1,339.72	383.49	244.13	196.50	242.67
Provisions	71.83	166.67	90.28	45.43	19.16	13.52
<b>Total (D)</b>	<b>3,171.96</b>	<b>3,272.45</b>	<b>2,669.40</b>	<b>2,295.87</b>	<b>1,787.03</b>	<b>1,167.84</b>
<b>E. NET WORTH (A+B+C-D)</b>	<b>1,503.06</b>	<b>1,394.01</b>	<b>1,159.70</b>	<b>1,070.59</b>	<b>1,001.67</b>	<b>899.79</b>
<b>F. Net worth Represented By</b>		-				
Share Capital	421.08	421.08	421.08	421.08	421.08	421.08
Reserves & Surplus	1,109.64	972.93	738.62	649.51	584.70	486.93
	1,530.72	1,394.01	1,159.70	1,070.59	1,005.78	908.01
Less: Share issue expenses to be written off	27.66	-	-	-	4.11	8.22
<b>NET WORTH</b>	<b>1,503.06</b>	<b>1,394.01</b>	<b>1,159.70</b>	<b>1,070.59</b>	<b>1,001.67</b>	<b>899.79</b>

**ANNEXURE II**  
**SUMMARY PROFIT & LOSSES AS RESTATED**

(Rs. In lacs)

PARTICULARS	FOR / DURING THE YEAR / PERIOD ENDED					
	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>INCOME</b>	-					
<b>Gross Turnover</b>						
a) Domestic Sales						
- Own Manufactured goods	3,590.42	6,787.59	6,377.48	5,002.61	3,513.20	2,670.58
- Others	-	891.90	14.55	53.28	24.57	12.00
b) Export Sales	164.83	317.74	140.40	94.25	120.95	88.99
<b>Total</b>	<b>3,755.25</b>	<b>7,997.23</b>	<b>6,532.43</b>	<b>5,150.14</b>	<b>3,658.72</b>	<b>2,771.57</b>
Less: Central Excise Duty	528.86	961.11	927.78	727.68	492.46	405.91
<b>Net Turnover</b>	<b>3,226.39</b>	<b>7,036.12</b>	<b>5,604.65</b>	<b>4,422.46</b>	<b>3,166.26</b>	<b>2,365.66</b>
Other Income	8.92	5.63	6.11	2.43	5.04	3.56
Increase / (Decrease) in Stocks	146.13	(54.44)	43.84	104.37	11.75	50.25
<b>Total Income</b>	<b>3,381.44</b>	<b>6,987.31</b>	<b>5,654.60</b>	<b>4,529.26</b>	<b>3,183.05</b>	<b>2,419.47</b>
<b>EXPENDITURE</b>	-					
Raw Materials Consumed	1,805.73	4,063.94	3,045.20	2,402.69	1,546.81	1,271.10
Manufacturing Expenses	830.25	1,671.58	1,528.94	1,184.33	846.22	586.15
Administrative & General Expenses	94.77	179.70	171.01	148.34	107.09	112.20
Selling & Distribution Expenses	110.71	195.32	176.02	163.76	121.58	130.83
Interest & Financial Charges	80.89	162.23	132.81	111.84	93.66	37.26
Depreciation & Amortization	159.69	275.32	337.84	343.74	314.80	166.59
<b>Total Expenditure</b>	<b>3,082.05</b>	<b>6,548.09</b>	<b>5,391.82</b>	<b>4,354.70</b>	<b>3,030.16</b>	<b>2,304.13</b>
<b>Profit for the Period</b>	<b>299.39</b>	<b>439.22</b>	<b>262.78</b>	<b>174.56</b>	<b>152.89</b>	<b>115.34</b>
Exceptional / Extraordinary Items	(13.97)	(4.16)	(49.50)	2.78	(0.60)	(0.97)
<b>Profit Before Tax</b>	<b>285.42</b>	<b>435.06</b>	<b>213.28</b>	<b>177.34</b>	<b>152.29</b>	<b>114.37</b>
Provision for Tax						
- Current Year	58.00	155.00	84.62	39.30	15.43	10.67
- Earlier Years	0.45	1.92	-	-	-	-
- Deferred Tax Liability / (Assets)	41.00	(4.18)	(8.46)	25.62	39.09	30.58
<b>Net Profit After Taxation</b>	<b>185.97</b>	<b>282.32</b>	<b>137.12</b>	<b>112.42</b>	<b>97.77</b>	<b>73.12</b>
Less: Dividend & Tax thereon	49.26	48.01	48.01	47.61	-	-
<b>Retained Surplus after Dividends</b>	<b>136.71</b>	<b>234.31</b>	<b>89.11</b>	<b>64.81</b>	<b>97.77</b>	<b>73.12</b>
Surplus brought forward from previous year	846.82	612.51	523.40	458.59	360.82	287.70
<b>Net Surplus carried to Balance Sheet</b>	<b>983.53</b>	<b>846.82</b>	<b>612.51</b>	<b>523.40</b>	<b>458.59</b>	<b>360.82</b>

**ANNEXURE III**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

<b>A.</b>	<b>SIGNIFICANT ACCOUNTING POLICIES AS ON 30<sup>TH</sup> SEPTEMBER 2007</b>
1.	<p><b>ACCOUNTING CONCEPTS</b></p> <p>(i) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles and the Accounting Standards (AS) pronounced by the Institute of Chartered Accountants of India.</p> <p>(ii) The financial statements are prepared under the historical cost convention on the basis of a going concern with revenues recognised and expenses accounted on their accrual, unless otherwise specifically stated.</p>
2.	<p><b>SALES TURNOVER, DUTIES &amp; TAXES</b></p> <p>Sales Turnover is inclusive of excise duty payable by the company but excludes all other taxes realised from the customers on account of the Government. Excise Duty payable on sales is accounted for when the finished products are despatched from bonded premises.</p>
3.	<p><b>VALUATION OF INVENTORIES</b></p> <p>(i) Raw Materials, Packing Materials, Stores &amp; Spares and Consumables are valued at cost or market value, whichever is less, computed on FIFO basis.</p> <p>(ii) Finished Goods are valued at cost of manufacture or net realisable value, whichever is lower, and also includes the provision for Excise Duty likely to be payable upon despatch of the finished goods lying at the year-end in factory / bonded premises.</p>
4.	<p><b>EMPLOYEE BENEFITS</b> The Company has provided for its liability in respect of Bonus and Gratuity to employees on accrual basis as per the usual practice adopted by the Company. Pursuant to AS 15 (Revised) issued by ICAI, applicable from 1<sup>st</sup> April 2007, the liability for accumulated leave till the accounting period upto 30<sup>th</sup> September 2007 has been duly accounted for.</p>
5.	<p><b>FIXED ASSETS AND DEPRECIATION</b></p> <p>(i) Fixed assets are valued at cost, net of the Modvat Credit set-off, plus all other expenses specifically incurred in their procurement and installation at factory premises. The cost also includes preoperative expenses incurred during construction period, which are capitalised as per recognised accounting practices.</p> <p>(ii) Depreciation is provided for under written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956 (as amended) for all categories of eligible assets on a proportionate basis depending on the period of user.</p>
6.	<p><b>CONTINGENT LIABILITIES</b></p> <p>Contingent liabilities are not provided for, but disclosed by way of notes on accounts.</p>
7.	<p><b>FOREIGN CURRENCY TRANSACTION</b></p> <p>Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction. Any income or expense on account of exchange difference either on settlement or on transaction is recognised in the profit &amp; loss account.</p>
8.	<p><b>SHARE ISSUE EXPENSES</b></p> <p>Expenses in connection with issue of shares is shown as misc. expenses to be written off over a period of 5 years in equal instalments as per applicable provisions of IT Act 1961.</p>
<b>B.</b>	<b>NOTES TO RESTATED FINANCIAL STATEMENTS UPTO 30<sup>TH</sup> SEPT. 2007</b>
1.	<p>All the figures in rupees have been rounded off to the nearest lacs and have been regrouped/ rearranged, wherever necessary, to facilitate comparison.</p>
2.	<p>Pursuant to sales tax exemption and deferment certificate obtained by the company from the appropriate authority of Government of Karnataka in respect of expansion of its plant capacity under various incentive scheme(s), the company has provided for its sales tax liability in the books of account under the relevant provisions based on its own assessment, pending final assessment by the appropriate authority. Under Certificate No. BNG / DIC (U) / FAVC / IPO-2 / 24 / 2002-03 dt. 05/06/2002, the Company is entitled to get overall tax deferment of Rs. 202.78 Lacs, out of which a credit of Rs. 180.93 Lacs has been availed up to 30<sup>th</sup> September 2007. The deferred tax credits have been shown under the head "Unsecured Loans", and are repayable after expiry of a period of 7 years from 28.12.2001 in 3 yearly installments.</p>

3.	Capital commitment outstanding as on 30 <sup>th</sup> September 2007 – Rs. 149.71 Lacs. Advances against the same as on 30 <sup>th</sup> September 2007 – Rs. 50.61 Lacs. Net commitment outstanding as on 30 <sup>th</sup> September 2007 – Rs. 99.10 Lacs.
4.	As the Company's business activity falls within a single primary business segment viz. "Manufacturing of PET / Plastics Containers", the disclosure requirement of AS 17 "Segment Reporting", issued by ICAI are not applicable.
5.	<b>Securities offered by the Company against Secured Loans:</b> The Company has been sanctioned overall credit limits of Rs. 5660 lacs from State Bank of India, IFB, Bangalore, comprising of Cash Credit limit of Rs. 2200 lacs, Term Loan (I) of Rs. 740 lacs, Term Loan (II) of Rs. 600 lacs, Term Loan (III) of Rs. 1800 lacs, Letter of Credit limit of Rs. 300 lacs and Bank Guarantee limit of Rs. 20 lacs, on various terms and conditions, including inter alia, securities against credit limits to the extent mentioned hereunder: A. First Charge by way of Equitable Mortgage / Hypothecation of the entire immovable and movable properties besides extension of charge over current assets of the company located at: (i) Plot 143C5, Bommasandra (KIADB) Industrial Area, Bangalore; (ii) Plot 60E, Bommasandra (KIADB) Industrial Area, Bangalore; and (iii) Residential Property at # 221, Ranka Paradise, Primrose Road, Bangalore. B. First Charge by way of Hypothecation of the entire current assets and receivables of the Company, both present and future, besides extension of charge over fixed assets; and C. Personal Guarantee by the Promoter Directors of the Company.
6.	<b>Material developments arising out of resolutions passed at the company's extraordinary general meeting and the board meeting held on 16<sup>th</sup> March 2007:</b> (a) Increase in company's authorised share capital from Rs. 5 crores to Rs. 15 crores. (b) Power to the Board to borrow / mortgage the company's assets in favour of lenders. (c) Reappointment and increase in remuneration of MD and ED w.e.f. 1 <sup>st</sup> April 2007

**7. Particulars of Remuneration to Managing Director and Executive Director: (Rs. in Lacs)**

Items	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Vimal Kedia, MD	4.50	4.05	3.75	2.94	2.22	2.16
Surendra Kedia, ED	4.20	3.81	3.51	2.70	1.98	1.92
Monetary value of perks	0.88	1.31	1.91	1.20	1.13	0.73
<b>Total</b>	<b>9.58</b>	<b>9.17</b>	<b>9.17</b>	<b>6.84</b>	<b>5.33</b>	<b>4.81</b>

The remuneration / perks have been allowed pursuant to requisite approvals of the Board of Directors and the members of the company under the provisions of Sections 269, 198(4), and 309(3) read with Schedule XIII of the Companies Act, 1956 (as amended).

**8. Pursuant to AS 22 issued by the Institute of Chartered Accountants of India, the company has provided for / (reversed) the provision for deferred tax in the books of accounts as shown hereunder:**

**(Rs. In Lacs)**

Items	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
a) Deferred tax liability: - Depreciation	41.00	(6.87)	(7.83)	26.50	39.41	31.62
b) Deferred tax assets: - Provision for Gratuity	0	(2.69)	0.63	0.88	0.32	1.04
<b>Net Deferred Tax (a-b)</b>	<b>41.00</b>	<b>(4.18)</b>	<b>(8.46)</b>	<b>25.62</b>	<b>39.09</b>	<b>30.58</b>

**9. Particulars of Payments made to the Statutory Auditors: (Rs. In Lacs)**

Items	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Statutory Audit Fees	0	1.02	1.02	0.91	0.81	0.70
Tax Audit Fees	0	0.34	0.34	0.30	0.27	0.27
Fees for Certification and other services	2.17	0.83	0.80	0.63	0.56	0.34
<b>Total</b>	<b>2.17</b>	<b>2.19</b>	<b>2.16</b>	<b>1.84</b>	<b>1.64</b>	<b>1.31</b>

# Manjushree Extrusions Limited

## ANNEXURE IV

### STATEMENT OF CASH FLOWS AS RESTATED

(Rs. In lacs)

PARTICULARS	FOR / DURING THE YEAR / PERIOD ENDED					
	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>A. Cash Flow from Operating Activities</b>						
Net Profit before Interest & Income Tax	380.29	601.45	395.59	286.41	246.55	152.61
Adjustments (Net) for :						
Misc. Expenditure written off	-	-	-	4.11	4.11	4.11
Depreciation	159.69	275.32	337.84	339.63	310.70	162.48
Interest Income	(6.17)	(0.53)	(0.48)	(0.39)	(1.53)	(1.03)
<b>Operating profit before working capital changes</b>	<b>533.81</b>	<b>876.24</b>	<b>732.96</b>	<b>629.76</b>	<b>559.82</b>	<b>318.17</b>
Adjustments (Net) for :						
Trade and other receivables	(136.83)	(50.32)	(99.91)	(185.03)	(270.84)	25.64
Inventories	(228.04)	10.46	(58.38)	(150.59)	(128.52)	(148.87)
Trade Payable	(1,009.95)	1,032.62	184.21	73.89	(40.52)	66.71
<b>Cash generated from operations</b>	<b>(841.01)</b>	<b>1,869.00</b>	<b>758.87</b>	<b>368.03</b>	<b>119.94</b>	<b>261.64</b>
Taxes Paid	58.45	156.92	84.62	39.30	15.43	10.67
<b>Cash Flow before extraordinary items</b>	<b>(899.46)</b>	<b>1,712.08</b>	<b>674.25</b>	<b>328.73</b>	<b>104.51</b>	<b>250.97</b>
Exceptional / Extraordinary Items	(13.97)	(4.16)	(49.50)	2.78	(0.60)	(0.97)
<b>Net Cash Flow from Operating Activities</b>	<b>(913.43)</b>	<b>1,707.92</b>	<b>624.75</b>	<b>331.51</b>	<b>103.90</b>	<b>250.00</b>
<b>B. Cash Flow from Investing Activities</b>						
Purchase of Fixed Assets (Net)	(340.27)	(519.60)	(524.00)	(461.81)	(639.65)	(662.90)
Misc. Expenditure - Share Issue Expenses	(27.66)	-	-	-	-	-
Investments / Redemption of Investments	-	-	-	4.10	-	-
Loans & Advances (Net)	319.73	(348.93)	(88.96)	(124.58)	(23.59)	9.32
Interest received	6.17	0.53	0.48	0.39	1.53	1.03
<b>Net Cash Flow from Investing Activities</b>	<b>(42.03)</b>	<b>(868.00)</b>	<b>(612.48)</b>	<b>(581.90)</b>	<b>(661.71)</b>	<b>(652.55)</b>
<b>C. Cash Flow from Financing Activities</b>						
Proceeds from Borrowings (Net)	868.47	(425.39)	197.78	409.30	620.63	466.83
Interest Paid	(80.89)	(162.23)	(132.81)	(111.84)	(93.66)	(37.26)
Dividend & Tax thereon paid	(49.26)	(48.01)	(48.01)	(47.61)	-	-
<b>Net Cash Flow from Financing Activities</b>	<b>738.32</b>	<b>(635.63)</b>	<b>16.96</b>	<b>249.85</b>	<b>526.97</b>	<b>429.57</b>
Net increase/(decrease) in cash & cash equivalents	(217.14)	204.29	29.23	(0.54)	(30.83)	27.02
Cash & cash equivalents at beginning of the year	268.48	64.19	34.96	35.50	66.33	39.32
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>51.34</b>	<b>268.48</b>	<b>64.19</b>	<b>34.96</b>	<b>35.50</b>	<b>66.33</b>

**ANNEXURE V**  
**AGE-WISE ANALYSIS OF SUNDRY DEBTORS**

(Rs. In lacs)

PARTICULARS	As at					
	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>Less than Six Months</b>						
Receivables from Promoters group	-	-	-	-	-	-
Receivable from Others	1,032.40	882.19	806.03	754.87	583.83	315.46
<b>More than Six Months</b>						
Receivables from Promoters group	-	-	-	-	-	-
Receivable from Others	38.97	52.35	78.19	29.39	15.40	12.92
<b>Total</b>	<b>1,071.37</b>	<b>934.54</b>	<b>884.22</b>	<b>784.26</b>	<b>599.23</b>	<b>328.38</b>

**ANNEXURE VI**  
**DETAILS OF LOANS & ADVANCES**

(Rs. In lacs)

PARTICULARS	AS AT					
	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Receivable from Promoters	-	-	-	-	-	-
Receivable from Group Companies	-	-	-	-	-	-
Receivables from Others	410.91	730.64	381.71	292.80	168.23	144.63
<b>Total</b>	<b>410.91</b>	<b>730.64</b>	<b>381.71</b>	<b>292.80</b>	<b>168.23</b>	<b>144.63</b>

**ANNEXURE VII**  
**DETAILS OF SECURED LOANS**

(Rs. In lacs)

PARTICULARS	AS AT					
	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Term Loan - SBI, IFB Branch, B'lore	637.68	753.91	957.73	852.25	735.00	453.39
Cash Credit - SBI, IFB Branch, B'lore	960.34	83.07	810.35	769.77	600.69	267.10
<b>Total</b>	<b>1,598.02</b>	<b>836.98</b>	<b>1,768.08</b>	<b>1,622.02</b>	<b>1,335.69</b>	<b>720.49</b>
<b>Notes:</b>						
The credit facilities from State Bank of India, IFB, Bangalore are secured by a first charge by way of equitable mortgage / hypothecation over company's entire movable & immovable properties, current assets and receivables, both present and future, and personal guarantee of promoter directors.						



## Manjushree Extrusions Limited

### **ANNEXURE VIII** **DETAILS OF UNSECURED LOANS**

(Rs. In lacs)

PARTICULARS	AS AT					
	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Sales Tax Deferral Scheme	180.93	180.93	170.93	111.43	4.39	-
ICICI Bank Vehicle Loans	-	1.62	4.16	6.94	-	-
Interest Free Unsecured Loans from:						
- Companies under same management	704.46	617.37	165.62	170.62	161.62	160.58
- Directors	68.45	46.50	-	-	-	-
<b>Total</b>	<b>953.84</b>	<b>846.42</b>	<b>340.71</b>	<b>288.99</b>	<b>166.01</b>	<b>160.58</b>

#### **Notes:**

1. There is no fixed repayment schedule of interest free unsecured loans from Companies under the same management and from promoter directors of the Company.
2. Deferred Sales tax liability is repayable after expiry of a period of 7 years from 28.12.2001 in 3 equal yearly instalments pursuant to applicable scheme.

### **ANNEXURE IX** **STATEMENT OF OTHER INCOME**

(Rs. In lacs)

PARTICULARS	FOR / DURING THE YEAR / PERIOD ENDED					
	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Interest Income	6.64	1.01	0.48	0.38	1.54	1.03
Profit on Sale of Fixed Assets	-	0.05	0.34	0.13	-	-
Miscellaneous receipts	0.54	1.92	1.35	0.43	3.50	2.53
Discount & Trade rebate received	1.54	0.51	-	0.72	-	-
Insurance Claims received	-	0.56	2.50	0.77	-	-
Loading Charges	-	1.49	1.38		-	-
Notice Pay	0.20	0.09	0.06		-	-
<b>Total</b>	<b>8.92</b>	<b>5.63</b>	<b>6.11</b>	<b>2.43</b>	<b>5.04</b>	<b>3.56</b>

**ANNEXURE X**  
**STATEMENT OF CONTINGENT LIABILITIES**

(Rs. In lacs)

PARTICULARS	AS AT					
	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
1. Guarantees given by the Bankers for various purposes of the Company						
- Total Contingent Liability	13.65	13.65	18.03	6.03	6.03	6.03
- Margin Deposited	2.73	2.73	3.61	1.21	1.21	1.21
- Net Contingent Liability	10.92	10.92	14.42	4.82	4.82	4.82
2. L.C opened with Bank outstanding						
- Total Contingent Liability	23.04	897.86	10.90	-	-	271.95
- Margin Deposited	4.62	224.46	2.18	-	-	55.39
- Net Contingent Liability	18.42	673.40	8.72	-	-	216.56
3. Disputed IT Assessment Demand for AY 2002-03						
- Total Contingent Liability	-	5.70	-	-	-	-
- Amount Deposited	-	2.00	-	-	-	-
- Net Contingent Liability	-	3.70	-	-	-	-
4. Disputed IT Penalty demand for AY 2002-03						
- Total Contingent Liability	-	5.00	-	-	-	-
- Amount Deposited	-	-	-	-	-	-
- Net Contingent Liability	-	5.00	-	-	-	-
5. Disputed Liability toward Customs Duty						
- Total Contingent Liability	2.86	2.86	2.86	2.86	2.86	2.86
- Amount Deposited	-	-	-	-	-	-
- Net Contingent Liability	2.86	2.86	2.86	2.86	2.86	2.86
6. Disputed Penalty Demand raised by Commercial Tax Department under Karnataka Tax on Entry of Goods Act in respect of AY 1995-96 to 1997-98						
- Total Contingent Liability	-	-	2.10	2.10	2.10	2.10
- Amount Deposited	-	-	1.05	1.05	1.05	1.05
- Net Contingent Liability	-	-	1.05	1.05	1.05	1.05
<b>Total of Contingent Liabilities</b>	<b>39.55</b>	<b>925.07</b>	<b>33.89</b>	<b>10.99</b>	<b>10.99</b>	<b>282.94</b>
<b>Total of Amounts / Margins deposited</b>	<b>7.35</b>	<b>229.19</b>	<b>6.84</b>	<b>2.26</b>	<b>2.26</b>	<b>57.65</b>
<b>Total of net Contingent Liability</b>	<b>32.20</b>	<b>695.88</b>	<b>27.05</b>	<b>8.73</b>	<b>8.73</b>	<b>225.29</b>

# Manjushree Extrusions Limited

## ANNEXURE XI

### STATEMENT OF FINANCIAL RATIOS AS RESTATED

(Rs. In lacs)

PARTICULARS	AS AT					
	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Net Profit After Tax (Rs. In Lacs)						
- After exceptional/extraordinary items	185.97	282.33	137.12	112.42	97.77	73.12
- Exceptional / Extraordinary Items	(13.97)	(4.16)	(49.50)	2.78	(0.60)	(0.97)
- Before exceptional/extraordinary items	199.94	286.49	186.62	109.64	98.37	74.09
Share Capital (Rs. In Lacs)	421.08	421.08	421.08	421.08	421.08	421.08
Net Worth (Rs. In Lacs)	1,503.06	1,394.01	1,159.70	1,070.59	1,001.67	899.79
<b>Accounting Ratios</b>	-					
Earnings per share-Unannualised (Rs.)						
- After exceptional/extraordinary items	4.42	6.70	3.26	2.67	2.32	1.74
- Before exceptional/extraordinary items	4.75	6.80	4.43	2.60	2.34	1.76
Net Asset value per share (Rs.)	35.70	33.11	27.54	25.42	23.79	21.37
Return on Net Worth - Annualised (%)	24.75%	20.25%	11.82%	10.50%	9.76%	8.13%
Weighted average number of equity shares in the period (in Nos.)	4,210,800	4,210,800	4,210,800	4,210,800	4,210,800	4,210,800

#### Notes:

- Net worth means Equity Share Capital + Reserve & Surplus - Misc. Expenditure yet to be written off.
- The ratios have been computed as below :
  - Earnings per share (Rs.) = 
$$\frac{\text{Net profit attributable to equity shareholders}}{\text{Equity shares outstanding at the end of the year}}$$
  - Net Asset Value per share (Rs.) = 
$$\frac{\text{Net Worth excluding revaluation reserve at the end of the year}}{\text{Equity shares outstanding at the end of the period}}$$
  - Return on Net Worth (%) = 
$$\frac{\text{Net profit attributable to equity shareholders}}{\text{Net Worth excluding revaluation reserve at the end of the year}}$$
- The earning per share is calculated in accordance with the Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India

**ANNEXURE XII**  
**CAPITALISATION STATEMENT**

(Rs. In lacs)

Particulars	Pre-issue as at		Post issue
	31.03.07	30.09.07	
<b>A. Long Term Debts</b>			
- Term Loans	753.91	637.68	2,437.68
- Unsecured Loans			
• From Companies under the same management	617.37	704.46	-
• From Directors	46.50	68.45	-
- Sales Tax Deferral	180.93	180.93	180.93
- Vehicle Loans	1.62	-	-
<b>Total (A)</b>	<b>1,600.33</b>	<b>1,591.52</b>	<b>2,618.61</b>
<b>B. Short Term Debts</b>			
- Working Capital Loans	83.07	960.34	960.34
- Current liabilities & Provisions	1,506.38	496.44	496.44
<b>Total (B)</b>	<b>1,589.45</b>	<b>1,456.78</b>	<b>1,456.78</b>
<b>Total (A+B)</b>	<b>3,189.78</b>	<b>3,048.30</b>	<b>4,075.39</b>
<b>C. Shareholder's Funds</b>			
- Share Capital	421.08	421.08	1,354.77
- Reserves & Surplus (net of Misc. expenditure)	972.93	1,081.98	3,432.29
<b>Total (C)</b>	<b>1,394.01</b>	<b>1,503.06</b>	<b>4,787.06</b>
<b>Total Debt / Total Shareholders' Funds (Ratio)</b>	<b>2.29</b>	<b>2.03</b>	<b>0.85</b>
<b>Long Term debt / Total Shareholder' Funds (Ratio)</b>	<b>1.15</b>	<b>1.06</b>	<b>0.55</b>

**Note :**

- For post issue capitalisation statement, effect has been given to the following proposed means of financing the project as advised by the company:

(Rs. in Lacs)

- Term loan	1,800.00
- Share Capital	933.69
- Share Premium	2,636.31
<b>Total</b>	<b>5,370.00</b>
- Misc. Expenditure (Share Issue expenses)	<b>(286.00)</b>

- Unsecured Loans from companies under the same management and from Directors are proposed to be repaid as approved by company's bankers for the purpose of contribution to the proposed rights issue of shares by the company, hence the same are shown to have been repaid for the purpose of the post-issue capitalisation statement above.
- All other figures have been taken as constants.

## Manjushree Extrusions Limited

### ANNEXURE XIII

#### STATEMENT OF TAX SHELTER

(Rs. In lacs)

PARTICULARS	FOR THE PERIOD ENDED					
	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
A. Profit before tax as per Books	285.42	435.05	213.28	177.34	152.29	114.37
B. Tax Rate (%)	33.99%	33.66%	33.66%	36.59%	35.88%	36.75%
C. Tax as per actual rate on Book Profits	97.02	146.44	71.79	64.89	54.63	42.03
<b>Adjustments</b>						
D. Permanent Differences						
Profit / loss on sale of assets	-	(0.05)	-	(0.13)	-	-
Deduction U/S 80HHC	-	-	-	-	(0.40)	(0.45)
Other Deduction	-	-	-	-	-	0.01
Disallowance of donations	-	0.13	0.08	0.20	0.08	0.03
Total (D)	-	0.08	0.08	0.07	(0.32)	(0.42)
E. Timing Differences						
Difference between IT & Book Depreciation	(121.00)	20.43	23.25	(72.43)	(109.85)	(86.06)
Unpaid Gratuity	-	(8.00)	1.87	2.40	0.89	1.15
Total (E)	(121.00)	12.42	25.12	(70.03)	(108.96)	(84.91)
F. Net adjustments ( D+E)	(121.00)	12.50	25.21	(69.96)	(109.28)	(85.34)
G. Tax expense / (saving) at applicable rate	(41.13)	4.21	8.48	(25.60)	(39.20)	(31.36)
H. Taxable Income as per IT Act (A+F)	164.42	447.55	238.49	107.38	43.01	29.03
<b>I. Total Tax as per IT Act (C+G)</b>	<b>55.89</b>	<b>150.65</b>	<b>80.27</b>	<b>39.29</b>	<b>15.43</b>	<b>10.67</b>

### ANNEXURE XIV

#### STATEMENT OF INVESTMENT

(Rs. In lacs)

PARTICULARS	AS AT					
	30.09.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Nabard Capital Gains Bonds	-	-	-	-	4.10	4.10
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.10</b>	<b>4.10</b>

**ANNEXURE XV**

**DETAILS OF DIVIDEND PAID**

<b>PARTICULARS</b>	<b>FOR / DURING THE YEAR / PERIOD ENDED</b>					
	<b>30.09.07</b>	<b>31.03.07</b>	<b>31.03.06</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.03</b>
Number of Equity Shares	4,210,800	4,210,800	4,210,800	4,210,800	4,210,800	4,210,800
Face value Per Share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Paid up Value Per Share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Rate of Dividend ( as a %)	10%	10%	10%	10%	-	-
Dividend per share (Rs.)	1.00	1.00	1.00	1.00	-	-
Total Dividend Paid ( Rs. in Lacs)	42.11	42.11	42.11	42.11	-	-
Corporate Dividend Tax (Rs. in Lacs)	7.15	5.91	5.91	5.51	-	-

Note: All the above dividends have been declared / paid as interim dividends.

# Manjushree Extrusions Limited

## **ANNEXURE XVI**

### **RELATED PARTY TRANSACTIONS PURSUANT TO AS-18**

#### **A. Name of the related parties**

<b>Key Management Personnel</b>	<b>Relatives/HUF of key management personnel</b>
Shri Vimal Kedia	Smt. Anchi Devi Kedia
Shri Surendra Kedia	Mr. Rajat Kedia
Smt. Savita Kedia	Smt. Nidhi Kedia
Smt. Sashi Kedia	Mr. Ankit Kedia
	Miss Vrinda Kedia
<b><u>Associate Concerns:</u></b>	Miss Shruti Kedia
Manjushree Fincap Pvt. Ltd (MFPL)	Master Vedant Kedia
Shruti Financial Services Pvt. Ltd (SFSPL)	Vimal Kumar Kedia & Sons HUF
Mphinite Solutions Pvt. Ltd (MSPL)	Surendra Kumar Kedia & Sons HUF
Mphinite Technologies Pvt. Ltd (MTPL)	Jaigovind Kedia & Sons HUF
	Jaigovind Vimal Kumar HUF

#### **B. Transactions with related parties:**

(Rs. In lacs)

<b>PARTICULARS</b>	<b>AS AT</b>					
	<b>30.09.07</b>	<b>31.03.07</b>	<b>31.03.06</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.03</b>
<b><u>I. Key Managerial Personnel</u></b>						
Remuneration Paid	8.70	7.86	7.26	5.64	4.20	4.08
Monetary Value of Perquisites	0.88	1.31	1.91	1.20	1.13	0.73
Lease Rent paid	6.00	12.00	12.00	6.00	-	-
<b><u>Interest free Unsecured Loans</u></b>						
- Opening Balance	46.50	-	-	-	-	-
- Availed during the year	73.45	70.50	-	-	-	-
- Repaid during the year	51.50	24.00	-	-	-	-
- Closing Balance	68.45	46.50	-	-	-	-
<b><u>II. Associate Concerns</u></b>						
<b><u>Interest free Unsecured Loans</u></b>						
- Opening Balance	617.37	165.62	170.62	161.62	160.58	100.59
- Availed during the year	135.80	467.75	40.25	30.65	3.40	83.70
- Repaid during the year	48.71	16.00	45.25	21.65	2.36	23.71
- Closing Balance	704.46	617.37	165.62	170.62	161.62	160.58



## 2. FINANCIAL AND OTHER INFORMATION OF COMPANIES/ FIRMS PROMOTED / CONTROLLED BY PROMOTERS

### 1. Shruti Financial Services Private Limited

The Company was incorporated on 28<sup>th</sup> June, 1995 under the name and style of Shruti Financial Services Private Limited having its registered office is at S.R.C.B. Road, Guwahati - 781001 (Assam). The company shifted its registered office to 143-C5, Bommasandra Industrial Area, Hosur Road, Bangalore-560 009 (Karnataka) wef June 5<sup>th</sup>, 2003, subject to requisite regulatory approvals.

The promoters of the company are Mr. Vimal Kedia and Mr. Surendra Kedia.

The main objects of the company are stated as under:

To carry on the business of merchant bankers in all its aspects, to act as managers to issues and offers, whether by way of public offer or otherwise, of shares, stocks, debentures, bonds, units, participation certificates, deposit certificates, notes bills, warrants or any other instrument whether or not transferable or negotiable, commercial or other papers or scrips (hereinafter collectively referred to as "securities"), to act as agents of and/ or dealers in the securities in the course of merchant banking business, to act as discount house for any of the securities, to act as financial consultants, advisors and counselors in investment and capital markets, to underwrite, sub-underwrite or provide standby procurement arrangements, to issue guarantees or to give any other commitments for subscribing or agreeing to subscribe or procure or agree to procure subscription for the securities, to manage portfolio investments, to provide financial and investment assistance for the purposes herein, to act as issue house, registrars to issue, transfer agents for the securities, to manage and administer computer centres and clearing houses for the securities, to form syndicates or consortia of managers, agents and purchasers for or of any of the securities, to acts as brokers, dealers and agents of or in connection with the securities, bullions and precious metals, to syndicate any financial arrangement whether in domestic market or in international market and whether by way of loans guarantees export and yard credits; to undertake the work of factoring of bills and other commercial papers, and to arrange and/or coordinate documentation and negotiation in this regard.

#### Board of Directors:

Directors	Designation
Mr. Vimal Kedia	Director
Mr. Surendra Kedia	Director
Smt. Sashi Kedia	Director

#### Shareholding Pattern as on 31<sup>st</sup> March, 2007 (equity share of Rs. 10/- each)

Shareholder	No. of Shares	Percentage
<b>Promoters Group</b>		
Vimal Kedia	2,500	0.13
Surendra Kedia	2,500	0.13
Surendra Kr. Kedia (HUF)	8,000	0.40
Jai Govind Vimal Kr. (HUF)	20,000	1.01
Vimal Kr. Kedia (HUF)	6,500	0.33
Jai Govind Kedia (HUF)	3,500	0.18
Anchi Devi Kedia	36,000	1.82
Savita Kedia	2,500	0.13
<b>Other Shareholders</b>		
Chajulal Agarwal	15,000	0.76
Keshardev Sharma	10,000	0.50
Jitendra Prasad Sharma	10,000	0.50
Narendra Dev Sharma & Sons	25,000	1.26

## Manjushree Extrusions Limited

Shareholder	No. of Shares	Percentage
Synthico Marketing Pvt. Ltd.	20,000	1.01
Sweety Holding Pvt. Ltd.	40,000	2.02
Benko Traders Pvt. Ltd	30,000	1.51
Mapra Consultancy Services Pvt. Ltd.	40,000	2.02
Purpanchal Gas Systems & Projects Pvt. Ltd.	50,000	2.52
Clam Commodities Pvt. Ltd	10,000	0.50
Alpar Vinimay Pvt. Ltd	10,000	0.50
G.J. Agencies Pvt. Ltd	30,000	1.51
Jemtec Engineering Pvt. Ltd	20,000	1.01
Jainex India Pvt. Ltd	1,85,000	9.34
Leonard Emporium Pvt. Ltd	1,10,000	5.55
Seminary Goods & Supplies Pvt. Ltd	60,000	3.03
Purvaja Tie-Up Pvt. Ltd	90,000	4.54
Spam Merchants Pvt. Ltd	30,000	1.51
Tinisha Overseas Pvt. Ltd	30,000	1.51
Jewel Rock Barter Pvt. Ltd	80,000	4.04
M/s Foolwati Emporium Pvt. Ltd	1,35,000	6.81
Arham Enterprises Pvt. Ltd	50,000	2.52
Arham Finance Pvt. Ltd	70,000	3.53
Arham Securities Pvt. Ltd	60,000	3.03
Battle Vayapaar Pvt. Ltd	80,000	4.04
BLB Securities Pvt. Ltd	40,000	2.02
Copcoan Vayapaar Pvt. Ltd	1,00,000	5.05
Mirik Vinimay Pvt. Ltd	1,00,000	5.05
Nutshel Holdings Pvt. Ltd	70,000	3.53
Senex Marketing Pvt. Ltd	1,00,000	5.05
Siddhanth Securities Pvt. Ltd	20,000	1.01
Avilax Exports Pvt. Ltd.	1,00,000	5.05
Clubside Dealcom Pvt. Ltd.	80,000	4.04
<b>Total</b>	<b>19,81,500</b>	<b>100.00</b>

### Financial Performance:

The Financial highlights for the last three years are as follows:

Rs. In lacs

Particulars	FY ended 31.03.07	FY ended 31.03.06	FY ended 31.03.05
Total Income	10.24	17.41	0.91
Net Profit / (Loss) after Tax	8.71	16.97	0.061
Equity Share capital	198.15	180.15	180.15
Reserves (Excluding revaluation Reserves)	131.63	32.91	15.94
Earning Per Share (Rs)	0.43	0.94	0.034
Net Asset Value ( Rs)	16.64	11.83	10.89

The Company is not a listed Company. The Company has not become sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is not under winding up. The Company has not made any loss in the immediately preceding financial year.

There is no outstanding litigation, defaults or suits against the Company and there is no default in meeting any of Statutory/ Bank/Industrial dues. No proceedings have been initiated for economic offences against the Company.

### 2. Manjushree Fincap Private Limited:

The Company was incorporated on 13<sup>th</sup> December, 1994 under the name and style of Manjushree Fincap Private Limited having its registered office at S.R.C.B. Road, Guwahati - 781 001 (Assam). The company shifted its registered office to 143-C5, Bommasandra Industrial Area, Hosur Road, Bangalore-560 009 (Karnataka) in the year 2003.

The promoters of the company are Mr. Vimal Kedia and Mr. Surendra Kedia.

The main objectives of the company are as under:

To carry on the business of merchant bankers in all its aspects, to act as managers to issues and offers, whether by way of public offer or otherwise, of shares, stocks, debentures, bonds, units, participation certificates, deposit certificates, notes bills, warrants or any other instrument whether or not transferable or negotiable, commercial or other papers or scrips (hereinafter collectively referred to as "securities"), to act as agents of and/ or dealers in the securities in the course of merchant banking business, to act as discount house for any of the securities, to act as financial consultants, advisors and counselors in investment and capital markets, to underwrite, sub-underwrite or provide standby procurement arrangements, to issue guarantees or to give any other commitments for subscribing or agreeing to subscribe or procure or agree to procure subscription for the securities, to manage portfolio investments, to provide financial and investment assistance for the purposes herein, to act as issue house, registrars to issue, transfer agents for the securities, to manage and administer computer centres and clearing houses for the securities, to form syndicates or consortia of managers, agents and purchasers for or of any of the securities, to acts as brokers, dealers and agents of or in connection with the securities, bullions and precious metals, to syndicate any financial arrangement whether in domestic market or in international market and whether by way of loans guarantees export and yard credits; to undertake the work of factoring of bills and other commercial papers, and to arrange and/or coordinate documentation and negotiation in this regard.

### Board of Directors

Directors	Designation
Mr. Vimal Kedia	Director
Mr. Surendra Kedia	Director
Smt Shashi Kedia	Director

## Manjushree Extrusions Limited

Shareholding Pattern as on 31<sup>st</sup> March, 2007 (equity share of Rs. 10/- each)

Shareholder	No. of Shares	Percentage
<b>Promoters Group</b>		
Vimal Kedia	2,400	0.12
Surendra Kedia	2,400	0.12
<b>Other Shareholders</b>		
Shankar Lal Agarwal	10,000	0.50
Manju Agarwal	10,000	0.50
M/s Narendra Deo Sharma & Sons (HUF)	20,000	1.00
Kedar Mal Sharma	20,000	1.00
M/s Keshardeo Subhash Chand (HUF)	25,000	1.25
Rama Consultancy Company (P) Ltd	30,000	1.50
Ramjilal Prahalad Roy Trade (P) Ltd	20,000	1.00
Mapra Consultancy Service (P) Ltd	1,15,000	5.80
Synthico Marketing (P) Ltd	1,20,000	6.02
Ramshila Enterprises (P) Ltd	30,000	1.50
Sweety Trade & Agency (P) Ltd	25,000	1.25
Benko Traders (P) Ltd	25,000	1.25
Kamlesh Mercantile Credit (P) Ltd	30,000	1.50
Tirumala Holding (P) Ltd	15,000	0.75
Sweety Vanijya Viniyog (P) Ltd	20,000	1.00
S.K.Mercantile Credit (P) Ltd	35,000	1.75
Govgay Electro Trades (P) Ltd	10,000	0.50
Udippuria Commercial (P) Ltd	20,000	1.00
I.R. Marketing (P) Ltd	60,000	3.01
Cobol Marketing & Consultancy (P) Ltd	40,000	2.00
Jumbo Electronic (P) Ltd	35,000	1.75
Seminary Goods & Supplies (P) Ltd	1,00,000	5.01
Neucleus Traders (P) Ltd	95,000	4.76
Jewelrock Barker (P) Ltd	1,75,000	8.80
Apurva Finance (P) Ltd	1,00,000	5.01
Arham Enterprises (P) Ltd	40,000	2.00
Arham Securities (P) Ltd	90,000	4.51
BLB Securities (P) Ltd	15,000	0.75
Falcon Holding (P) Ltd	1,00,000	5.01
Arham Securities (P) Ltd	60,000	3.01
Jainex India Ltd	80,000	4.01
Kiron Securities (P) Ltd	50,000	2.51
Mahima Barters (P) Ltd	80,000	4.01
Ramoli Vincom (P) Ltd	1,30,000	6.52
Senex Marketing (P) Ltd.	50,000	2.51
Avilax Exports Pvt. Ltd.	50,000	2.51
Clubside Dealcom Pvt. Ltd.	25,000	1.25
Emkay Merchandise Pvt. Ltd.	15,000	0.75
Singrodia Bros Holdings Pvt. Ltd.	20,000	1.00
<b>Total</b>	<b>19,94,800</b>	<b>100.00</b>

### Financial Performance:

The Financial highlights for the last three years are as follows:

Rs. In Lacs

Particulars	FY ended 31.03.07	FY ended 31.03.06	FY ended 31.03.05
Total Income	18.05	19.60	0.966
Net Profit / (Loss) after Tax	16.64	19.12	0.058
Equity Share capital	199.48	188.48	1,88.48
Reserves (Excluding revaluation Reserves)	105.85	34.21	15.08
Earning Per Share (Rs)	0.83	1.01	0.003
Net Asset Value ( Rs)	15.30	11.82	10.80

Manjushree Fincap Private Limited is holding 20.88% in the issuer Company. The Company has made the said investments in the Company in the years 1995 and 2002 and the funds were deployed out of the Equity and reserve capital of Manjushree Fincap Private Limited.

The Company is not a listed Company. The Company has not become sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is not under winding up. The Company has not made any loss in the immediately preceding financial year.

There is no outstanding litigation, defaults or suits against the Company and there is no default in meeting any of Statutory/ Bank/Industrial dues. No proceedings have been initiated for economic offences against the Company.

### 3. Hitech Creations Private Limited

The Company was originally incorporated on 5<sup>th</sup> August, 1988 under the name and style of Hitech Creations Private Limited with its registered office at Bardoloinagar, Opp. Arunachal I.B, Tinsukia. The company shifted its registered office to # 67, Mission Road, Bangalore-560027 (Karnataka) w.e.f. January 21<sup>st</sup>, 1992 subject to requisite regulatory approvals.

The original promoters of the company were Mr. Surendra Kumar Marda, Mr. Kailash Agarwal, and Mr. Pradip Kumar Munda. Mr. Pradip Kumar Munda tendered his resignation as Director with the effect from 7<sup>th</sup> November, 1988. Later Smt Sita Devi Marda was appointed as additional Director as on 9<sup>th</sup> June, 1994. Then Mr. Kailash Agarwal resigned as Director on 22<sup>nd</sup> July, 1996. In order to broad base the Board, Mr. Vimal Kedia and Smt. Savita Kedia were inducted as additional Directors on 14<sup>th</sup> August 1998. Mr. Surendra Kumar Marda and Smt. Sita Devi Marda resigned as Directors of the Company on 27<sup>th</sup> March, 1999. Mr. Surendra Kedia and Smt Sashi Kedia were appointed as additional Directors on 31<sup>st</sup> March, 2001. Mr. Rajat Kedia and Smt. Anchi Devi Kedia were appointed as additional Directors on 6<sup>th</sup> August, 2001. There after Mr. Vimal Kedia, Mr. Surendra Kedia, Smt. Sashi Kedia and Smt. Savita Kedia resigned as Directors of the Company on 10<sup>th</sup> August, 2001. Thereafter, Mr. Ankit Kedia was appointed as additional director on 30<sup>th</sup> July, 2002. Smt. Anchi Devi Kedia resigned as Director on 1<sup>st</sup> October, 2003. The present directors accordingly as on date are Mr. Rajat Kedia and Ankit Kedia.

### The Main objectives of the Company's are:

The company was originally engaged in the business of printers, Publishers, Book binders, machine rulers and other business activities incidental or allied to any of the above business.

The Company is now also engaged in the business of dealing in various trading items, shares and rendering of services for commission.

### Board of Directors:

Directors	Designation
Mr. Rajat Kedia	Director
Mr. Ankit Kedia	Director

## Manjushree Extrusions Limited

### Shareholding Pattern as on 31<sup>st</sup> March, 2007 (equity share of Rs. 10/- each)

Shareholder	No. of Shares	Percentage
<b>Promoters Group</b>		
Vimal Kedia	5,000	0.50
Savita Kedia	5,000	0.50
Rajat Kedia	200	0.02
Ankit Kedia	200	0.02
Surendra Kedia	5,000	0.50
Sashi Kedia	5,000	0.50
<b>Other Shareholders</b>		
Arham Enterprises (P) Ltd	20,000	2.01
Arham Credit Capital (P) Ltd	50,000	5.02
BLB Securities (P) Ltd	1,00,000	10.05
Kiran Securities (P) Ltd	1,00,000	10.05
Lohit Capital (P) Ltd	1,30,000	13.06
Nitu Investment (P) Ltd	1,00,000	10.05
Jumbo Electronic (P) Ltd	1,50,000	15.07
PLB Financial Services Ltd.	1,90,000	19.09
Prism Fincap (P) Ltd.	1,35,000	13.56
<b>Total</b>	<b>9,95,400</b>	<b>100.00</b>

### Financial Performance:

The Financial highlights for the last three years are as follows:

Rs. In Lacs

Particulars	FY ended 31.03.07	FY ended 31.03.06	FY ended 31.03.05
Total Income	25.87	28.60	23.43
Net Profit / (Loss) after Tax	10.41	12.95	(0.17)
Equity Share capital	99.54	99.54	99.54
Reserves (Excluding revaluation Reserves)	34.70	24.29	11.33
Earning Per Share (Rs)	1.05	1.30	Nil
Net Asset Value ( Rs)	13.48	12.44	11.14

The Company is not a listed Company. The Company has not become sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is not under winding up. The Company has not made any loss in the immediately preceding financial year.

There is no outstanding litigation, defaults or suits against the Company and there is no default in meeting any of Statutory/ Bank/Industrial dues. No proceedings have been initiated for economic offences against the Company.

### 4. Mphinite Solutions Private Limited:

The Company was incorporated on 5<sup>th</sup> August, 2005 under the name and style of Mphinite Solutions Private Limited with its registered office at 60-E, Bommasandra Industrial Area, Hosur Road, Bangalore-560 099. The promoters of the company are Mr. Vimal Kedia, Mr. Surendra Kedia and Mr. Rajat Kedia.

### The main object of the company are as under:

To carry on the business, in India and abroad, design, development, manufacture, researching, making, assembling, purchasing, selling, licensing products, importing, exporting, servicing and or maintenance of system and application software, technical

support in the field of design development, process and product engineering, digitizing, animation, robotics, mould and prototype development, information technology, biotechnology communication, information systems, electronic hardware components and/or peripherals and/or products for various platforms, products, technologies, software turnkey projects and sale of packaged software, business application and system software development, application service provider, data center, database administration, information network management, web design and hosting, quality assurance, quality audit, service bureau, telephone call support center and information technology related professional services including developing, trading, marketing, consultancy, service and support in the field of e-commerce, e-business and internet service; providing total solutions in the field of business/ aeronautical application software, engineering services, e-commerce, business software solution services, application services provider, information technology as applied to business systems including but not limited to consulting, customization, software development, products, software services, applications, related to hardware, software training, software maintenance and establishment, usage and application of relevant technologies.

**Board of Directors:**

Directors	Designation
Mr. Vimal Kedia	Director
Mr. Surendra Kedia	Director
Mr. Rajat Kedia	Director
Mr. Narendra Kumar Sarawgi	Director

**Shareholding Pattern as on 31<sup>st</sup> March, 2007 (Equity share of Rs. 10/- each)**

Shareholder	No. of Shares	Percentage
<b>Promoters Group</b>		
Vimal Kedia	5,000	2.04
Surendra Kedia	5,000	2.04
Rajat Kedia	5,000	2.04
<b>Other Shareholders</b>		
Avilax Exports Pvt. Ltd.	80,000	32.66
Rotomac Vinimay Pvt. Ltd.	75,000	30.61
Emkay Merchandise Pvt. Ltd.	75,000	30.61
<b>Total</b>	<b>2,45,000</b>	<b>100.00</b>

**Financial Performance:**

The Financial highlights for the last three years are as follows:

Rs. In Lacs

Particulars	FY ended 31.03.07	FY ended 31.03.06	FY ended 31.03.05
Total Income	8.55	2.40	NIL
Net Profit / (Loss) after Tax	0.76	0.07	NIL
Equity Share capital	24.50	1.50	NIL
Reserves (Excluding revaluation Reserves)	115.84	0.07	NIL
Earning Per Share (Rs)	0.31	0.50	NIL
Net Asset Value ( Rs)	57.28	10.54	NIL

The Company is not a listed Company. The Company has not become sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is not under winding up. The Company has not made any loss in the immediately preceding financial year.

There is no outstanding litigation, defaults or suits against the Company and there is no default in meeting any of Statutory/ Bank/Industrial dues. No proceedings have been initiated for economic offences against the Company.



## Manjushree Extrusions Limited

### 5. Mphinite Technologies Private Limited:

The Company was incorporated on 5<sup>th</sup> August, 2005 under the name Mphinite Technologies Private Limited with its registered office at 60-E, Bommasandra industrial Area, Hosur Road, Bangalore-560 099. The promoters of the company are Mr. Vimal Kedia, Mr. Surendra Kedia and Mr. Rajat Kedia.

#### The main objects of the company are as under:

To carry on the business, in India and abroad, design, development, manufacture, researching, making, assembling, purchasing, selling, licensing products, importing, exporting, servicing and or maintenance of system and application software, technical support in the field of design development, process and product engineering, digitizing, animation, robotics, mould and prototype development, information technology, biotechnology communication, information systems, electronic hardware components and/or peripherals and/or products for various platforms, products, technologies, software turnkey projects and sale of packaged software, business application and system software development, application service provider, data center, database administration, information network management, web design and hosting, quality assurance, quality audit, service bureau, telephone call support center and information technology related professional services including developing, trading, marketing, consultancy, service and support in the field of e-commerce, e-business and internet service; providing total solutions in the field of business/ aeronautical application software, engineering services, e-commerce, business software solution services, application services provider, information technology as applied to business systems including but not

limited to consulting, customization, software development, products, software services, applications, related to hardware, software training, software maintenance and establishment, usage and application of relevant technologies.

#### Board of Directors:

Directors	Designation
Mr. Vimal Kedia	Director
Mr. Surendra Kedia	Director
Mr. Rajat Kedia	Director
Mr. Narendra Kumar Sarawgi	Director

#### Shareholding Pattern as on 31<sup>st</sup> March, 2007(Equity share of Rs. 10/- each)

Shareholder	No. of Shares	Percentage
<b>Promoter Group</b>		
Vimal Kedia	5,000	2.04
Surendra Kedia	5,000	2.04
Rajat Kedia	5,000	2.04
<b>Other Shareholders</b>		
Avilax Exports Pvt. Ltd.	85,000	34.69
Rotomac Vinimay Pvt. Ltd.	55,000	22.44
Emkay Merchandise Pvt. Ltd.	90,000	36.75
<b>Total</b>	<b>2,45,000</b>	<b>100.00</b>

#### Financial Performance:

The Financial highlights for the last three years are as follows:

Rs. In Lacs

Particulars	FY ended 31.03.07	FY ended 31.03.06	FY ended 31.03.05
Total Income	38.86	28.00	NIL
Net Profit / (Loss) after Tax	8.08	2.73	NIL
Equity Share capital	24.50	1.50	NIL
Reserves (Excluding revaluation Reserves)	125.82	2.73	NIL
Earning Per Share (Rs)	3.30	18.25	NIL
Net Asset Value ( Rs)	61.36	28.25	NIL

The Company is not a listed Company. The Company has not become sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is not under winding up. The Company has not made any loss in the immediately preceding financial year.

There is no outstanding litigation, defaults or suits against the Company and there is no default in meeting any of Statutory/ Bank/Industrial dues. No proceedings have been initiated for economic offences against the Company.

#### **COMMON PURSUITS**

There is no conflict of interest within Group Companies Except in respect of Mphinite Solutions Private Limited and Mphinite Technologies Private Ltd. which operate in the same field of activity relating to design development services but in different geographical segments. Similarly Manjushree Fincap Pvt. Ltd and Shruti Financial Services Pvt. Ltd operate in the same field of operation however the issue Company is not in any way direct/indirect competition in the segment in which Group companies operates.

#### **DISASSOCIATION BY PROMOTERS**

None of the promoters has been disassociated from any of the companies during preceding three years.

#### **SALE AND PURCHASE BETWEEN GROUP COMPANIES IN THE PROMOTER GROUP**

There are no sales or purchase between companies in the Promoter's group, wherein such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of the Issuer Company. The material items of income or expenditure arising out of transactions in the Promoter's group are disclosed under "Related Party Disclosures" appearing under Section: Financial Information of the Company on page 92 of this Offer Document.

#### **3. CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS**

There is no change in Accounting Policies in the Last three years.

#### **SUNDRY DEBTORS**

None of the Sundry Debtors are related to the Issuer Company or its Directors or Promoters.

#### **RELATION BETWEEN THE PERSON TO WHOM THE LOAN AND ADVANCE IS GIVEN AND THE ISSUER COMPANY OR ITS DIRECTORS OR PROMOTERS**

There has been no transaction.

#### **UNAUDITED WORKING RESULTS**

Information as required by Government of India, Ministry Of Finance, Circular no. F2/5/SE/76, Dated February 5, 1977 as amended vide their circular of even number dated March 8, 1977 is given below:

#### **Working Results of the Company**

Un -Audited financial results for the period ended 31<sup>st</sup> October, 2007 (1<sup>st</sup> April, 2007 to 31<sup>st</sup> October , 2007)

<b>Particulars</b>	<b>Amount (Rs. In Lacs)</b>
Sales / Turnover	4448.68
Other Income	6.97
Total Income	4455.65
Estimated Profit before Depreciation and Tax	531.12
Provision for Depreciation	189.64
Provision for Taxes	119.45
Estimated Profit after Tax	222.03

#### **Material Changes and Commitments, if any, affecting the financial position of the Company**

There are no material changes and commitments, which are likely to affect the financial position of the Company since 30<sup>th</sup> September, 2007 (i.e. last date up to which audited information is incorporated in the Offer Document).

#### 4. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS AS REFLECTED IN THE RESTATED FINANCIAL STATEMENTS

You should read the following discussion and analysis of the Company's financial condition and results of operations together with financial statements included in this Offer Document. You should also read the section titled "Risk Factors" beginning on page viii of this Offer Document, which discusses a number of factors and contingencies that could have an impact on our financial condition and results of operations.

The following discussions are based on restated financial statements for the financial year ended 31<sup>st</sup> March, 2003; 31<sup>st</sup> March, 2004; 31<sup>st</sup> March, 2005; 31<sup>st</sup> March, 2006; 31<sup>st</sup> March, 2007 and HY ended 30<sup>th</sup> September, 2007 which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (DIP) Guidelines based on information available from other sources.

##### OVERVIEW OF THE BUSINESS

The Company is engaged in the manufacture of specialty plastic containers for Multinational Companies in FMCG, Pharma, Food Processing and Agrochemical sectors through an ongoing process of research oriented design and development. The Company's PET Containers unit was established at Bommasandra Industrial Area, Bangalore in the year 1995-96 with an initial installed capacity of 600 MT, which has been expanded over last 10 years' in phases at two locations now in the same industrial area, with the overall capacity reaching a level of 4140 MTPA for manufacture of Injection / Blow Molded PET / Monolayer / Multilayer Containers. The Company is ISO-9001:2000 certified and has a strong focus on innovation, research and development for sustained growth. The Company has marketing offices at major metros in the country including at Mumbai, Chennai and Bangalore to effectively coordinate and liaise with its customers spread across the length and breadth of the country.

Company has an existing In-house research based operating infrastructure for design, prototyping and manufacture of value added Specialty Plastic Packaging products; Mold development facilities.

The Company enjoys a preferred supplier status with regard to the Specialty Plastic Containers, which are marketed under the brand name of "POLYPET", "DURAFLEX", "THERMOPET", predominantly to MNCs in FMCG sector. These companies have international presence with exposure to usage of plastic containers all over the world, which assures a consistent market to the Company's products. The major clients of the Company at present include Hindustan Unilever, Nestle, Cadbury, Britannia, Glaxo Smith Kline, P&G, Tata Tea, Goodricke Group, Godrej, Nutrine, Wrigley's, Parry's, Heinz, P&G, MTR, Arya Vaidyashala etc.

Taking into consideration existing demand for its products and envisaging future demand from the existing and prospective customers and Company's constraint in terms of capacity to meet its demands, the Company has planned to expand and diversify its operations by setting up facilities at its existing plant located at 60E, Bommasandra Industrial Area, Hosur Road, Bangalore having existing land admeasuring 2.5 acres, this will enable the Company to increase its production and will be able to derive benefits of economies of scale.

##### SIGNIFICANT DEVELOPMENT SUBSEQUENT TO LAST FINANCIAL YEAR:

In the opinion of the Directors, there has not arisen any development since the date of the last financial statements as disclosed in the Offer Document which materially and adversely affect the trading or profitability of the Company or the value of its assets or its ability to pay within the next twelve months.

##### FACTORS THAT MAY AFFECT RESULTS OF OPERATIONS:

Significant changes in the cost of raw materials, power, fuel or transportation charges, variations in the selling price of finished products due to over supply in the market or fall in demand, are the factors that may affect the results of operations of the Company. Prices of the key raw materials viz. PET / PP, which constituted approx. 51% of sales realizations during the FY 2006-07, are very sensitive and are dependant not only on demand and supply factors in the market but also on global prices of crude oil, which may adversely affect the prices. The Company has incurred Rs. 458 lacs towards Power, Fuel and transportation expenditure during the year ending 31<sup>st</sup> March 2007, which constitutes approx. 34% of the total Manufacturing Expenses of Rs. 1360 lacs. Any further increase in the cost of Power, Fuel and transportation charges may affect the overall manufacturing expenses, which may adversely affect the profitability as well as the cost of production of the Company. The financing costs, which constituted 2% of sales realizations during FY 2007 also have an upward bias due to change in the fiscal and monetary policies of the Government and any increase therein leads to an additional drain on the profitability of the Company.

<b>SUMMARY PROFIT &amp; LOSSES AS RESTATED</b>						
<b>(Rs. In lacs)</b>						
<b>PARTICULARS</b>	<b>FOR / DURING THE YEAR / PERIOD ENDED</b>					
	<b>30.09.07</b>	<b>31.03.07</b>	<b>31.03.06</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.03</b>
<b>INCOME</b>	-					
<b>Gross Turnover</b>						
a) Domestic Sales						
- Own Manufactured goods	3,590.42	6,787.59	6,377.48	5,002.61	3,513.20	2,670.58
- Others	-	891.90	14.55	53.28	24.57	12.00
b) Export Sales	164.83	317.74	140.40	94.25	120.95	88.99
<b>Total</b>	<b>3,755.25</b>	<b>7,997.23</b>	<b>6,532.43</b>	<b>5,150.14</b>	<b>3,658.72</b>	<b>2,771.57</b>
Less: Central Excise Duty	528.86	961.11	927.78	727.68	492.46	405.91
<b>Net Turnover</b>	<b>3,226.39</b>	<b>7,036.12</b>	<b>5,604.65</b>	<b>4,422.46</b>	<b>3,166.26</b>	<b>2,365.66</b>
Other Income	8.92	5.63	6.11	2.43	5.04	3.56
Increase / (Decrease) in Stocks	146.13	(54.44)	43.84	104.37	11.75	50.25
<b>Total Income</b>	<b>3,381.44</b>	<b>6,987.31</b>	<b>5,654.60</b>	<b>4,529.26</b>	<b>3,183.05</b>	<b>2,419.47</b>
<b>EXPENDITURE</b>	-					
Raw Materials Consumed	1,805.73	4,063.94	3,045.20	2,402.69	1,546.81	1,271.10
Manufacturing Expenses	830.25	1,671.58	1,528.94	1,184.33	846.22	586.15
Administrative & General Expenses	94.77	179.70	171.01	148.34	107.09	112.20
Selling & Distribution Expenses	110.71	195.32	176.02	163.76	121.58	130.83
Interest & Financial Charges	80.89	162.23	132.81	111.84	93.66	37.26
Depreciation & Amortization	159.69	275.32	337.84	343.74	314.80	166.59
<b>Total Expenditure</b>	<b>3,082.05</b>	<b>6,548.09</b>	<b>5,391.82</b>	<b>4,354.70</b>	<b>3,030.16</b>	<b>2,304.13</b>
<b>Profit for the Period</b>	<b>299.39</b>	<b>439.22</b>	<b>262.78</b>	<b>174.56</b>	<b>152.89</b>	<b>115.34</b>
Exceptional / Extraordinary Items	(13.97)	(4.16)	(49.50)	2.78	(0.60)	(0.97)
<b>Profit Before Tax</b>	<b>285.42</b>	<b>435.06</b>	<b>213.28</b>	<b>177.34</b>	<b>152.29</b>	<b>114.37</b>
Provision for Tax						
- Current Year	58.00	155.00	84.62	39.30	15.43	10.67
- Earlier Years	0.45	1.92	-	-	-	-
- Deferred Tax Liability / (Assets)	41.00	(4.18)	(8.46)	25.62	39.09	30.58
<b>Net Profit After Taxation</b>	<b>185.97</b>	<b>282.32</b>	<b>137.12</b>	<b>112.42</b>	<b>97.77</b>	<b>73.12</b>
Less: Dividend & Tax thereon	49.26	48.01	48.01	47.61	-	-
<b>Retained Surplus after Dividends</b>	<b>136.71</b>	<b>234.31</b>	<b>89.11</b>	<b>64.81</b>	<b>97.77</b>	<b>73.12</b>
Surplus brought forward from previous year	846.82	612.51	523.40	458.59	360.82	287.70
<b>Net Surplus carried to Balance Sheet</b>	<b>983.53</b>	<b>846.82</b>	<b>612.51</b>	<b>523.40</b>	<b>458.59</b>	<b>360.82</b>

## Manjushree Extrusions Limited

### COMPARISON OF OPERATIONAL PERFORMANCE FOR THE HALF YEAR ENDED 30<sup>th</sup> SEPTEMBER, 2007 WITH FY ENDED 31<sup>st</sup> MARCH, 2007 (12M)

(The % increase/decrease of various revenues / cost components for the half year ended 30<sup>th</sup> September, 2007 vis a vis FY2006-07 (12M) are being considered after annualizing the 6 months' figures for HY ended 30<sup>th</sup> September, 2007)

Particulars	30.09.2007 (6 Months)	31.03.2007 (12 Months)	% Change
Turnover	3,755.25	7,997.24	-6.09%
Other Income	8.92	5.63	58.73
Direct Expenditure	3018.71	6,751.07	-10.57
Admin and General Expenses	94.77	179.70	5.48%
Selling & Distribution Expenses	110.71	195.32	13.36%
Interest & Financial Charges	80.89	162.23	-0.28%
Depreciation & Amortization	159.69	275.32	16.00%
Profit Before Tax	285.43	435.07	31.21%
Provision for Taxation	99.45	152.74	30.22%
Net Profit	185.97	282.33	31.74%
Cash & Bank Balance	51.34	268.48	-61.76%
Unsecured Loans	953.84	846.42	12.69%

#### Turnover

For the half year ended 30<sup>th</sup> September, 2007 (CY) the Company has achieved turnover of Rs 3755.25 lacs as compared to Rs 7997.24 lacs during the FY 2006-07 which shows a decrease of 6.09%. However, since the turnover in the PY included sales of bought out items of Rs. 891.91 lacs, the figures are not strictly comparable. The production was 2121 MT during CY (representing 100% capacity utilization) as compared to 3725 MT during PY.

#### Other Income

Other income consisting of Interest on bank deposits, discounts and trade rebates, insurance claims, notice pay, profit on sale of fixed assets and other misc. receipts for the half year ended 30<sup>th</sup> September, 2007 stood at Rs. 8.92 lacs as compared to Rs. 5.63 lacs for the PY.

#### Direct Expenditure

During the half year ended 30<sup>th</sup> September, 2007 (CY), the total direct expenditure, consisting of excise duty, increase / decrease in stocks, consumption of raw materials, staff cost, power & fuel, job work charges, packing materials, repairs & maintenance and transportation charges stood at Rs. 3018.71 lacs as compared to Rs. 6751.07 lacs during the PY, reflecting an decrease of 10.57%. Out of the above, expenditure on raw materials itself amounted to Rs. 1805.73 lacs during the CY as compared to Rs. 4063.94 lacs during the PY which, as percentage of turnover stood at 48.09% and 50.82% respectively. Manufacturing expenses as percentage of sales during the CY were higher at 22.11% as against 20.90% during the PY. The overall direct expenses as percentage of turnover were lower at 80.39% during CY as against 84.42% during the PY.

#### Administrative and General Expenses

During the half year ended 30<sup>th</sup> September, 2007 (CY), the administrative and general expenses consisting of Insurance Premium, Rent, Rates & Taxes, Traveling Expenses, Vehicle Running & Maintenance expenses, Telephone Charges, Legal and Professional Charges, Communication Expenses, Bank Charges, Auditors' and Directors' Remuneration, Security Service Charges, Printing & Stationery, and other Misc. Expenses were Rs. 94.77 lacs as against Rs. 179.70 lacs during the PY reflecting an increase of 5.48% which is normal in any industry. In terms of percentage of administrative and other expenses to total sales, it has increased from 2.25% to 2.52%.

#### Selling and Distribution Expenses

During the half year ended 30<sup>th</sup> September, 2007(CY), the Selling & Distribution expenses consisting of Advertisement & Publicity, Carriage Outward, Discounts, Commission on Sales and Sales Promotion expenses were Rs 110.71 lacs as against Rs. 195.32 lacs during the PY reflecting an increase of 13.36% in absolute terms and in terms of percentage of selling expenses to sales, it has increased from 2.44% during PY to 2.95% during the CY.

### **Interest and Financial Charges**

Interest and financial charges comprise mostly of interest payments to banks on account of term loans and working capital borrowings, which amounted to Rs. 80.89 lacs during the half year ended 30<sup>th</sup> September, 2007 (CY) compared to Rs. 162.23 lacs during PY. As percentage of Interest and financial charges to total sales, it has increased to 2.15% from 2.03% during PY.

### **Depreciation & Amortization**

Depreciation for the half year ended 30<sup>th</sup> September, 2007 (CY) stood at Rs. 159.69 lacs as compared to Rs. 275.32 lacs during the PY reflecting an increase of 16%, which is primarily due to major capital investment during the CY.

### **Profit before Tax**

The company's net profit before tax during the half year ended 30<sup>th</sup> September, 2007 (CY) stood at Rs. 285.43 lacs as compared to Rs. 435.07 lacs during the PY reflecting an increase of 31.21% which has been largely due to higher operating profitability due to cost cutting measures adopted by the management.

### **Provision for taxation and Net Profit**

The Provision for taxation during the half year ended 30<sup>th</sup> September, 2007 (CY), comprising of Income Tax, Deferred Tax and Fringe Benefit Tax besides tax provision for earlier years, stood at Rs. 99.45 lacs as compared to Rs. 152.74 lacs during the PY and the increase in provision for the half year is primarily due to a substantial increase in taxable income during the CY. The Net Profit after tax for the CY was Rs 185.97 lacs as compared to Rs 282.33 lacs during the PY, reflecting an increase of 31.74%.

### **Inventories**

There has been substantial increase in the inventory level from 8.48% during the PY to 12.07% during the half year ended 30<sup>th</sup> September, 2007 (CY) on the basis of turnover, which has been due to slight decline in the top line of the Company by 6.09% during the CY as compared to PY. The level of inventory of raw material has increased during the CY to Rs. 496.95 lacs from Rs. 414.50 lacs during the PY while the inventory of finished goods has increased from Rs. 232.88 lacs during the PY to 379.02 lacs during the CY.

### **Cash and Bank Balances**

The amount representing the cash and Bank Balance as on 30<sup>th</sup> September, 2007 (CY) was Rs 51.34 lacs as compared to Rs 268.48 lacs at PY end. The Company is confident of generating healthy cash flows in coming quarters as the inventory is converted into sales and also through speeding up the realization from Debtors.

### **Unsecured Loans**

The amount representing unsecured loans as on 30<sup>th</sup> September, 2007 (CY) was Rs 953.84 lacs as compared to Rs 846.42 lacs at PY end representing an increase of Rs. 107.42 lacs, which is primarily due to increase in level of outstanding interest free unsecured loans amounting to Rs. 68.45 lacs during the CY from Directors as against 46.50 lacs during PY and Rs. 704.46 lacs from group companies at CY end as against Rs. 617.37 lacs at PY end.

### **COMPARISON OF FINANCIAL YEAR 2006-07 WITH FY 2005-06**

<b>Particulars</b>	<b>31.03.2007</b>	<b>31.03.2006</b>	<b>% Change</b>
Turnover	7,997.24	6,532.43	22.42
Other Income	5.63	6.11	-7.86
Direct Expenditure	6,751.07	5,458.08	23.68
Admin and General Expenses	179.7	171.01	5.08
Selling & Distribution Expenses	195.32	176.02	10.96
Interest & Financial Charges	162.23	132.81	22.15
Depreciation & Amortization	275.32	337.84	-18.51
Profit Before Tax	435.07	213.28	103.99
Provision for Taxation	152.74	76.16	100.55
Net Profit	282.33	137.12	105.90
Cash & Bank Balance	268.48	64.19	318.26
Unsecured Loans	846.42	340.71	148.43



## Manjushree Extrusions Limited

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### **Turnover**

During the FY 2006-07 (CY) the company achieved a turnover of Rs 7997.24 lacs as compared to Rs 6532.43 lacs during the FY 2005-06 (PY) which shows an increase of 22.42%. The increase in turnover is attributable to higher sales of bought out items at Rs. 891.91 lacs (PY: Rs. 14.55 lacs), higher export sales of Rs. 317.74 lacs (PY: Rs. 140.40 lacs) besides a moderate 6.43% increase in domestic sales from Rs. 6377.48 lacs during PY to Rs. 6787.59 lacs during the CY. The company's existing capacity utilization levels are already saturated at almost 90% of the installed capacity of 4140 MT, the production (including conversion) being 3725 MT during CY as compared to 3512 MT during PY against installed capacity of 4140 MTPA during both these years.

### **Other Income**

Other income consisting of Interest on bank deposits, discounts and trade rebates, insurance claims, profit on sale of fixed assets and other misc. receipts for the CY stood at Rs. 5.63 lacs as compared to Rs. 6.11 lacs for the PY which is at comparable levels without any significant change.

### **Direct Expenditure**

During the CY, the total direct expenditure, consisting of excise duty, increase / decrease in stocks, consumption of raw materials, staff cost, power & fuel, job work charges, packing materials, repairs & maintenance and transportation charges stood at Rs. 6751.07 lacs as compared to Rs. 5458.08 lacs during the PY, reflecting an increase of 23.68%, which is also in tune with the increase of 22.42% in gross turnover level. Out of the above, expenditure on raw materials itself amounted to Rs. 4063.94 lacs during the CY as compared to Rs. 3045.20 lacs during the PY which, as percentage of turnover stood at 50.82% and 46.62% respectively due to higher cost of inputs. However, manufacturing expenses as percentage of sales during the CY were lower at 20.90% as against 23.40% during the PY. The overall direct expenses as percentage of turnover stood at 84.42% during CY as against 83.55% during the PY.

### **Administrative and General Expenses**

During the CY, the administrative and general expenses consisting of Insurance Premium, Rent, Rates & Taxes, Traveling Expenses, Vehicle Running & Maintenance expenses, Telephone Charges, Legal and Professional Charges, Communication Expenses, Bank Charges, Auditors' and Directors' Remuneration, Security Service Charges, Printing & Stationery, and other Misc. Expenses were Rs. 179.70 lacs as against Rs. 171.01 lacs during the PY reflecting an increase of 5.08% which is normal in any industry. In terms of percentage of administrative and other expenses to total sales, it has come down from 2.62% to 2.25%.

### **Selling and Distribution Expenses**

During the CY, the Selling and Distribution expenses consisting of Advertisement & Publicity, Carriage Outward, Discounts, Commission on Sales and Sales Promotion expenses were Rs 195.32 lacs as against Rs. 176.02 lacs during the PY reflecting any increase of 10.96% in absolute terms but in terms of percentage of selling expenses to total sales, it has come down from 2.69% during PY to 2.44% during the CY.

### **Interest and Financial Charges**

Interest and financial charges comprise mostly of interest payments to banks on account of term loans and working capital borrowings, which amounted to Rs. 162.23 lacs during CY compared to Rs. 132.81 lacs during PY. As percentage of Interest and financial charges to total sales, it has remained steady at 2.03%.

### **Depreciation & Amortization**

Depreciation for the CY stood at Rs. 275.32 lacs as compared to Rs. 337.84 lacs during the PY, a decrease of Rs 62.52 lacs, which is primarily due to absence of any major capital investment during the CY.

### **Profit before Tax**

The company's net profit before tax during the CY stood at Rs. 435.07 lacs as compared to Rs. 213.28 lacs during the PY reflecting an increase of 103.99% which has been largely due to higher operating profitability due to cost cutting measures adopted by the management and the lower charge of depreciation.

### **Provision for taxation and Net Profit**

The Provision for taxation for the CY, comprising of Income Tax, Deferred Tax and Fringe Benefit Tax besides tax provision for earlier years, if any, stood at Rs. 152.74 lacs as compared to Rs. 76.16 lacs during the PY which is primarily due to a substantial increase in taxable income during the CY. The Net Profit after tax for the CY was Rs 282.33 lacs as compared to Rs 137.12 lacs during the PY, reflecting an increase of 105.90%.



### **Inventories**

There has been decrease in the inventory level from 10.54% during the PY to 8.48% during the CY on the basis of turnover, which has been due to significant increase in the top line of the company by 22.42% during the CY as compared to PY. The level of inventory of raw material has increased during the CY to Rs. 414.50 lacs from Rs. 376.88 lacs during the PY while the inventory of finished goods has come down from Rs. 287.32 lacs during the PY to 232.88 lacs during the CY.

### **Cash and Bank Balances**

The amount representing the cash and Bank Balance at CY end was Rs 268.48 lacs as compared to Rs 64.19 lacs at PY end. Thus there has been an increase of Rs 204.29 lacs, which is primarily due to high level of margin deposits with the bank against letter of credit facility availed by the company.

### **Unsecured Loans**

The amount representing unsecured loans at CY end was Rs 846.42 lacs as compared to Rs 340.71 lacs at PY end representing an increase of Rs. 505.71 lacs, which is primarily due to increase in level of outstanding interest free unsecured loans amounting to Rs. 46.50 lacs during the CY from Directors as against nil during PY and Rs. 617.37 lacs from group companies at CY end as against Rs. 165.62 lacs at PY end.

### **COMPARISON OF FY 2005-06 WITH FY 2004-05**

(For the sake of subsequent comparison during the year as compared to previous year, the components of income and expenditure remain the same as shown during the comparison of FY 2006-07 with FY 2005-06)

<b>Particulars</b>	<b>31.03.2006</b>	<b>31.03.2005</b>	<b>% Change</b>
Turnover	6,532.43	5,150.14	26.84
Other Income	6.11	2.43	151.44
Direct Expenditure	5,458.08	4,210.33	29.64
Admin and General Expenses	171.01	148.34	15.28
Selling & Distribution Expenses	176.02	163.76	7.49
Interest & Financial Charges	132.81	111.84	18.75
Depreciation & Amortization	337.84	343.74	-1.72
Profit Before Tax	213.28	177.34	20.27
Provision for Taxation	76.16	64.92	17.31
Net Profit	137.12	112.42	21.97
Cash & Bank Balance	64.19	34.96	83.61
Unsecured Loans	340.71	288.99	17.90

### **Turnover**

During the FY 2005-06 (CY) the company achieved a turnover of Rs 6532.43 lacs as compared to Rs 5150.14 lacs during the FY 2004-05 (PY) which shows an increase of 26.84%. The increase in turnover is attributable to higher capacity utilization coupled with better realizations during the CY besides higher export sales of Rs. 140.40 lacs (PY: Rs. 94.25 lacs). The installed capacity was increased during the CY to 4140 MT as against 3450 MTPA during the PY with corresponding increase in production and sales in quantitative terms.

### **Other Income**

Other income for the CY stood at Rs. 6.11 lacs as compared to Rs. 2.43 lacs for the PY which is reasonable.

### **Direct Expenditure**

During the CY, the total direct expenditure stood at Rs. 5458.08 lacs as compared to Rs. 4210.33 lacs during the PY, reflecting an increase of 29.64%, which is also in tune with the increase of 26.84% in gross turnover level. Out of the above, expenditure on raw materials itself amounted to Rs. 3045.20 lacs during the CY as compared to Rs. 2402.69 lacs during the PY which, as percentage of turnover stood at 46.62% and 46.65%. Manufacturing expenses as percentage of sales during the CY were at 23.40% as against 22.99% during the PY.

## Manjushree Extrusions Limited

### **Administrative and General Expenses**

During the CY, the administrative and general expenses were Rs. 171.01 lacs as against Rs. 148.34 lacs during the PY reflecting an increase of 15.28% which is normal in any industry. In terms of percentage of administrative and other expenses to total sales, it has come down from 2.88% to 2.62%.

### **Selling and Distribution Expenses**

During the CY, the Selling and Distribution expenses were Rs 176.02 lacs as against Rs. 163.76 lacs during the PY reflecting an increase of 7.49% in absolute terms but in terms of percentage of selling expenses to total sales, it has come down from 3.18% during PY to 2.69% during the CY.

### **Interest and Financial Charges**

Interest and financial charges amounted to Rs. 132.81 lacs during CY compared to Rs. 111.84 lacs during PY. As percentage of Interest and financial charges to total sales, it has come down from 2.17% to 2.03%.

### **Depreciation & Amortization**

Depreciation for the CY stood at Rs. 337.84 lacs as compared to Rs. 343.74 lacs during the PY, which is due to additional capital investment in capacity expansion during the CY.

### **Profit before Tax**

The company's net profit before tax during the CY stood at Rs. 213.28 lacs as compared to Rs. 177.34 lacs during the PY reflecting an increase of 20.27% which has been largely due to higher operating profitability.

### **Provision for taxation and Net Profit**

The Provision for taxation for the CY, comprising of Income Tax, Deferred Tax and Fringe Benefit Tax stood at Rs. 76.16 lacs as compared to Rs. 64.92 lacs during the PY which is primarily due to a substantial increase in taxable income during the year. The Net Profit after tax for the CY was Rs 137.12 lacs as compared to Rs 112.42 lacs during the PY, reflecting an increase of 21.97%.

### **Inventories**

There has been decrease in the inventory level from 12.23% during the PY to 10.54% during the CY on the basis of turnover, which has been due to significant increase in the top line of the company by 26.84% during the CY as compared to PY reflecting on better inventory management by the company.

### **Cash and Bank Balances**

The amount representing the cash and Bank Balance at CY end was Rs 64.19 lacs as compared to Rs 34.96 lacs at PY end, which does not show any significant change.

### **Unsecured Loans**

The amount representing unsecured loans at CY end was Rs 340.71 lacs as compared to Rs 288.99 lacs at PY end, the major increase of Rs. 59.50 lacs being on account of provision under sales tax deferral scheme.

### **COMPARISON OF FY 2004-05 WITH FY 2003-04**

Particulars	31.03.2005	31.03.2004	% Change
Turnover	5,150.14	3,658.72	40.76
Other Income	2.43	5.04	-51.79
Direct Expenditure	4,210.33	2,873.74	46.51
Admin and General Expenses	148.34	107.09	38.52
Selling & Distribution Expenses	163.76	121.58	34.69
Interest & Financial Charges	111.84	93.66	19.41
Depreciation & Amortization	343.74	314.80	9.19
Profit Before Tax	177.34	152.29	16.45
Provision for Taxation	69.92	54.52	28.25
Net Profit	112.42	97.77	14.98
Cash & Bank Balance	34.96	35.49	-1.49
Unsecured Loans	288.99	166.01	74.09

**Turnover**

During the FY 2004-05 (CY) the company achieved a turnover of Rs 5150.14 lacs as compared to Rs 3658.72 lacs during the FY 2003-04 (PY) which shows an increase of 40.76%. The increase in turnover is attributable to higher capacity utilization coupled with better realizations during the CY. The installed capacity was increased during the CY to 3450 MT as against 2730 MTPA during the PY with corresponding increase in production and sales in quantitative terms.

**Other Income**

Other income for the CY stood at Rs. 2.43 lacs as compared to Rs. 5.04 lacs for the PY.

**Direct Expenditure**

During the CY, the total direct expenditure stood at Rs. 4210.33 lacs as compared to Rs. 2873.74 lacs during the PY, reflecting an increase of 46.51%, which is also in tune with the increase of 40.76% in gross turnover level. Out of the above, expenditure on raw materials itself amounted to Rs. 2402.69 lacs during the CY as compared to Rs. 1546.81 lacs during the PY which, as percentage of turnover stood at 46.65% and 42.28%. Manufacturing expenses as percentage of sales during the CY were at 22.99% as against 23.12% during the PY.

**Administrative and General Expenses**

During the CY, the administrative and general expenses were Rs. 148.34 lacs as against Rs. 107.09 lacs during the PY reflecting an increase of 38.52% which mainly on account of higher insurance, rent and traveling expenses. In terms of percentage of administrative expenses to total sales, it has come down from 2.92% to 2.88%.

**Selling and Distribution Expenses**

During the CY, the Selling and Distribution expenses were Rs 163.76 lacs as against Rs. 121.58 lacs during the PY reflecting an increase of 34.69% in absolute terms but in terms of percentage of selling expenses to total sales, it has come down from 3.32% during PY to 3.18% during the CY.

**Interest and Financial Charges**

Interest and financial charges amounted to Rs. 111.84 lacs during CY compared to Rs. 93.66 lacs during PY. As percentage of Interest and financial charges to total sales, it has come down from 2.56% to 2.17%.

**Depreciation & Amortization**

Depreciation for the CY stood at Rs. 343.74 lacs as compared to Rs. 314.80 lacs during the PY, which is due to additional capital investment in capacity expansion during the CY.

**Profit before Tax**

The company's net profit before tax during the CY stood at Rs. 177.34 lacs as compared to Rs. 152.29 lacs during the PY reflecting an increase of 16.45% which has been under pressure due to higher operating costs.

**Provision for taxation and Net Profit**

The Provision for taxation for the CY stood at Rs. 69.92 lacs as compared to Rs. 54.52 lacs during the PY which is primarily due to higher provisions for deferred tax and substantial increase in taxable income during the CY. The Net Profit after tax for the CY was Rs 112.42 lacs as compared to Rs 97.77 lacs during the PY, reflecting an increase of 14.98%.

**Inventories**

There has been decrease in the inventory level from 13.12% during the PY to 12.23% during the CY on the basis of turnover, which has been due to significant increase in the top line of the company by 40.76% during the CY as compared to PY reflecting on better inventory management by the company.

**Cash and Bank Balances**

The amount representing the cash and Bank Balance at CY end was Rs 34.96 lacs as compared to Rs 35.49 lacs at PY end, which does not show any significant change.

**Unsecured Loans**

The amount representing unsecured loans at CY end was Rs 289.99 lacs as compared to Rs 166.01 lacs at PY end, the major increase of Rs. 107 lacs being on account of provision under sales tax deferral scheme.

## Manjushree Extrusions Limited

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### **An Analysis of reasons for the changes in significant items of income and expenditure, information required as per clause 6.10.5.5 OF SEBI DIP guidelines**

**i. Unusual or infrequent events or transactions**

There have been no unusual or infrequent transactions

**ii. Significant economic changes that materially affected or are likely to affect income from continuing operations**

There are no significant economic changes that materially affect or are likely to affect the income from continuing operations. However, volatility in foreign exchange rates may have an inflationary effect on cost of imports.

**iii. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations:**

Apart from the risk as disclosed in this Offer Document, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on the revenue or income from continuing operations.

**iv. Future changes in the relationship between cost & revenue**

There are no known factors which will affect the future relationship between the costs and revenues to have a material impact on the operations and finances of the Company.

**v. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.**

The increase in sales is mainly due to increased volume. The increase in the net sales is due to increase in the sales volume & introduction of products in the market.

**vi Total turnover of each major industry segment in which the company operates**

It operates in only one segment viz. Plastic Containers.

**vii Status of any publicly announced new products or business segment**

None at present

**viii Seasonality of business**

The demand for the products manufactured by the company is not seasonal in the nature.

**ix. Any significant dependence on a single or few suppliers or customers**

The Company is procuring the raw material from a number of suppliers and selling its products to a number of customers across the country and hence dependence on few suppliers or customers is not likely to occur in the case of the company.

**x. Competitive conditions**

The company will face the competition from established players like Pearl Polymers, Jauss Polymers, Innovative Tech Pack who are specializing in manufacture of PET / Monolayer Containers. However, the company does not envisage any competition for Multilayer Containers at present.

## SECTION VI: LEGAL AND OTHER INFORMATION

### 1. Outstanding Litigations and Material Developments

The Company certifies that except as stated herein below, there are no

- Other pending litigations against the Company.
- Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the Company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).
- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.
- Cases against the Company or its promoters/ directors of economic offences in which penalties were imposed on promoters.
- Pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/ Directors other than those mentioned in this Offer Document and that no litigations have arisen after the issue of SEBI's observation letter and the Company and its Directors take full responsibility of the information mentioned in the Offer Document.
- Promoters, their relatives (as per Companies Act, 1956), issuer, Group Companies, Associated Companies are detained as willful defaulters by RBI/Government Authorities.
- Violations of Securities Laws committed by the Promoters, their relatives (as per Companies Act, 1956), issuer, Group Companies, Associated Companies in the past or pending against them.
- Past cases in which penalty were imposed by the concerned authority on the issuer Company or its directors.

### OUTSTANDING LITIGATIONS INVOLVING MANJUSHREE EXTRUSIONS LIMITED

#### FILED BY THE COMPANY:

#### Cases Pertaining to Civil laws.

Sr. No.	Parties	Place of Litigation	Authority before which pending	Claim Amount (Rs in Lacs)	Present Status	Provision made in the Balance sheet – Yes/No/NA
1	Assistant Commissioner of Income Tax, Cir-4	Guwahati	The Income Tax Appellate Tribunal		The Income Tax Appellate Tribunal, Guwahati bench vide their order dated August 28, 2007 were pleased to restrict the disallowance as imposed by the Assessment Officer. The order was passed against two appeals by the assessee, one against quantum and another against penalty under section 271(1)(c) of the Income Tax Act. The quantum appeal was partly allowed and the ground relating to foreign travel expenses has been restored to the file of the Assessment Officer, therefore the penalty order imposed by the Assessment Officer is restored back to the file to re-decide the same.	No
2	Commissioner of Customs	Chennai	The Customs, Excise and Service Tax Appellate Tribunal, south Zonal Bench	2.86	Pending	No

## Manjushree Extrusions Limited

### BRIEF HISTORY OF THE CASE:

#### 1. Asstt. Commissioner of Income Tax, Cir-4, Guwahati

Original Assessment Order was passed by The ACIT, Cir-4, on 29<sup>th</sup> March 2004 for the Assessment Year 2002-03 disallowing certain expenses. Thereafter appeal filed against the Assessment Order passed by the ACIT, before the Commissioner of Income Tax (Appeals) – II on 27<sup>th</sup> of April 2004. The CIT (Appeals) – II passed order on 3<sup>rd</sup> February 2006 against the Appeal and Disallowed Foreign Traveling Expenses except Ticket charges and re-assessed the Tax and imposed Tax of Rs. 5,70,159/- . Further Penalty of Rs. 500000 was imposed by the CIT (A) on 22<sup>nd</sup> June 2006. Against the Orders passed by the CIT (A), Appeal filed before The Income Tax Appellate Tribunal on 14<sup>th</sup> March 2006 and 11<sup>th</sup> August 2006. The Income Tax Appellate Tribunal, Guwahati bench vide their order dated August 28, 2007 were pleased to restrict the disallowance as imposed by the Assessment Officer. The order was passed against two appeals by the assessee, one against quantum and another against penalty under section 271(1)(c) of the Income Tax Act. The quantum appeal was partly allowed and the ground relating to foreign travel expenses has been restored to the file of the Assessment Officer, therefore the penalty order imposed by the Assessment Officer is restored back to the file to re-decide the same.

#### 2. Commissioner of Customs, Chennai

The Company has imported 32.4 MTs of PET regind (Scrap) in the year 1996 and bonded at Chennai Customs. Out of that 22.4MTs was cleared vide B/E No. 001999 dated 28.01.1999, remaining 10.0 MTs not cleared and it is lying at Continental Warehousing Corporation Ltd, Chennai. To clear the remaining 10.0MTs, Company has purchased transferable DEEC License from M/s PET Fibers Pvt. Ltd, Mumbai. When it approached to issue the Telefax Release Advice, the Mumbai Customs denied issuing the Telefax Release Advice since the validity of the DEEC License was expired. Immediately the company filed Writ Petition No. 2357/99 for seeking direction to issue the Telefax Release Advice. However the Writ Petition is not heard immediately. In the mean time the Company has once again approached the Customs at Mumbai to issue Telefax Release Advice and accordingly Telefax Release Advice has been issued to Chennai Customs. Based on the Telefax Release Advice the Company approached the Asst. Commissioner of Customs (Bonds), Chennai to assess the Bill of Entry No. 001246 dated 20.01.1997 under DEEC. However request was denied vide order in original dated 05.12.2001. Thereafter the Appeal was filed before the Commissioner of Customs, Chennai. Vide Order in Appeal dated 22.04.2002, the Commissioner of Customs (Appeals) denied the clearance under DEEC Scheme. Immediately the Company has filed the Appeal before CEGAT, Chennai vide Appeal No. 311/2002 and the same is pending for hearing.

In the mean time in the year 2005 it was requested to transfer the Appeal to Bangalore CESTAT. However file was not transferred to CESTAT, Bangalore and the matter is still pending at CESTAT, Chennai. Since the TRA has been received from Mumbai Customs, it was directed to withdraw the Writ Petition No. 2357/1999 filed before High Court of Mumbai.

On 08.01.1999, Assistant Commissioner (Bonds) issued confirmation of demand notice to pay the Custom Duty of Rs. 2, 46,102/- and interest @ 20% till the date of clearance and other charges due. At present the status of Cargo lying at warehouse is not known. However a letter was written to the CHA to find out the status.

### FILED BY THE COMPANY

Sr. No.	Parties	Place of Litigation	Authority before which pending	Brief Particulars of the case	Claim Amount (In Rs.Lacs)	Present Status	Provision made in the Balance sheet – Yes/No/NA
3	Panjon Ltd. Indore	Bangalore	In the Court of IInd Addl. Civil Judge, Senior Division, Bangalore, Rural District, Bangalore Case No. 1280 of 2004	Suit filled for Recovery of Outstanding Payment	6.55	Pending for hearing	No
4	The Malabar Coast Products Kottayam	Bangalore	The Court of XIV Additional Chief Metropolitan Magistrate, Bangalore	Case filed u/s 138 of Negotiable Instrument Act with section 200 of CRPC against dishonored cheques	1.50	Pending For hearing	No

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**OUTSTANDING LITIGATIONS INVOLVING PROMOTER'S GROUP COMPANIES / PROMOTERS/ DIRECTORS**

There are no litigations involving group companies till date.

**REQUIREMENT OF CLAUSE 6.11.1.5**

None of the financial litigations have arisen after filing the Offer Document with SEBI.

**AMOUNTS DUE TO SMALL-SCALE UNDERTAKINGS OR ANY OTHER CREDITORS****EXCEEDING Rs.1 LAC WHICH IS DUE FOR MORE THAN 30 DAYS**

- A.V. Engineering System
- Print Link, Maczin Tools
- Strip-well Rotopacks
- Mandagini Agencies
- United Chemicals & Industries
- Suraksha Packers P. Ltd
- Pyramid Packaging P. Ltd
- Nikitha Plast
- Prem Packaging Industries
- Reliance Packaging Industries
- Alok Masterbatches Ltd
- Protekz
- Amit Packs Pvt. Ltd
- ACME Die Systems Pvt. Ltd
- Afnosh Packing Industries
- Hitech Plastics Pvt. Ltd
- Lifone Industries.

**MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET DATE**

In the opinion of the Directors, there have not arisen any circumstances since the date of the last financial statements as disclosed in the Offer Document and which materially adversely affect the trading or profitability of the company or the value of its assets or its ability to pay within the next twelve months



## Manjushree Extrusions Limited

### 2. GOVERNMENT APPROVALS/ LICENSING ARRANGEMENTS

Company has received all the necessary licenses, permissions and approvals for carrying on its existing & proposed business activities from the Central and State Governments and other government agencies/certification bodies and no further approvals are required by the Company for carrying on the present as well as proposed business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

#### Licenses, Permissions and Approvals

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

#### Incorporation and other statutory Compliances

Sr.	Issuing Authority	Registration / License No.	Nature of Registration	Date of issue	Validity
1.	Registrar of Companies, Assam, Shillong	2799	Certificate of Incorporation	13/11/1987 as amended on 26.12.1994	NA
2.	Registrar of Companies, Karnataka Bangalore	08/32636	Certificate of Registration. of Company Law Board order confirming transfer of office from the state of Assam to the State of Karnataka.	25/09/2003	NA
3.	Company Law Board, Eastern Region Bench, Kolkata	Order No. 140(17)/ ERB/ 2003	Order confirming transfer of co.'s registered office from the state of Assam to the state of Karnataka	23/05/2003	NA

#### Income Tax

4.	Commissioner of Income Tax, Systems, Shillong	AAACM9418K	Permanent Account Number		NA
5.	ITO-TDS-I, Guwahati	SHLM00189A	Tax Deduction Account Number	18/07/2003	NA

#### Labour laws

6.	Deputy Director, ESIC, Bangalore	53-14086-42	Registration under ESIC Act	24/07/1996	NA
7.	Regional Provident Fund Commissioner, Bangalore	KN/19118	Registration under Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952	04/07/1996	NA
8.	Inspector, Karnataka Shop & Commercial Establishments	48/CE/1253	Registration Certificate of Establishment Karnataka Shops and Commercial Establishment Act, 1961.	21/03/2000	31/12/2008
9.	Assistant Labour Commissioner & Regn. Officer, Bangalore	ALCB - 4 / CLA / P-30 / 2203-04	Registration for Contract Labour under contract labour Act, 1970.	29/07/2003	NA

#### Excise & Service Tax

10.	Deputy Commissioner of Central Excise, Div. III, Bangalore (For Unit – I)	AAACM9418 KXM002	Registration for the premises situated at No 143,C5, Bommasandra Industrial Area House Road , Bangalore -562 158 under Central Excise.	03/01/2003	NA
11.	Deputy Commissioner of Central Excise, Div. III, Bangalore (For Unit – II)	AAACM9418 KXM003	Registration for the premises situated at No 60, Bommasandra Industrial Area House Road , Bangalore -562 158 under Central Excise.	03/01/2003	NA



12.	Superintendent of Service Tax, Bangalore (For Unit – I)	(BAS)/AAACM 9418KST002	Service Tax Registration	06/11/2007	NA
13.	Superintendent of Service Tax, Bangalore (For Unit – II)	(BAS)/AAACM 9418KST001	Service Tax Registration	06/11/2007	NA

#### Import / Export

14.	Foreign Trade Development Officer, Bangalore	0705008932	Import Exporter Code	04/08/2005	NA
15.	Dy. Director, The Plastic Export Promotion Council	PLEPC/MAS/M/ 128/2003	Registration cum membership issued by the Plastic Export Council.	23/06/2003	31/03/2008

#### Sales Tax

16.	Deputy Commissioner of Commercial Taxes, B'lore	10172040	Central Sales Tax Act	06/01/2003	NA
17.	Deputy Commissioner of Commercial Taxes, B'lore	10122047	Karnataka Sales Tax Registration	16/05/2003	NA
18.	Deputy Commissioner of Commercial Taxes, B'lore	TIN 29500134082	VAT Registration under Karnataka Value added tax Act, 2002 Rule 9(1)	04/04/2003	NA
19.	Professional Tax Officer	26012224	Professional Tax Registration under Karnataka tax on profession, trades, callings and Employment Act, 1976- Rule 3(2).	30/05/1996	NA

#### Environment

20.	Karnataka State Pollution Control Board, Bangalore	KSPCB / SEO-4 / EO / REG-PLASTIC / 2006-07 / 4526 & 4527	Certificate of Registration	17/06/2006	16/06/2009
21.	Karnataka State Pollution Control Board, Bangalore.	40 & 41 / KSPCB / EO / BNG(S) / IND / AEO-2 / APC / 2003-04 / 2765 & 2766	Certificate of Registration under Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act 1974.	18/03/2004	31/12/2013
22.	Karnataka State Pollution Control Board, Bangalore.	15 & 16/ KSPCB / EO / BNG(S) / IND / AEO-2 / APC / 2003-04 / 1712 & 1711	Certificate of Registration under Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act 1974.	13/11/2003	31/12/2012

#### Infrastructure

23.	Chief Inspector of Factories, Karnataka (For Unit – I)	MYB-9555	License under Factories Act.	01/01/1996	31/12/2008
24.	Chief Inspector of Factories, Karnataka (For Unit – II)	MYB-12966	License under Factories Act.	1/1/2003	31/12/2008
25.	Deputy Chief Controller of Explosives, Bangalore	P/SC/KA/15/213 (P38598)	Approval for "petroleum Class" "B" installation situated at plot No 143-C5 Bommassandra Industrial Area , Bangalore	30/11/2004	31/12/2007
26.	Deputy Chief Controller of Explosives, Bangalore	P/SC/KA/15/938 (P20605)	Approval for "petroleum Class" "B" installation situated at plot No 60 E Bommassandra Industrial Area , Bangalore	30/09/2003	31/12/2008
27.	Bangalore Electricity Supply Company Limited	No. AEE/CDP/ AAO/ 1661-62	Power Sanction for 500 KVA. for unit located at 60 E Bommassandra Industrial Area, Bangalore	15/02/2003	NA

## Manjushree Extrusions Limited

28.	Bangalore Electricity Supply Company Limited	GME / BRC/ DGM (O) / AGM-1 / 2542 – 43	Power Sanction additional load of 200 KVA for unit located at plot No 60 E Bommassandra Industrial Area, Bangalore.	12/07/2006	NA
29.	Bangalore Electricity Supply Company Limited	No. EEE/ARDS/ CDP/AEE(O)/ 1598-99	Power Sanction for additional load of 200 KVA for unit located at plot No 143 C-5 Bommassandra Industrial Area, Bangalore.	02/11/2002	NA
30.	Bangalore Electricity Supply Company Limited	No. BESCOM/GM (T) /BC-22/F-702 (47)/15- 06/10967 -72	Power Sanction for additional load of 100 KVA for unit located at plot No 143 C-5 Bommassandra Industrial Area , Bangalore	14/10/2005	NA
31.	Karnataka Electricity Board	T/Com2/AEE-4/ 9076-82	Power Sanction For sanction of 350 KVA for unit located No 143 C-5 Bommassandra Industrial Area, Bangalore.	24/08/1995	NA

### Industrial Approvals

32.	Managing Director, KUM and Member Secretary, State Level Single Window Clearance Committee	KUM /IPO/SWA- 199/126 / 2000-01	State Level Single Window Clearance	27/06/2000	NA
33.	Ministry of Industry, Dept of Industrial Development, Secretariat for Industrial Approvals	2853 / SIA / IMO / 94	IEM – Capacity Registration for Unit at #143C5	31/08/1994	NA

### APPROVALS RECEIVED FOR THE PROPOSED PROJECT:

Sr. No.	Issuing Authority	Registration/ License No.	Nature of Registration	Date of issue	Validity
1.	Managing Director, KUM and Member Secretary, State Level Single Window Clearance Committee	KUM/slsbcc-31 / ad-21/ 1222 / 2006-07	State Level Single Window Clearance	30/03/2007	NA
2.	Ministry of Commerce & Industry, Secretariat for Industrial Assistance, Delhi	754 / SIA / IMO / 2003 as amended by No. 693 / SIA / amended by No. 693 / SIA / IMO / 2007	IEM – Capacity Registration for Unit at #60E	02/03/2007	NA

### OTHER APPROVALS

#### Intellectual Property Rights

Sr. No.	Issuing Authority	Nature of Registration/ Name of the product regd.	Design Regn No.	Design Regn. Date	Design Regn Validity	Design Certificate No.	Design Certificate Date
1	Controller General of Patent, Designs and Trade Marks, Patent Office, Kolkata	Square Tilting Jar	185421	24/04/2001	23/04/2011	0192	08/10/2001
2		Lotus Jar	185423	27/04/2001	26/04/2011	229	09/10/2001
3		Royal Jar	187784	11/01/2002	10/01/2012	0521	09/07/2002
4		Crystal Jar	187786	11/01/2002	10/01/2012	0396	03/07/2002
5		Jar (Grocery Jar)	190096	03/10/2002	02/10/2012	2829	28/05/2003
6		Cap for Grocery Jar	190097	03/10/2002	02/10/2012	2830	28/05/2003
7		Jar (Tilting Jar)	176842	06/07/1998	05/07/2013	1812	29/01/1999
8		Jar (Diamond Jar)	192893	18/08/2003	17/08/2013	5050	20/02/2004
9		Jar without Lid	196435	29/07/2004	28/07/2014	2016	17/10/2006
10		Bottle (Cosmo)	198780	09/03/2005	08/03/2015	1814	09/08/2005
11		Sixer Jar	182546	02/06/2000	01/06/2015	0030	21/11/2000

12		Heera Jar	182543	02/06/2000	01/06/2015	0148	29/11/2000
13		Baba Jar	182542	02/06/2000	02/06/2015	0144	29/11/2000
14		Panna Jar	182544	02/06/2000	02/06/2015	0145	29/11/2000
15		Grip Jar	182545	02/06/2000	02/06/2015	0402	20/12/2000
16		Jar (Rani Jar)	201760	18/10/2005	17/10/2015	2462	01/05/2006
17		Bottle EFL	205588	09/08/2006	Valid for 10 years	2738	04/01/2007

#### TRADE MARK REGISTRATION DETAILS

Issuing Authority	Trade Mark	Regn. No.	Regn. Date	Valid till	Certificate No.	Certificate Date
Trade Marks Registry, Mumbai	Certificate of Regn of Trade Mark, Thermopet: PET Bottles	1307001	06/09/2004	05/09/2014	508409	10/01/2006
	Certificate of Registration of Trade Mark Duraplex Multilayer Bottle	1307002	06/09/2004	05/09/2014	508416	10/01/2006
	Certificate of Registration of Trade mark – Polypet	672337	07/07/1995	06/07/2015	285241	05/01/2004

### SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

#### AUTHORITY FOR THE ISSUE

The Composite Issue has been authorized pursuant to resolutions of the Board of Directors of the Company passed at its meetings held on 14<sup>th</sup> April, 2007 and 05<sup>th</sup> December, 2007 and by a Special Resolution passed under section 81 and section 81 (1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting of the Company held on 16<sup>th</sup> March, 2007.

#### PROHIBITION BY SEBI

The Company, its directors, its Promoters and persons in control of the Company, the subsidiaries, the group companies and companies with which the Company's directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

#### ELIGIBILITY FOR THE COMPOSITE ISSUE

##### For Rights Issue

The Company is an existing listed Company whose equity shares are listed on the Calcutta Stock Exchange Ltd, Gauhati Stock Exchange and Ahmedabad Stock Exchange. The Company is eligible to offer this rights issue in terms of clause 2.4.1 (iv) of the SEBI (DIP) Guidelines, 2000.

##### For Public Issue

The Company is eligible to access the capital market through public issue of equity shares as per clause 2.3.1 of SEBI (Disclosure and Investor protection) guidelines, as it is an existing listed company.

The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document plus promoters' contribution through the offer document), does not exceed five (5) times its pre-issue net worth based on restated financial statements for the financial year 2006-2007, The above is illustrated below.

(Rs. In Lacs)

a)	Proposed issue through Offer document	3570.00
b)	All previous issues made in the same financial year in terms of size (i.e. offer through offer documents +firm allotment promoter contribution through the offer document)	0.00
c)	Net worth as per audited balance sheet for financial year 2006-2007	1394.01
d)	5 times the net worth the Company eligible to raise	6970.05

The Company has not changed its name within the last one year from the date of filing of offer document.

#### SEBI DISCLAIMER CLAUSE

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

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER CENTRUM CAPITAL LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 06<sup>th</sup> August, 2007 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID OFFER;

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY;**

**WE CONFIRM THAT:**

- a. **THE OFFER DOCUMENT FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**
- b. **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID OFFER AS ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;**
- c. **THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED OFFER;**
- d. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;**

**THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME; WITH THE LEAD MANAGER(S) (MERCHANT BANKERS) ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.**

**GENERAL DISCLAIMER**

The Company, the Directors and the Lead Manager accept no responsibility for statements made otherwise than in the Offer Document or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information, including the Company's website, [www.manjushreeindia.com](http://www.manjushreeindia.com) would be doing so at his/ her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager and the Company.

All information shall be made available by the Company and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers etc.

**GENERAL DISCLAIMER OF THE ISSUER**

The Company accepts full responsibility for the accuracy of the information given in this Offer Document and confirms that to the best of their knowledge and belief, there are no other facts, the omission of which makes any statement in this Offer Document misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The Company further declares that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this proposed public issue or for the price at which the equity shares are offered or for the correctness of the statements made or opinions expressed in this Offer Document.

The Promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Offer Document has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement/mis-representation and in the event of its transpiring at any point of time till allotment /refund, as the case may be, that any information/material has been suppressed/withheld and /or amounts to a misstatements/misrepresentation, the promoters /directors undertake to refund the entire application monies to all subscribers within seven days thereafter without prejudice to the provision of section 63 of the Companies Act, 1956.

The issuer will update the Offer Document and keep the Public informed of any material changes in the document till the listing and trading.

**DISCLAIMER IN RESPECT OF JURISDICTION**

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest

## Manjushree Extrusions Limited

in shares, permitted Insurance Companies and to non-residents including NRIs and FIIs as defined under the Indian Laws. This Offer Document does not, however, constitute an issue to sell or an invitation to subscribe to Equity Shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Offer Document comes is required to inform himself / herself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Karnataka only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Offer Document has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Offer Document may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Offer Document nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Investors may please note that Central Government/ RBI do not take any responsibility for the financial soundness or correctness of the statements disclosed in this Offer Document.

### **DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE**

Bombay Stock Exchange has given their permission to Manjushree Extrusions Limited vide its letter no. DCS/IPO/PS/IPO-IP/1033/2007-08 dated 28th September, 2007 for the Public Issue and the letter no. DCS/PREF/SM/IP-RT/1720/07-08 dated 01st October, 2007 for the Rights issue to use their name in this Prospectus as the stock exchange on which the equity share are proposed to be listed. Bombay Stock Exchange has scrutinized this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The BSE does not in any manner:

- a) warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document ; or
- b) warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- c) take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed to mean that this Offer Document has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

### **DISCLAIMER CLAUSE OF THE GAUHATI STOCK EXCHANGE LIMITED**

The Gauhati Stock Exchange Limited has given their permission to Manjushree Extrusions Limited vide its letter no. GSE/L/770/2008/378 dated 18th August, 2007 for the Public and Rights Issue to use their name in this Prospectus as the stock exchange on which the equity share are already listed. The Gauhati Stock Exchange has scrutinized this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The GSE does not in any manner:

- a) warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document ; or
- b) warrant that this Company's securities will be listed or will continue to be listed on the GSE; or
- c) take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed to mean that this Offer Document has been cleared or approved by the GSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the GSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

### **DISCLAIMER CLAUSE OF THE CALCUTTA STOCK EXCHANGE ASSOCIATION LIMITED**

The Calcutta Stock Exchange Association Limited has given their permission to Manjushree Extrusions Limited vide its letter no. CSEA/LD/571/2007 dated 12th October, 2007 for the Public Issue and the letter no. CSEA/LD/572/2007 dated 12th October, 2007 for the Rights issue to use their name in this Prospectus as the stock exchange on which the equity share are already listed. The Calcutta Stock Exchange Association Limited has scrutinized this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.



The CSE does not in any manner:

- a) warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document ; or
- b) warrant that this Company's securities will be listed or will continue to be listed on the CSE; or
- c) take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed to mean that this Offer Document has been cleared or approved by the CSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the CSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever

#### **DISCLAIMER CLAUSE OF AHMEDABAD STOCK EXCHANGE LIMITED**

Ahmedabad Stock Exchange Limited has given their permission to Manjushree Extrusions Limited vide its letter no. REF/ASEL/891/07 dated 12th September, 2007 for the Public and Rights Issue to use their name in this Prospectus as the stock exchange on which the equity share are already listed. The Ahmedabad Stock Exchange Limited has scrutinized this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The ASE does not in any manner:

- a) Warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; or
- b) Warrant that this Company's securities will be listed or will continue to be listed on the ASE; or
- c) Take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed to mean that this Offer Document has been cleared or approved by the ASE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the ASE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever

#### **FILING**

A copy has also been filed with SEBI Mumbai at SEBI Bhawan, Plot No. C-4A, G-Block, Bandra Kurla Complex, Mumbai-400051.,

A copy of the Offer Document, along with the documents required to be filed under 60 of the Companies Act would be delivered for registration to the Registrar of Companies, Karnataka Bangalore.

#### **LISTING**

The equity shares of the Company are already listed on Gauhati Stock Exchange (GSE), Calcutta Stock Exchange Association (CSE) and Ahmedabad Stock Exchange (ASE). The existing and new equity shares are proposed to be listed on Bombay stock Exchange Limited [BSE] (Designated Stock Exchange). The new equity shares offered through this Offer Document are proposed to be listed on all other existing Stock Exchanges. The Company has received an in principle approval to deal in and receive quotations for the equity shares now being issued by the Company and offered in terms of this Offer Document from BSE vide its letter no. DCS/IPO/PS/IPO-IP/1033/2007-08 dated 28th September, 2007 for the Public Issue and the letter no. DCS/PREF/SM/IP-RT/1720/07-08 dated 01st October, 2007 for the Rights Issue, from Gauhati Stock Exchange vide its letter no. GSE/L/770/2008/378 dated 18th August, 2007 for the Public and Rights issue, from Ahmedabad Stock Exchange vide its letter no. REF/ASEL/891/07 dated 12th September, 2007 for the public and Rights issue and from Calcutta Stock Exchange vide its letter no. CSEA/LD/571/2007 dated 12th October, 2007 for the public issue and the letter no. CSEA/LD/572/2007 dated 12th October, 2007 for the Rights issue The Bombay Stock Exchange Limited shall be Designated Stock Exchange.

In case, the permission for listing of the equity shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Offer Document. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it, then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

## Manjushree Extrusions Limited

### IMPERSONATION

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

“Any person who:

- a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

### CONSENTS

Consents in writing of: (a) the promoters, the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors, the Bankers to the Issue, Bankers to the company; and (b) Lead Managers and Registrar to the Issue, to act in their respective capacities, have been obtained and filed along with a copy of the Offer Document, with the Registrar of Companies, Karnataka, Bangalore and such consents have not been withdrawn up to the time of delivery of this Offer Document for registration.

M/s. A. Kedia & Associates Statutory Auditors of the Company have given their written consent to the inclusion of their report in the form and context in which it appears in this Offer Document and such consent and report has not been withdrawn up to the time of delivery of this Offer Document.

### EXPERT OPINION

Except as stated in the Sections “Statement of Possible tax Benefits” The Company has not obtained any expert opinion.

### EXPENSES OF THE ISSUE

The expenses of the Issue include interalia underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Sr. No.	Description	Amount (Rs. In lacs)	% of the Total Issue Expenses	% of the Total issue size
1.	Lead Manager's Fees, Registrar, Legal Advisors & Auditor's Fees	63.58	22.23	1.78
2.	Advertising & Marketing Expenses	58.42	20.42	1.64
3.	Brokerage, Selling Commission	53.55	29.87	1.50
4.	Printing, stationery, Distribution & Postage	64.55	22.56	1.81
5.	Listing fees, Depository Charges etc.	14.00	4.89	0.39
6.	Other Expenses	31.90	11.15	0.89
	<b>TOTAL</b>	<b>286.00</b>	<b>100</b>	<b>8.01</b>

### FEES PAYABLE TO THE LEAD MANAGER

The total fees payable to the lead manager will be as per the memorandum of understanding executed between the Company and the Lead Manager dated 02.06.07 a copy of which is available for inspection at the Registered Office.

### FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue, M/s Alpha Systems Private Limited will be as per the Memorandum of Understanding between the Company and the Registrar dated 07.05.07 copy of which is available for inspection at the registered office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

### BROKERAGE AND SELLING COMMISSION

Brokerage and selling commission will be paid by the Company @ **1.50%** of the issue price of the equity shares offered to the public. Brokerage will be paid on the issue price of Equity Shares offered to the public on the basis of allotment made against applications bearing the stamp of the members of any recognized Stock Exchanges in India in the broker's column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.



### PREVIOUS PUBLIC OR RIGHTS ISSUE (DURING THE LAST 5 YEARS):

The Company has not made any issue during last five years.

### PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

The Company has not issued any shares otherwise other than for cash.

### COMMISSION OR BROKERAGE ON PREVIOUS ISSUES:

The Company has made only one Public Issue since its inception and has paid Rs 3.15\_Lacs as brokerage @1.5% and Rs.6.19 lacs as underwriting commission @ 2.5% of the issue price of the equity shares on the basis of the allotment.

### PARTICULARS IN REGARD TO MANJUSHREE EXTRUSIONS LIMITED AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING SECTION 370(1)(B) OF THE COMPANIES ACT, 1956 WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

Manjushree Extrusions Limited does not have any other listed companies under the same management within the meaning section 370(1) (B) of the Companies Act, 1956.

### PROMISES vs. PERFORMANCE:

The Company had incorporated certain projections in its Prospectus for the Initial Public Offer made in the year 1995. However, there were certain variations in performance *vis-à-vis* the promises made, brief details for the same mentioned herein below.

(Rs. In Lacs)

	1995-96		1996-97		1997-98		1998-99	
Particulars	Projection	Performance	Projection	Performance	Projection	Performance	Projection	Performance
Equity Capital	445.00	412.20	445.00	431.46	445.00	421.08	445.00	421.08
Reserves & Surplus	52.04	89.19	62.63	82.51	92.53	158.73	123.54	193.55
Premium Reserves	105.00	96.80	105.00	101.62	105.00	99.02	105.00	99.02
Net Worth	602.04	561.20	612.63	582.71	642.53	650.07	673.54	689.01
Capacity utilization %								
- Guwahati	90%	69.37%	90%	77.76%	90%	72.00%	90%	77.00%
- Bangalore	50%	0.07%	60%	55.73%	70%	68.99%	80%	70.83%
Gross Sales	705.16	442.68	1032.13	1033.44	1123.11	1712.76	1213.15	1934.42
Excise Duty	35.00	34.55	35.00	35.44	35.00	102.22	35.00	184.43
Net Sales	670.16	408.13	997.13	998.00	1088.11	1610.54	1178.15	1749.99
Other Income	2.00	14.17	2.00	17.05	2.00	19.96	2.00	16.26
PBDIT	122.95	54.58	219.58	239.28	246.12	328.70	271.58	352.50
Interest	44.90	12.59	75.66	80.69	69.54	63.56	63.58	90.43
Depreciation	43.57	8.33	79.93	164.64	79.93	135.83	79.93	207.48
Extraordinary Items	-	(13.71)	-	0.42	-	0.87	-	-
Profit before tax	34.48	47.37	63.99	(6.47)	96.65	128.44	128.07	54.59
Provision for Taxation	-	-	-	0.21	-	27.21	30.31	19.77
Net Profit (PAT)	34.48	47.37	63.99	(6.68)	96.65	101.23	97.76	34.82
Dividend Amount	23.50	-	53.40	-	66.75	42.11	66.75	-
Dividend %	10%	-	12%	-	15%	10%	15%	-
Earning per share (Rs.)	1.47	1.06	1.44	(0.15)	2.17	2.40	2.20	0.83
Book Value (Rs.)	13.53	12.61	13.77	13.09	14.44	15.44	15.14	16.36

### NOTES

#### FY 1995-96

The commissioning of PET Containers Unit, which was scheduled for Oct 1995, was delayed to 27<sup>th</sup> March 1996 in view of late arrival of imported machineries and delay in grant of power connection by KEB. As a result, the turnover and gross profit targets could not be achieved. However, profit at net level was higher since the interest cost and depreciation was lower than

## Manjushree Extrusions Limited

projected levels in view of delay in commissioning of the project. The Dividend was skipped to conserve resources for the time being.

### **FY 1996-97**

The turnover, gross profit and interest costs were slightly above the projected levels but the charge of depreciation was higher by almost Rs. 85 lacs in view of WDV rates adopted by the Company against SLM rates projected earlier, resulting in the net profit being lower by almost Rs. 70 lacs, without adversely affecting the cash accruals. The Dividend was again skipped in view of negative profitability.

### **FY 1997-98**

The turnover and gross profit were significantly above the projected levels. The interest cost was slightly lower but the charge of depreciation was higher by almost Rs. 56 lacs in view of WDV rates adopted by the Company against SLM rates projected earlier. The net profit after tax was higher than projected, however the dividend was declared @10% as against projected 15% to conserve resources for expansion project.

### **FY 1998-99**

The turnover and gross profit were significantly above the projected levels. The interest and depreciation costs were much higher than projected levels in view of additional investments in expansion project for which fresh bank loans were also availed by the Company. The net profit after tax was lower by approx. Rs. 63 lacs, without however adversely affecting the cash accruals. The Dividend was again skipped in view of lower profitability

### **LISTED VENTURE OF THE PROMOTERS**

The promoter do not have any other listed venture and hence information on promises vis a vis performance as far as projection is concerned is not available.

### **OUTSTANDING DEBENTURES OR BOND ISSUE OR PREFERENCE SHARES**

The Company has no outstanding debentures or bond issue or redeemable preference shares.

### **SERVICING BEHAVIOR**

There has been no default in payment of statutory dues or of interest or principal in respect of the Company borrowings or deposits.

### **STOCK MARKET DATA FOR THE COMPANY'S EQUITY SHARES**

Company is listed with ASE, GSE and CSE. However shares are not being traded in the said stock exchanges. The number of shares last traded was 400 shares on 26.02.01 and the average price was Rs. 5.

### **COMPLIANCE WITH LISTING AGREEMENT**

The Company is, listed on ASE, CSE and GSE and has complied with the requirements under the respective Listing Agreement of the above-mentioned stock exchanges. Also no disciplinary action has been initiated by the Stock Exchanges or SEBI against MEL or its Directors.

### **MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES:**

The Company has appointed the registrar to the issue, to handle the investor grievances in coordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. The Company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the issue, namely, Alpha Systems Private Limited will handle investor's grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be coordinating with the registrar to the issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr.No.	Nature of complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Change of Address Notification	Within 7 days of receipt of information
3.	Any other complaint in relation to Offer for Sale	Within 7 days of receipt of complaint with all relevant details

Shareholders/Investors shall send share transfer related documents directly to R & T Agent (RTA) i.e. **Alpha Systems Private Limited**, Bangalore. A Committee of executives of the Company is authorized to approve transfer of shares. If the transfer documents are in order, the transfer of share(s) is registered within 15 days of receipt of transfer documents by the RTA.

The Company obtains the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities as per the requirement of Clause 47 (c) of the Listing Agreement of the Stock Exchanges. These certificates are submitted to the Stock Exchanges.

The Company carries out the Secretarial Audit once in a quarter for the reconciliation of share capital as required under SEBI circular No. 16 dated 31st December 2002.

The Company has Shareholders/Investors Grievance Committee to look into the shareholders' complaints, if any, and to redress the same expeditiously like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, etc. The committee approves requests for issue of duplicate share certificates and issues certificates after split/consolidation/ renewal as also requests for transmission of shares, referred by the Share Transfer committee.

#### **Investor Grievances Committee:**

<b>Sr. No</b>	<b>Name of Directors</b>	<b>Designation</b>
1.	Mr. Narendra Kumar Sarawgi	Chairman
2.	Mr. Surendra Kedia	Member
3.	Mr. Vimal Kedia	Member

Mr. Naresh Kumar Sharma Company Secretary cum Compliance Officer

The status of complaints is periodically reported to the Committee and Board of Directors in their meetings. The investor's complaints are generally redressed within 7 days from the date of receipt. Complaint letters should be either type written or legibly hand written quoting Folio number/beneficiary account number, application number, number of shares applied for, name and address of the first applicant, name and address of the Bank, Branch where application was submitted with date thereof,

The Company has appointed Mr. Naresh Kumar Sharma, as Compliance Officer who would directly deal with SEBI officer with respect, to implementation/ compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the Compliance Officer in case of any issue related problems. The Compliance Officer would be available at the Registered Office of the Company. He may be contacted at the following address:

#143, C-5, Bommasandra Industrial Area,  
Hosur Road, Bangalore-560099(Karnataka)  
Tel: +91-80-7833748/3499  
Fax: +91-80-7833819  
Email: investor@manjushreeindia.com

#### **CHANGES IN AUDITORS DURING THE LAST THREE YEARS WITH REASONS THEREOF:**

There have been no changes in auditors of the company during the last three years

#### **CAPITALISATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS**

The Company has not capitalized any reserves or profits since its incorporation.

#### **REVALUATION OF ASSETS DURING THE LAST FIVE YEARS**

None of the Assets of the Company have been revalued during the last five Years.

## SECTION VIII: OFFERING INFORMATION

### 1. TERMS OF THE ISSUE

#### a) Terms Of The Rights Offer

The Equity Shares, now being offered, are subject to the terms and conditions of this Letter of Offer, the enclosed Composite Application Form ("CAF"), the Memorandum & Articles of Association of the Company, the approvals from the GoI, FIPB and RBI, if applicable, the provisions of the Companies Act, 1956, guidelines issued by SEBI, guidelines, notifications and regulations for Offer of capital and for listing of securities issued by Government of India and / or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advise or letter of allotment or security certificates and rules as may be applicable and introduced from time to time.

#### BASIS OF THE OFFER

42,10,800 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 20/- 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 in respect of the shares held in electronic form and on the Register of Members of the Company in respect of shares held in physical form at the close of business hours on the Record Date i.e. 24<sup>th</sup> December, 2007 fixed in consultation with the concerned Stock Exchange(s). The Equity Shares are being offered for subscription in the ratio of 1 (One) Equity Share for every 1 (One) Equity Share held by the Equity Shareholders.

#### RIGHTS ENTITLEMENT

The applicants name appears as beneficial owner as per the list furnished by the depositories in respect of the Equity Shares held in the electronic form or appears in the register of members in respect of shares held in physical form as an equity shareholder of the Company on the Record Date 24<sup>th</sup> December, 2007, applicant is entitled to this Rights Issue. The number of Equity Shares to which applicant is entitled is shown in Block I of Part A of the enclosed CAF.

#### FRACTIONAL ENTITLEMENT

There will be no fractional entitlement in view of the ratio of the rights issue which is One for One as proposed by the Company..

#### JOINT HOLDERS

Where two or more persons are registered as the holders of any equity shares they shall be deemed (so far as the Company is concerned) to hold the same rights, as joint-tenants with benefits of survivorship subject to provisions contained in the Articles of Association of the Company.

#### NOMINATION FACILITY

As per section 109A of the Act, a sole Equity Shareholder or first Equity Shareholder, along with other joint Equity Shareholders [being individual(s)] 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 Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form as available on the request at the Registered Office of the Company or such other person at such addresses as may be notified by the Company. The applicant can make the nomination by filling in the relevant portion of the CAF.

**Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder has already registered the nomination with the Company, no further nomination needs to be made for equity shares to be allotted in the Issue under the same folio.**

In accordance with Section 109B of the Act, any person who becomes nominee by virtue of 109A of the Act shall upon production of such evidence as may be required by the Court, elect either:

To register himself or herself as holder of Equity Shares or

To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirement of the notice have been complied with.

In case of allotment in dematerialized form; the nominations registered with the respective depository participants of the applicant would prevail. If the applicant required changing the nomination, requested to inform their respective DP.

#### **ISSUE OF DUPLICATE EQUITY SHARE CERTIFICATE**

If any equity share(s) certificate is/are mutilated or defaced or the pages for recording transfers of equity share are fully utilized, the same may be replaced by the Company against the surrender of such certificate. Provided, where the equity share certificates are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible. If any equity share certificate is destroyed, stolen or lost, then upon production of proof thereof to the satisfaction of the Company and upon furnishing such indemnity/surety and/or documents as the Company may deem adequate, duplicate equity share certificate shall be issued.

#### **NOTICES**

All notices to the Equity Shareholder(s) to be given by the Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation, a regional language daily in Bangalore being the place where the registered office of the Company is situated and/or, will be sent by ordinary post to the registered holders of the Equity Share(s) from time to time.

#### **PRINTING OF BANK PARTICULARS ON REFUND ORDERS**

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

#### **OFFER TO NON-RESIDENT EQUITY SHAREHOLDERS / APPLICANTS**

Applications received from NRIs and non-residents for allotment of Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 2000 (FEMA). In the matter of refund of application moneys, allotment of Equity Shares, issue of letter of allotment / share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on rights basis by an Indian company in terms of FEMA and regulation 6 of notification No. FEMA 20/200-RB dated May 03, 2000. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Equity Shares, payment of dividend etc. to the non-resident shareholders. The rights shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original shares against which rights shares are issued.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. The circular stipulates that an OCB shall not be eligible to purchase equity or preference shares or convertible debentures offered on right basis by an Indian company, and no Indian company shall offer equity or preference shares or convertible debentures on right basis to an OCB. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. 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. Thus, OCBs desiring to participate in this Issue must obtain prior approval from the RBI. On providing such approval to the Company at its registered office, the OCB shall receive the Letter of Offer and the CAF.

Applications received from the non-resident Equity Shareholders for the allotment of Equity Shares shall, among other things, be subject to conditions as may be imposed, from time to time, by the RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/ certificates/ payment of dividends etc.

In case of change of status of holders i.e. from resident to non-resident, a new demat account shall be opened for the purpose. Details of separate collecting centres for non-resident applications shall be printed on the CAF.

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## PRINCIPAL TERMS AND CONDITIONS OF THE OFFER

### EQUITY SHARES

#### Face value

Each Equity Share shall have the face value of Rs.10/-

#### Offer Price

Each Equity Share is being offered at a price of Rs. 30/- (including a premium of Rs. 20/-)

#### Entitlement Ratio

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of 1 (One) Equity Share for every 1 (One) equity share held as on the Record Date.

#### Market lot

The market lot for the equity shares in dematerialized mode is one share. In case of physical certificates, the Company would issue one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate")

In respect of the Consolidated Certificate, the Company will be returning the share certificates issued for the entire holding, duly split as desired by the Equity Shareholders within a week's time, as and when such requests are received from the Equity Shareholders without charging anything from the Equity Shareholder.

#### Terms of payment

100% of the Offer price (i.e. Rs. 30/-) per Equity Share shall be paid on Application

#### Ranking of the Equity Shares

The Equity Shares shall be subject to the provisions Memorandum and Articles of Association of the Company and shall rank pari passu in all respects including dividends with the existing equity shares of the Company. The Allottee shall be entitled to dividend or other corporate benefits, if any, declared by the Company after the date of allotment.

### OPTION AVAILABLE TO THE EQUITY SHAREHOLDERS

The Composite Application Form clearly indicates the number of Equity Shares that the Equity Shareholder is entitled to. The investor shall have the option either to receive the security certificates in physical form or to hold the securities with a depository in electronic form.

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

- Apply for his entitlement in part
- Apply for his entitlement in part and renounce the other part
- Apply for his entitlement in full
- Apply for his entitlement in full and apply for additional Equity Shares

Renounces for Equity Shares can apply for the Equity Shares renounced to them and also apply for additional Equity Shares.

### HOW TO APPLY

#### RESIDENT EQUITY SHAREHOLDERS

Application should be made only on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. **Applications will not be accepted by the Lead Manager or by the Registrar to the Offer or by the Company at any offices** except in the case of postal applications as per instructions given in the Letter of Offer.

#### NON-RESIDENT EQUITY SHAREHOLDERS

Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares shall, inter alia, be subject to the conditions as may be imposed from time to time by the Reserve Bank of India, in the matter of Refund of application moneys, allotment of Equity Shares, issue of Letters of Allotment / certificates / payment of dividends etc.



## **THE CAF CONSISTS OF FOUR PARTS:**

Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares

Part B: Form for renunciation

Part C: Form for application for renounces

Part D: Form for request for split application forms

## **ACCEPTANCE OF THE RIGHTS OFFER**

The applicant may accept the Offer and apply for equity shares offered, either in full or in part by filling Block III of Part "A" of the enclosed CAF and submit the same along with the application money payable to the "Bankers to the Offer" or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Offer Closing Date or such extended time as may be specified by the Board thereof in this regard. Applicants at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn on a local bank at Bangalore demand draft payable at Bangalore to the Registrar to the Offer by registered post. Such applications sent to anyone other than the Registrar to the Offer are liable to be rejected.

## **RENUNCIATION**

The Issue includes a right exercisable by the member to renounce the equity shares offered to the member either in full or in part in favour of any other person or persons. Such renouncees can only be Indian nationals/limited companies incorporated under and governed by the Act, statutory corporations/institutions, trusts (unless registered under the Indian Trust Act), minors (through their legal guardians), societies (unless registered under the Societies Registration Act, 1860 or any other applicable laws) provided that such trust/society is authorized under its constitution/bye laws to hold equity shares in a Company and cannot be a partnership firm, more than three persons including joint-holders, HUF, foreign nationals (unless approved by RBI or other relevant authorities) or to any person situated or having jurisdiction where the offering in terms of this LoF could be illegal or require compliance with securities laws of such jurisdiction or any other persons not approved by the Board.

Any renunciation from Resident Indian Shareholder(s) to Non-resident Indian(s) or from Non-resident Indian Shareholder(s) to Resident Indian(s) or from Non-resident Indian shareholder(s) to other Non-resident Indian(s) is subject to the renouncer(s)/ renouncee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and other applicable laws and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management [Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)] Regulations, 2003. Accordingly, the existing equity shareholders of the Company who do not wish to subscribe to the equity shares being offered but wish to renounce the same in favour of renouncees shall not renounce the same (whether for consideration or otherwise) in favour of OCBs.

The right of renunciation is subject to the express condition that the Board/Committee of Directors shall be entitled in its absolute discretion to reject the request for allotment to renouncee(s) without assigning any reason therefore.

**Renouncee(s) have right to apply for additional shares and the renouncee(s) cannot further renounce his/her entitlement.**

## **PROCEDURE FOR RENUNCIATION**

### **TO RENOUNCE THE WHOLE OFFER IN FAVOUR OF ONE RENOUNCEE**

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 renouncees, all joint renouncees must sign this part of the CAF.

### **TO RENOUNCE IN PART / OR RENOUNCE THE WHOLE TO MORE THAN ONE PERSON(S)**

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more renouncees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of split forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Offer so as to reach them latest by the close of business hours on the last date of receiving requests for split forms. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

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

### **RENOUNCEE(S)**

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the Application Form and submit the entire Application Form to the Bankers to the Offer on or before the Offer Closing Date along with the application money.

Note: Any renunciation from Resident Indian Shareholder(s) to Non-Resident India(s) or from Non-Resident Indian Shareholder(s) to another Non-Resident Indian Shareholder(s) or from Non-Resident Indian Shareholder(s) to Resident Indian(s) is subject to the renouncee(s) /renounce(s) obtaining the approval of the FIPB and/or necessary permissions of the RBI under the FEMA and other applicable laws and such permissions to be attached with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

### **CHANGE AND/ OR INTRODUCTION OF ADDITIONAL HOLDERS**

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

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

#### **Please note that:**

- (a) 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.
- (b) Request by the applicant for the Split Application Form should reach the Company on or before last date for request for split application form mentioned on the cover page.
- (c) Only the person to whom this Letter of Offer has been addressed to and not the renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split again.
- (d) Split form(s) will be sent to the applicant(s) by ordinary post at the applicant's risk.
- (e) Request for split form should be made for a minimum of 1 Equity Share or in multiples thereof and one Split Application Form for the balance Equity Shares, if any.

### **ADDITIONAL EQUITY SHARES**

The member is eligible to apply for additional Equity Shares over and above the number of Equity Shares member is entitled to, provided that member have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). If the member desire to apply for additional Equity shares, please indicate the requirement in Block IV of Part 'A' of the CAF. Applications for additional Equity Shares shall be considered and allotment shall be made in the manner prescribed in the Letter of Offer under the "Basis of Allotment". The renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

In case of application for additional equity shares by Non-Resident Equity Shareholders, the allotment of additional shares will be subject to the condition that the overall issue of shares to the Non-Resident Equity Shareholders in the total paid-up capital does not exceed the sectoral cap and will be subject to RBI guidelines in this regard. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Equity Shares, subject to the same conditions including restrictions in regard to the reparability as are applicable to the original shares against which Rights shares are issued.

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



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

Sr. No.	Option Available	Action Required
1.	Accept whole or part of member's entitlement without renouncing the balance.	Fill in and sign Part A including Block III relating to the acceptance of entitlement. Block IV relating to additional equity shares to be left blank or Nil to be mentioned. <i>(All joint holders must sign)</i>
2.	Accept member's entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares <i>(All joint holders must sign)</i>
3.	Renounce member entitlement in full to one person (Joint renounces are considered as one).	Fill in and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand it over to the renounee. The renounees must fill in and sign Part C. <i>(All joint renounees must sign)</i>
4.	Accept a part of member entitlement and renounce the balance to one or more renounee(s) OR Renounce member's entitlement to all the Equity Shares offered to the member to more than one renounee	Fill in and sign Part D (all joint holders must sign) requesting for Split Application Forms. Send the CAF to the Registrar to the Offer so as to reach them on or before the last date for receiving requests for Split Forms. Splitting will be permitted only once. On receipt of the Split Form take action as indicated below. <ul style="list-style-type: none"> <li>For the Equity Shares member wish to accept, if any, fill in and sign Part A.</li> <li>For the Equity Shares member wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the renounees. Each of the renounees should fill in and sign Part C for the Equity Shares accepted by them.</li> </ul>
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the renounees must fill in and sign Part C.

Applicants must provide information in the CAF as to their Bank/ current account number and the name of the Bank with whom such account is held, to enable the Registrar to print the said details in the refund orders after the names of the payee(s). Failure to comply with this may lead to rejection of the application. Bank account details furnished by the depositories will be printed on the refund warrant in case of shares held in electronic form. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

#### AVAILABILITY OF DUPLICATE CAF

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Offer will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID no. and his / her full name and address to the Registrar to the Offer. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements he/ she shall face the risk of rejection of both the applications. In case the original and duplicate CAF's are lodged for subscription, allotment will be made on the basis of the CAF and the original CAF will be ignored.

#### 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 Rights Offer on plain paper, along with an Account Payee Cheque drawn on a local bank at Bangalore / Demand Draft payable at Bangalore which should be drawn in favour of the “ **HDFC Bank - A/c MEL - Rights Issue**” or “ **BNP PARIBAS - A/c MEL - Rights Issue**” and send the same by registered post directly to the Registrar to the Offer.

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

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- Name of Offerer
- Name and address of the Equity Shareholder including joint holders
- Registered Folio Number/ DP and Client ID no.
- Number of shares held as on Record Date
- Number of Rights Equity Shares entitled
- Number of Rights Equity Shares applied for
- Number of additional Equity Shares applied for, if any
- Total number of Equity Shares applied for
- Total amount paid @ Rs. 30/- per Equity Share inclusive of premium
- 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
- PAN number and photocopy of the PAN card need to be submitted where there is an application for Equity Shares is made irrespective of the amount of application, otherwise the application would be rejected.
- Following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity card issued by any institution (e) Copy of electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration.
- The applicants are specifically requested not to submit the GIR number instead of the PAN number as their application is liable to be rejected.
- In case of Non Resident Shareholders to appear in the same sequence and order as they appear in the records of the Company/ Depositories.
- In case the payment is made by a draft purchased from NRE/ FCNR/ NRO A/c, as the case may be, an Account Debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/FCNR/ NRO Account.
- The cheque(s)/ demand draft(s) accompanied with such applications should be payable at par at Bangalore. The applications received through the registered post shall be dealt with by the Registrar to the Issue in the normal course. No such plain paper application will be entertained if it is received after the closure of the issue.
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company/ depository. Payments in such cases, should be through a cheque/ demand draft payable at Bangalore to be drawn in favour of the Bankers to the Offer marked "A/c Payee" and marked "**HDFC Bank - A/c MEL - Rights Issue**" or "**BNP PARIBAS - A/c MEL - Rights Issue**" in case of resident shareholders.
- Payment in case of non resident shareholders holding on repatriation basis and non repatriation basis shall be drawn in favour of the "**HDFC Bank - A/c MEL - Rights Issue NR**" or "**BNP PARIBAS - A/c MEL - Rights Issue NR**" and the marked "A/c payee". The envelope should be super scribed "**Manjushree Extrusions Limited - Rights issue**".

In respect of Non Residents they should follow the mode of payment as indicated in point(s) on page no. 137 of this Offer Document.

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 applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications as well as forfeiture of amounts remitted along with the applications.

### LAST DATE OF APPLICATION of CAF

The last date for submission of CAF by the Banker to the Issue at its Collecting Branches, together with the amount payable, is on or before the close of banking hours on 06th February, 2007. The Board will have the right to extend the said date for such period as it may determine from time to time but not exceeding sixty days from the date the Offer opens.

If the CAF together with the amount payable is not received by the Bankers to the Offer / Registrar on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the offer

contained in this Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the heading "Basis of Allotment".

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM.**

#### **BASIS OF ALLOTMENT**

1. Subject to provisions contained in this Letter of Offer, the Articles of Association of the Company and approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority:
  - (a.) Full allotment to those Equity Shareholders who have applied for their rights entitlement either in full or in part and also to the renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
  - (b.) There will be no fractional entitlement in view of the ratio of the rights issue which is One for One as proposed by the Company
  - (c.) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as rights and have also applied for additional Equity Shares. The allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) above. The allotment of such Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the rights Offer and not preferential allotment.
  - (d.) Allotment to the renouncees who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such additional Equity Shares will be made on a proportionate basis at the sole discretion of the Board/Committee of Directors but in consultation with the Designated Stock Exchange, as a part of the rights Offer and not preferential allotment.

After taking into account allotment to be made under (a) and (b) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 which would be available for allocation under (c) and (d) above. After considering the above allotment, if the Issue does not have subscription to the extent of 90% of the Issue size, the Promoter and the promoter group shall subscribe to such portion to ensure that the Issue is successful. After such allotments as above and to the Promoters and the promoter group, including the application for rights/renunciation and additional equity shares, any additional Equity Shares shall be disposed off by the board or committee of the Board of Directors authorized in this behalf by the Board of Directors of the Company, in such manner as they think most beneficial to the Company and the decision of the Board or committee of directors of the Company in this regard shall be final and binding. In the event of oversubscription, allotment will be made within the overall size of the issue.

Allotment to promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A of the Listing Agreement and the other applicable law prevailing at that time.

The basis of allotment shall be finalized by the Board in consultation with the designated stock exchange, within a period of **30 days** from the date of closure of issue. In case of delay in allotment the company shall, as stipulated shall, as stipulated under section 73(2A) of the Act, be required to pay interest on the same at a rate of 15% p.a.

No oversubscription shall be retained by the company.

#### **UNDERWRITING**

The present Rights Issue portion is not underwritten.

#### **ALLOTMENT / REFUND**

The Company will issue and dispatch letters of allotment/ securities certificates and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of six week from the Date of Closure of the Offer. If such money is not repaid within 8 days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under Section 73(2) (2A) of the Act.

Applicants residing at 15 centers where clearing houses are managed by the RBI will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit, NEFT & RTGS. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 42 days from the date of closing of the subscription list.

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Letters of allotment/ securities certificates/ refund orders above the value of Rs.1, 500 will be dispatched by Registered Post/ Speed Post to the sole/ first applicant's registered address. However, refund orders for value not exceeding Rs.1, 500 shall be sent to the applicants under Postal Certificate. Such cheques or pay orders will be payable 'at par' at all the centers where the applications were originally accepted and will be marked "A/c payee" and would be drawn in the name of the sole/ first applicant. Adequate funds would be made available to the Registrar to the Offer for the dispatch of Letters of allotment/ securities certificates and refund orders.

In case the Company issues Letters of allotment, the corresponding Security Certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act, 1956 or other applicable provisions, if any. Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the Security Certificates.

### ***As regards allotment/ refund to Non - Residents, the following further conditions shall apply:***

In case of non-residents, who remit their application monies from funds held in NRE/ FCNR accounts, refunds and/ or payment of interest/ dividend and other disbursement, if any, shall be credited to such accounts, details of which should be furnished in the CAF. Subject to the approval of the RBI, in case of non-residents, who remit their application monies through Indian Rupee draft purchased from abroad, refund and/ or payment of dividend/ interest and any other disbursement, shall be credited to such accounts (details of which should be furnished in the CAF) and will be made net of bank charges/ commission in US Dollars, at the rate of exchange prevailing at such time. The Company will not be responsible for any loss on account of exchange fluctuations for converting the Indian Rupee amount into US Dollars. The Equity Share certificate(s) will be sent by registered post at the Indian address of the non-resident applicant.

### **PAYMENT OF REFUND**

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

**1. ECS** - Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds through ECS is mandatory for applicants having a bank account at any of the above mentioned fifteen centers, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

**2. NEFT**- Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available 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 applicants have registered their nine digit MICR number and their bank account number 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 applicants through this method. The Process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency.

**3. Direct Credit** - Applicants having bank accounts with the Refund Banker as mentioned in the Application Form shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

**4. RTGS** - Applicants having a bank account at any of the above mentioned fifteen centers and whose refund amount exceeds Rs. 10 lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

**5.** For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the HDFC Bank Ltd. and payable at par at places where application forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the applicant.

Please note that only applicants having a bank account at any of the 15 centers where the clearing houses for the ECS are managed by the RBI are eligible to receive refunds through the modes stated above. For all the other applicants, including applicants who have not updated their bank particulars, along with the nine-digit MICR code, the refund orders shall be dispatched "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500

In case of those shareholders who have opted to receive their rights entitled shares in dematerialized form by using electronic credit under the depository system, an advice regarding the credit of the equity shares shall be given separately.

#### **LETTERS OF ALLOTMENT / EQUITY SHARE CERTIFICATES / DEMAT CREDIT**

Letter(s) of Allotment/ Equity Share certificates / demat credit or Letters of Regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within six weeks, from the date of closure of the subscription list. In case the Company issues Letters of Allotment, the relative Equity Share certificates will be dispatched within three months from the date of allotment. Allottee are requested to preserve such Letters of allotment (if any) to be exchanged later for Equity Share certificates. Export of Letters of Allotment (if any)/ Equity Share certificates / demat credit to non-resident allottees will be subject to the approval of RBI.

#### **ARRANGEMENT FOR ODD LOT EQUITY SHARES**

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is 1 (One) share. Therefore there is no possibility of odd lots.

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

#### **OPTION TO RECEIVE EQUITY SHARES IN DEMATERIALIZED FORM**

Applicants to the Equity Shares of the Company offered through this Rights Offer shall be allotted the securities in dematerialized (electronic) form at the option of the applicant. The Company and the Registrar to the Company Alpha Systems Private Limited have signed a tripartite agreement with National Securities Depository Limited (NSDL) on 07<sup>th</sup> March, 2006 and with Central Depository Services (India) Limited (CDSL) on 21<sup>st</sup> March 2006 which enables the investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates.

In this Rights Offer, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applications, which do not accurately contain this information, will be given the securities in physical form. No separate applications for securities in physical and dematerialized form should be made. If such applications are made, the application for physical securities will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, will be allotted in physical shares.

The Equity Shares of the Company will be listed on BSE, ASE, GSE and CSE. Procedure for availing this facility for allotment of Equity Shares in this Offer in the electronic form is as under:

1. Open a Beneficiary Account with any Depository Participant (care should be taken that the Beneficiary Account should carry the name of the holder in the same manner as is exhibited in the records of the Company. In case of joint holding, the Beneficiary Account should be opened carrying the names of the holders in the same order as with the Company). In case of Investors having various folios in the Company with different joint holders, the investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such Beneficiary Account (s) need not adhere to this step.*
2. For Equity Shareholders already holding equity shares of the Company in dematerialized form as on Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares 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 securities arising out of this Offer may be made in dematerialized form even if the original equity shares of the Company 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 the records of the Company.
3. Responsibility for correctness of applicant's age and other details given in the CAF vis-à-vis those with the applicant's Depository Participant would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be same as registered with the applicant's Depository Participant.
4. If incomplete / incorrect Beneficiary Account details are given in the CAF the applicant will get Equity Shares in physical form.
5. The Rights Equity Shares allotted to investors opting for 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 Offer but the applicant's Depository Participant will provide to him the confirmation of the credit of the Rights Equity Shares to the applicant's Depository Account.



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6. Renouncees will also have to provide the necessary details about their Beneficiary Account for allotment of securities in this Offer. In case these details are incomplete or incorrect, the application is liable to be rejected.

The following renunciations are also subject to the renouncer(s)/ renounce(s) obtaining the necessary approval of the RBI under the provisions of the Foreign Exchange Management Act, 1999 and other applicable laws and such permission should be attached with the CAF.

- a. From Resident(s) to Non- Resident Indian(s)
- b. From Non- Resident Indian(s) to Resident(s)
- c. From Non- Resident Indian(s) to Non- Resident(s)

**Renouncee(s) have right to apply for additional shares and the renouncer(s) cannot further renounce his/her entitlement.**

### UTILISATION OF PROCEEDS

Subscription received against the Issue will be kept in a separate bank account(s) and the Company would not have access to such funds unless it has received minimum subscription of 90% of the Issue and necessary approvals of the Designated Stock Exchange, ASE, GSE and CSE has been obtained to use the amount of subscription.

### GENERAL INSTRUCTIONS FOR APPLICANTS

- a) Please read the instructions printed on the enclosed CAF carefully.
- b) Application should be made on the printed CAF, provided by the Company and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and without deduction of bank commission and other charges. The CAF must be filled in English and the names of all the applicants, details of occupation, address, and father's / husband's name must be filled in block letters.
- c) The CAF together with cheque / demand draft should be sent to the Bankers to the Offer / Collecting Bank or to the Registrar and **NOT** to the Company or Lead Managers to the Offer. Applicants residing at places other than cities where the branches of the Bankers to the Offer have been authorized by the Company for collecting applications will have to make payment by Demand Draft payable at Bangalore and send their application forms to the Registrar to the Offer by **REGISTERED POST**. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.
- d) On all applications each of the applicants, should mention his/ her permanent account number allotted under the Income-Tax Act, 1961 and also submit a photocopy of the PAN card. **Forms without this information will be considered incomplete and are liable to be rejected.**
- e) Applicants are advised 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 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.
- f) The payment against the application should not be effected in cash if the amount to be paid is Rs.20, 000 or more. 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. Payment against the application if made in cash, subject to conditions as mentioned above, should be made only to the Bankers to the Offer.
- g) Signatures should be either in English or Hindi or in any other language specified in the 8th Schedule of 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 the Company.
- h) 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 make investment and sign the application along with a copy of the Memorandum & Articles of Association and / or bye laws must be lodged with the Registrar to the Offer giving reference of the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Offer or are sent after the Offer Closure Date, then the application is liable to be rejected.
- i) 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 Company. Further, in case of joint applicants who are renouncees, the number of applicants should not exceed three. 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.

- j) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent Offer and allotment of Equity Shares, interest, export of Equity Share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- k) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Offer prior to the date of allotment in this Offer quoting the name of the first / sole applicant Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of the Company (i.e., Alpha Systems Private Limited) in the case of equity shares held in physical form and to the respective DP, in case of equity shares held in dematerialized form.
- l) Split forms cannot be re-split.
- m) Only the person or persons to whom Equity Shares have been offered and not renouncee(s) shall be entitled to obtain split forms.
- n) Applicants must write their CAF number at the back of the cheque / demand draft.
- o) Only one mode of payment per application should be used. The payment must be either in cash or 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.
- p) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above)
- q) No receipt will be offered for application money received. The Bankers to the Offer / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- r) An applicant which is a mutual fund can make a separate application in respect of each scheme of the fund and such applications shall not be treated as multiple applications. The application made by the asset management Company or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

#### **Mode of payment for Resident Equity Shareholders/ Applicants:**

Only one mode of payment per application should be used. The payment must be either in cash or 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. The payment against the share application should not be effected in cash if the amount to be paid is Rs. 20,000/- or more, as per Section 269 SS of the income- Tax Act, 1961. In case payment is effected in contravention of this, the application money will be refunded and no interest will be paid thereon.

- All cheques / drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed "A/c Payee only" and marked " **HDFC Bank - A/c MEL - Rights Issue**" or " **BNP PARIBAS - A/c MEL - Rights Issue**"
- Applicants residing at places other than places where the bank collection centers have been opened by the Company for collecting applications, are requested to send their applications together with Demand Draft/Cheque payable at par for the full application amount favoring the Bankers to the Offer, crossed "A/c Payee only" and marked " **HDFC Bank - A/c MEL - Rights Issue**" or " **BNP PARIBAS - A/c MEL - Rights Issue**" payable at Bangalore directly to the Registrar to the Offer by registered post so as to reach them on or before the Offer Closing Date. The Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.
- Outstation cheques/money orders/postal orders will not be accepted and CAF's accompanied by such cheques/money orders /postal orders are liable to be rejected.
- New Demat account shall be opened for holders who have had a change in status from Resident Indian to NRI.

#### **Mode of payment for Non-Resident Equity Shareholders/ Applicants:**

As regards the application by non-resident equity shareholders, the following further conditions shall apply:



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Payment by non-residents must be made by demand draft / cheque payable at Mumbai / Bangalore/ Delhi/ Kolkata or funds remitted from abroad in any of the following ways:

### Application with repatriation benefits

- a) By Indian Rupee drafts purchased from abroad and payable at Mumbai / Bangalore/ Delhi/ Kolkata or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- b) By cheque / draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Mumbai / Bangalore/ Delhi/ Kolkata ; or
- c) By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Mumbai / Bangalore/ Delhi/ Kolkata or
- d) FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.

A separate cheque or Bank draft must accompany each application form. Applicants 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. In the absence of the above the applicants shall be considered incomplete and is liable to be rejected. In case where a repatriation benefit is available, dividend and sales proceeds derived from the investment in shares can be remitted outside India. Subject to tax, as applicable according to the income tax Act, 1961 and subject to the permission of RBI, if required.

In the case of NRIs who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. The Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the applicant's Bankers.

Applications received from NRIs (Non –Resident), NRIs and persons of Indian origin resident abroad, for allotment of equity shares shall be inter-alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 1999 (FEMA) in the matter of refund of application moneys, allotment of Equity shares, issue of letter of allotment/share certificates, warrant certificate, dividend etc.

### Application with non - repatriation benefits

As far as non-residents holding shares on non-repatriation basis is 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 Bangalore or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Bangalore/Delhi/ Mumbai/ Kolkata. In such cases, the allotment of Equity Shares will be on non-repatriation basis.

All cheques/drafts submitted by non-residents should be drawn in favour of the Bankers to the Offer and marked “ **HDFC Bank - A/c MEL - Rights Issue - NR**” or “ **BNP PARIBAS - A/c MEL - Rights Issue - NR**” payable at Bangalore/ Mumbai/ Delhi/ Kolkata and must be crossed “A/c Payee only” for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on the Offer Closing Date. A separate cheque or bank draft must accompany each CAF.

Applicants 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.

### Note:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
2. In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
3. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on the aforesaid Offer Closing Date. A separate cheque or bank draft must accompany each CAF.
4. In case 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.

### Grounds for Technical Rejections

Applicants 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 for;
- Bank account details (for refund) are not given;
- Age of First Applicant not given;
- PAN photocopy/ Form 60 / Form 61 declaration not given
- UIN Number not given as applicable;
- In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder does not match with the one given on the Application Form and for renouncees if the signature does not match with the records available with their depositories;
- If the Applicant desires to have shares in electronic form, but the Application Form does not have the Applicant's depository account details;
- Application Forms are not submitted by the Applicants within the time prescribed as per the Application Form and the Letter of Offer;
- Applications not duly signed by the sole/joint Applicants;
- Applications by OCBs unless accompanied by specific approval from the RBI permitting the OCBs to invest in the Issue;
- Applications accompanied by Stock invest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- Applications by US persons;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided.

### Payment by Stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the Stock invest Scheme has been withdrawn with immediate effect. Hence, payment through Stock invest would not be accepted in this Issue

### Undertaking by the Company

The Board of Directors of MEL undertakes that: -

- a. that the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
- b. that 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 are taken within 7 working days of finalization of the basis of allotment;
- c. The Company shall apply in advance for the listing of equity shares
- d. that the funds required for dispatch of refund orders / allotment letters / certificates by registered post shall be made available to the Registrar to the Issue by the Company;
- e. that where refunds are made through electronics transfer of funds, a suitable communications shall be sent to the applicants within 30 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of funds.
- f. that the certificates of the equity shares/refund orders to non-resident Indian applicants shall be dispatched within specified time;
- g. that no further issue of equity shares shall be made till the equity shares offered through this Offer Document are listed or till the application moneys are refunded on account of non-listing, under-subscription, etc.
- h. The Company accepts full responsibility for the accuracy of information given in this letter of offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes in this letter of offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

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- i. All information shall be made available by the Lead Managers and the issuer to the Investor at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows presentation , in research or sales reports etc

### UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

- a. all monies received against this issue shall be transferred to separate bank accounts in a schedule bank as referred to in sub-section (3) of section 73;
- b. details of all monies utilized out of the issue referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the purpose for which such monies had been utilized; and
- c. details of all unutilized monies out of the issue of shares, 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 unutilized monies have been invested.

**The funds raised through this Rights Issue of Equity Shares would be utilized only towards satisfactory fulfillment of the “Objects of the Issue” as mentioned on page no. 20 in this Offer Document.**

### DISPOSAL OF APPLICATION AND APPLICATION MONEY

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

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

**In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the applicant within six weeks from the close of the Offer.** If there is delay in refund of application money by more than 8 days after the Company becomes liable to pay (i.e. 42 days after the closure of the Issue), the Bank will pay interest for the delayed period at the rate prescribed under subsection (2) and (2A) of section 73 of the Act.

**For further instruction, please read the Composite Application Form carefully.**

### IMPORTANT

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the accompanying Composite Application Form (CAF) are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
2. All enquiries in connection with this Letter of Offer or accompanying Composite Application Form and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID no., the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed “MEL— Rights Offer “ on the envelope) to the Registrar to the Offer at the following address:

#### **Alpha Systems Private Limited**

Mr. S. Vijayagopal  
30,Ramana Residency,4<sup>th</sup> Cross,  
Sampige Road, Malleswaram,  
Banaglore-560003  
Tel: +91-80-2346-0815/818  
Fax: +91-80-2346-0819  
Email: mel@123alpha.com  
Website: www.123alpha.com

In case the original CAF is not received, or is misplaced by the applicant, the Registrars will issue a duplicate CAF on the request of the applicant who should furnish the Registered Folio Number/ DP ID and Beneficiary ID and his/her full name and address to the Registrars to the Issue. Please note that those who are making an application in the duplicate form should not utilize the standard CAF for any purpose including renunciation, even if received subsequently.

If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications.

3. It is to be specifically noted that this Offer of Equity Shares is subject to Risk Factors appearing on page no. vi of this Letter of Offer.
4. The Rights Offer will be kept open for atleast 30 days, and for a maximum 60 days.
5. Investors are advised to contact the Compliance Officer in case of any pre-issue / post –issue related problems.

**a) Terms Of The Public Issue**

**PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE**

The equity shares being issued are subject to the terms of this Offer document, the terms and conditions contained in the Application Form, the Memorandum and Articles of Association of the Company, provisions of the Act, other applicable Acts and the Letters of Allotment/Equity Share Certificates or other documents and the Guidelines issued from time to time by the Government of India, SEBI and the concerned Stock Exchanges.

The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, ROC and /or other Authorities, as in force on the date of the issue and to the extent applicable.

**RANKING OF EQUITY SHARES**

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank *pari passu* in all respects with the other existing shares of the Company including in respect of the rights to receive dividends. The allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by the Company after the date of allotment.

**MODE OF PAYMENT OF DIVIDEND**

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders at their discretion, and will depend on number of factors including but not limited to our earnings, capital requirements and over all financial condition.

The dividend is paid in cash / cheque only

**FACE VALUE AND ISSUE PRICE**

The face value of the equity shares is Rs. 10/- per equity shares and the right issue price of Rs. 30 is 3 times of the face value and the public issue price of Rs. 45 is 4.5 times of the face value At any given point of time there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

**RIGHTS OF THE EQUITY SHAREHOLDER**

The rights available to the shareholders of the Company are subject to the provisions of the 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 on a poll either in person or by proxy;
- Right to receive offers for rights shares and to be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act 1956 and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section on "Main Provisions of the Articles of Association" on page 156 in this Offer Document.

Note: Only the registered equity shareholders or in case of the joint holders, those shareholders, whose names appear first in the Register of members /list of beneficial owners shall be entitled to above mentioned rights.

# Manjushree Extrusions Limited

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## MARKET LOT

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will in dematerialized mode, the tradable lot is one equity share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiple of one Equity Share subject to a minimum allotment of **150** Equity Shares.

## NOMINATION FACILITY TO THE INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first holder, along with other joint holders, may nominate any one person in whom, in the event of the death of sole holder or in case of joint holders, death of all the holders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nomination can be made only on the prescribed form available on request at the Company's Registered / Corporate Office or to its Registrar and Transfer Agents.

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

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 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 allotment of the equity shares, as the deceased holder could have made.

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

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. Nominations registered with respective DP of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective DP.

## Withdrawal of Issue

Company in consultation with the Lead Managers reserves the right not to proceed with any issue, any time after the issue opening date but before allotment without assigning any reason thereof. In case the Company decides so, it shall issue a public notice within two days of the closure of issue, indicating the reasons for withdrawal of Issue in the newspapers in which the issue advertisement appeared earlier. The Company shall also inform the Stock Exchanges on which the shares are proposed to be listed.

## Period of Subscription

The subscription list for public issue shall remain open for at least 3 working days and not more than 10 working days.

## ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is 1 share. Therefore there is no possibility of odd lots. Therefore no arrangements are required for disposal of odd lots.

## RESTRICTIONS, IF ANY, ON TRANSFER AND TRANSMISSION OF SHARES AND ON THEIR CONSOLIDATION / SPLITTING

For detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please refer sub – heading "Description of Equity Shares and Main Provisions of the Articles of Association" of MEL appearing on page 156 of this offer document.

## 2. ISSUE PROCEDURE:

### PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, Memorandum and Articles of the Company, the terms of this Offer Document, Application Form, and other terms and conditions as may be incorporated in the Letters of Allotment/Equity Share Certificates or other documents that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the Issue of capital and listing of Equity Shares offered from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### AVAILABILITY OF OFFER DOCUMENT AND APPLICATION FORM

The Memorandum Form 2A containing the salient features of the Offer Document together with Application Forms and copies of the Offer Document may be obtained from the Registered Office of the Company, Lead Manager to the Issue, Registrar to the Issue and at the collection centers of the Bankers to the Issue, as mentioned on the Application Form.

NRIs / FIIs / Indian Mutual Funds & Indian and Multilateral Development Financial Institutions can obtain the Application Form from the registered office of the Company.

### OPTION TO SUBSCRIBE

As on the date of this document, there are no pending options to subscribe to Equity Shares or convertible instruments pending conversion into Equity Shares of any kind. The investor shall have the option to subscribe to Equity Shares to be dealt with in a depository.

**Investors should note that Equity Shares will be allotted to successful applicants only in the dematerialized form. Applicants will not have the option of allotment of equity shares in physical form. The equity shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.**

### APPLICATION MAY BE MADE BY:

- a) Indian Nationals, who are resident in India and are Adult Individuals and are not lunatic, in single name or joint names (not more than three)
- b) Hindu Undivided Families through the Karta of the Hindu Undivided Family
- c) Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorized to invest in the Shares
- d) Indian Mutual Funds registered with SEBI
- e) Indian Financial Institutions & Banks
- f) Indian Venture Capital Funds / Foreign Venture Capital Funds registered with SEBI subject to the applicable RBI Guidelines and Approvals, if any.
- g) State Industrial Development Corporations
- h) Insurance Companies registered with Insurance Regulatory and Development Authority
- i) Provident Funds with minimum corpus of Rs.2500 Lacs
- j) Pension Funds with minimum corpus of Rs.2500 Lacs
- k) Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and are authorized under its constitution to hold and invest in Equity Shares of a Company
- l) Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India
- m) Permanent and Regular employees of the Company
- n) Non-Resident Indians (NRIs) on repatriation / non-repatriation basis
- o) Foreign Institutional Investors (FIIs) on repatriation / non-repatriation basis
- p) Scientific or industrial research organization, which are authorized to invest in shares
- q) Multilateral & Bilateral Development Financial Institution



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### APPLICATIONS NOT TO BE MADE BY:

- a) Minors
- b) Partnership firms or their nominees
- c) Foreign Nationals (except NRIs)
- d) Overseas Corporate Bodies (OCBs)
- e) Trusts (except as stated above)
- f) HUFs (except as stated above)
- g) NRIs (except as stated above)

### APPLICATIONS BY HINDU UNDIVIDED FAMILIES (HUF)

Applications may be made by Hindu Undivided Families (HUF) through the Karta of the (HUF) and will be treated at par with individual applications.

### INSTRUCTIONS FOR APPLICATIONS BY NRIS/FIIS (ON REPATRIABLE BASIS):

- 1) As per the exim policy of the Government of India, OCBs cannot participate in this Issue. Investments made by NRIs/FIIs are governed by the regulations contained in Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits.
- 2) However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.
- 3) In case of application by NRIs on repatriation basis, the payments must be made through Indian rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Subscribers applying on a repatriation basis. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to NRE or FCNR account.
- 4) In case of application by FIIs on repatriation basis, the payment should be made out of funds held in Special Non-Resident Rupee Account along with documentary evidence in support of the remittance like certificates such as FIRC, bank certificate etc. from the authorized dealer. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to Special Non-Resident Rupee Account.
- 5) Duly filled Application Forms along with cheque and bank draft in favour of **“HDFC Bank - A/c MEL - - NR” or “BNP PARIBAS - A/c MEL - - NR”** by NRIs / FIIs will be accepted at designated branches of the Bankers to the Issue at Mumbai / Bangalore/ Delhi/ Kolkata .
- 6) Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges / commission. In case of applicants who remit their application money from funds held in NRE / FCNR accounts, such payments shall be credited to their respective NRE / FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as maybe permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE / FCNR accounts, details of which are to be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the applicant on account of conversion of Foreign Currency into Indian Rupees and vice versa.
- 7) Applications in this category may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under this category.
- 8) The allotment of the Equity Shares to Non-Residents shall be subject to the FIPB/ RBI approval or any other requisite permission as may be necessary.



It is to be distinctly understood that there is no reservation for NRIs & FIIs registered with SEBI and all NRI & FII registered with SEBI will be treated on same basis with other categories for the purpose of allotment.

### **Subscription by NRIs/ FIIs**

As per the extant policy of the Government of India, OCBs cannot participate in this Issue. Investments made by NRIs/FIIs are governed by the regulations contained in FEMA 20/2000-RB dated May 3, 2000 read with AP (DIR Series) Circular No. 38 dated December 2, 2003 shall be applicable. It is to be distinctly understood that there is no reservation and separate Application Form for NRIs on non-repatriation basis and FIIs registered with SEBI and all NRI (on non-repatriation basis) and FII applicants will be treated on the same basis with other categories for the purpose of allotment.

### **Investment Limits for Mutual Funds / Venture Capital Funds**

No Mutual Fund scheme shall invest more than 10% of its Net Asset Value in the Equity Shares or Equity related instruments of any company provided that the limit of 10% shall not be applicable for Investments in Index Funds or sector or Industry specific Fund. No Mutual fund should own more than 10% of any Company's paid up capital carrying voting rights. These limits would have to be adhered to by mutual funds for investment in the Equity Shares

A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided the applications made by the Mutual Funds / Trustees / the Custodians clearly indicate their intention as to each scheme concerned for which application has been made.

The SEBI (Venture Capital) Regulations 1996 and the SEBI (Foreign Venture Capital) Regulations 2000 prescribe Investment restriction on Venture Capital Fund and Foreign Venture Capital Investors registered with SEBI, Accordingly holding by any Venture Capital Fund and Foreign Venture Capital Investor should not exceed 25% of the corpus of Venture Capital Fund and Foreign Venture Capital Investor.

Indian Mutual Funds and Scheduled Banks should apply in this Public Issue based upon their own investment limits and approvals.

Application forms together with cheques or bank drafts drawn in Indian Rupees for the full amount payable at the rate of Indian Rs 45 per share must be delivered before the close of subscription list to such branches of the Bankers to the Issue places mentioned in the application form.

A separate single cheque/bank draft must accompany each application form.

### **As per the current regulations, the following restrictions are applicable for investments by FIIs:**

No single FII can hold more than 10% of the post issue paid up capital (i.e. 10 % of 1,35,47,700 Equity Shares). In respect of an FII investing in our Equity shares on behalf of its sub –accounts, the investment on behalf of each sub Account shall not exceed 10% of the Company total issued Capital or 5% of our total issued capital in case such sub Account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs") may issue, deal in or hold, offshore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

### **As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:**

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed (i) 25% of the corpus of the venture capital fund/ (ii) 33.33% of the corpus of the foreign venture capital investor.

The above information is given for the benefit of the investors. The lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may happen after the date of this Offer Document. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for does not exceed the applicable limits under laws and regulations.

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## MINIMUM AND MAXIMUM APPLICATION SIZE

- a. For Retail Individual Investors: Applications should be for minimum of 150 Equity Shares and in multiples of 150 Equity Shares thereafter, so as to ensure that the amount payable by the applicant does not exceed Rs 1,00,000.
- b. For Other Investors: Application should be for a minimum of such number of Equity Shares so that amount payable by the applicant exceeds Rs 1,00,000 and in multiples of 150 Equity Shares thereafter.

A single application can be made only for the number of Equity Shares that are being offered to each respective category.

## APPLICATIONS UNDER POWER OF ATTORNEY

In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of trusts, Provident Funds, Superannuation Funds, Gratuity Funds; a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted.

The Company in its absolute discretion reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Application Form subject to such terms and conditions as it may deem fit.

## TERMS OF PAYMENT

The entire Issue price of Rs. 45/- per share is payable on application only. In case of allotment of lesser number of Equity Shares than the number applied, the Company shall refund the excess amount paid on application to the applicants.

## PRE-ISSUE ADVERTISEMENT

A statutory advertisement will be issued by the Company after the filing of the Offer Document with the RoC. This advertisement will contain the information that has to be set out in the statutory advertisement. Any material updates, if any, between the date of filing of Offer Document with RoC and the date of release of this statutory advertisement will be included in the statutory advertisement.

## GENERAL INSTRUCTIONS FOR APPLICANTS

- 1) Applications must be made only on the prescribed Application Form and should be completed in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form, and are liable to be rejected if not made so. The prescribed application forms will have the following colour:

Category	Colour of Application Form
Indian Public including NRIs / FIIs on non-repatriation basis	White
NRIs / FIIs on repatriation basis	Blue

- 2) Thumb impressions and signatures other than in English/ Hindi/ Kannada or any other language specified in the Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.

### 3) Bank Account Details of Applicant

The name of the Applicant, Depository Participant's name, Depository Participant's Identification (DP ID) number and the Beneficiary number provided by the Depository participant must be mentioned correctly in the Application Form at the appropriate place. The Registrar will obtain the demographic details such as address, bank account details for printing on refund orders or give credit through ECS, direct credit, RTGS or NEFT and occupation from the depository participants

- 4) Applicants should write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.
- 5) Applications by NRIs on non-repatriation basis can be made using the Form meant for Public out of the funds held in Non-Resident Ordinary (NRO) Account. The relevant bank certificate must accompany such forms. Such applications will be treated on par with the applications made by the public.

## PAYMENT INSTRUCTIONS

### For Resident Individuals

1. Payments should be made in cash or cheque or bank draft drawn on any Bank (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 Centers (indicated in the

Application Form) where the Application is accepted. However, if the amount payable on application is Rs. 20,000/- or more, in terms of section 269SS of the Income-Tax Act, 1961; such payment must be effected only by way of an account payee cheque or bank draft. In case payment is effected in contravention of the conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon.

2. Money orders, postal orders, outstation cheques or bank drafts, cheques / draft drawn on Banks not participating in the "clearing" will not be accepted and applications accompanied with such instruments may be rejected.
3. A separate cheque / bank draft must accompany each application form.
4. All cheques / bank drafts accompanying the application should be crossed "**A/c Payee Only**" and made payable to the Bankers to the Issue and marked "**HDFC Bank – A/c MEL – Public Issue**" or "**BNP PARIBAS – A/c MEL – Public Issue**".

#### **For Applications made by NRIs / FIIs on a Repatriable/Non Repatriable Basis**

1. Application should be made only
  - i. In the prescribed Application Form (Blue Colour) by Non- Resident Indians on a Repatriable basis.
  - ii. In the names of individuals, societies and by Non- Resident individuals of Indian nationality/ origin and NOT in the names of minors, firms, partnerships, foreign nationals or their nominees. A certificate in the prescribed form OAC/ OAC-1 issued by Overseas Auditor/ Chartered Accountant/ Certified Public Accountant must accompany applications by societies.
  - iii. with remittances from abroad for the amount payable on application per share through approved banking channels or out of funds held in Non-Resident External (NRE) / Foreign Currency Non Resident (FCNR) accounts maintained with banks authorized to deal in foreign exchange in India, along with the certificate from the bank issuing the draft confirming that the draft has been issued by debit to NRE / FCNR account.
2. Applications for the NRI category can be obtained from the Registered Office of the Company.
3. The allotment of equity shares to NRIs shall be subject to RBI approval or any other requisite authority as may be necessary under the existing Exchange Control Regulation. The sale proceeds of such investment in equity shares by NRIs will be allowed to be repatriated along with the income thereon, subject to instructions from RBI then in force and subject to Indian Tax Laws, provided that the investments are made by inward remittance from abroad through approved banking channels or out of funds held in NRE / FCNR accounts maintained with a bank in India.
4. Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges / commission. In case of applicants who remit their application money from funds held in NRE / FCNR accounts, such payments shall be credited to their respective NRE / FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as maybe permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE / FCNR accounts, details of which are to be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the applicant on account of conversion of Foreign Currency into Indian Rupees and vice versa.
5. Applications in this category cannot be made out of NRO accounts and such applications would be rejected. Applications out of NRO accounts can, however, be made in the category of Resident Indian public.
6. All cheques / bank drafts accompanying the application from NRIs / FIIs on a repatriable/non-repatriable basis must be made payable to the bankers to the issue with whom the application forms are lodged should be crossed "**A/c Payee Only**" and be marked "**HDFC Bank – A/c MEL – Public Issue - NR**" "**BNP PARIBAS – A/c MEL – Public Issue - NR**".

Investors will not have facility of applying through stock invest instruments as RBI has withdrawn the stock invest scheme vide notification no. DBOD.NO.FSC.BC.42/24.47.001/2003-04 dated 5/11/2003.

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### SUBMISSION OF COMPLETED APPLICATION FORMS:

All applications duly completed and accompanied by cash/ cheques/ bank drafts shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. **Application(s) should not be sent to the office of the Company or the Lead Manager to the Issue.**

Applicants residing at places where no collection centers have been opened may submit / mail their applications at their sole risk along with application money due there on by Bank Draft to the Registrar to the Issue, Alpha Systems Private Limited, super scribing the envelope "Manjushree Extrusions Limited – Public Issue" so as to reach the Registrar on or before the closure of the Subscription List. Such bank drafts should be payable at Bangalore only. The Company will not be responsible for postal delays and loss in transit. The Company will not entertain any claims, damage or loss due to postal delays or loss in transit.

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form. The acknowledgement of receipt of application moneys given by the collection agents shall be valid and binding on the issuer company and other persons connected with the issue. Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

### ACCEPTANCE OF APPLICATIONS

The Company reserves the right to accept or reject, any application, in whole or in part, without assigning any reason thereof. If the application is rejected in full, the whole of the application money received will be refunded by Electronic Transfer of funds or through Registered Post to the applicant. If the application is accepted in part, the excess application money after adjusting for the amount payable on allotment will be refunded to the applicant. Such refund, if any, will carry interest @ 15% p.a. after 30 days from the closure of the Issue for the period of delay beyond 30 days.

### OTHER INSTRUCTIONS

- 1) Joint Applications in case of Individuals: Applications may be made in single or joint names (not more than three). In case of Joint Applications, refund, pay orders, dividend warrants etc. if any, will be drawn in favour of the first applicant and all communications will be addressed to the first applicant at her/his address as stated in the application form.
- 2) Multiple Applications: An applicant should submit only one application form (and not more than one) for the total number of Equity Shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/ or first applicant is one and the same. In case of application by Mutual Funds, a separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such application will not be treated as multiple applications provided that the application made by the Asset Management Trustees / Custodian clearly indicate their intention as to the scheme for which the application has been made. The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications. Unless the Company specifically agrees in writing with or without such terms and conditions it deems fit, a separate cheque/ draft must accompany each application form.

**In this regard, illustrations of certain procedures which may be followed by the Registrar to the Issue to detect multiple applications are provided below:**

- a. All applications with the same name and age will be accumulated and taken to a separate process file which will serve as a multiple master document.
- b. In this master document, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
- c. The Registrar will obtain from the depositories, details of the applicants' addresses based on the DP ID and Beneficiary Account Number provided in the Application Form and create an address master document.
- d. The addresses of all the applicants in the multiple master documents will be strung from the address master document. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of addresses and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be taken to check for common names. Applications with the same name and address will be treated as multiple applications.

- e. The applications will be scrutinized for similar DP ID and Beneficiary Account Numbers. In case where applications bear the same DP ID and Beneficiary Account Numbers, they will be treated as multiple applications.
- f. After consolidation of all the masters as described above, a print out of the multiple master document will be taken and applications will be physically verified to tally signatures and the name of father's or husband's. On completion of this, applications will finally be identified as multiple applications.

3) PAN Number

**The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.**

4) Equity Shares in Demat Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Share of the Company can be held in dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

In the year 2006, to enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the then Registrar and Share Transfer Agent, Alpha Systems Private Limited:

- a) An agreement dated 21<sup>st</sup> March, 2006 with CDSL and Alpha Systems Private Limited
- b) An agreement dated 7<sup>th</sup> March, 2006 with NSDL and Alpha Systems Private Limited

The Company's shares bear an ISIN no.INE435H01015

All investors can seek allotment only in dematerialized mode. However an investor will have an option to hold the shares in Physical form or demat form. After the allotment in the proposed Issue allottees may request their respective DP for dematerialization of shares if they wish to hold shares in physical form. Applications without relevant details of his or her depository account are liable to be rejected.

Instructions:

- a) An applicant applying for shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
- b) The Applicant must necessarily fill in the details (including the Beneficiary Account no. and DP ID no.) in the Application Form.
- c) Equity Shares allotted to an applicant in the electronic mode will be credited directly to the respective Beneficiary Accounts (with the DP)
- d) Name(s) in the Share Application Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) The Registrar to the Issue will directly send non-transferable Allotment Letters/ Refund Orders to the Applicant.
- f) Application will be liable to be rejected if incomplete or incorrect details are given under the heading 'Request for shares in electronic form' in the Application Form.
- g) The applicant is responsible for the correctness of the Applicant's demographic details given in the Application Form vis-à-vis those with his/ her DP.

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- h) 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. Both the Stock Exchanges where the Equity Shares of the Company are proposed to be listed are connected to NSDL and CDSL.
- i) Trading in the Equity Shares of the Company would be in only dematerialized form for all investors.
- 5) Investors can contact the Compliance Officer in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account / refund orders, etc., Investors may contact Compliance Officer or Registrar to the Issue.

### **Note:**

Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.

**For further instructions regarding application for the Equity Shares, investors are requested to read the application form carefully.**

### **GROUND FOR TECHNICAL REJECTIONS**

Applicants are advised to note that applications are liable to be rejected among others on the following technical grounds:

1. Age is not mentioned
2. Application by persons not competent to contract under the Indian Contract Act, 1872, including minor and insane person.
3. Copy of PAN card or PAN allotment letter is not enclosed
4. PAN not stated
5. Multiple applications
6. In case of applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted.
7. Applications accompanied by Stock invests/money order/postal order/cash (wherever applicable);
8. Application by OCBs
9. Applications not duly signed by the sole/joint applicants
10. Application forms do not have the applicant's depository account details.
11. Application not for a minimum of 150 shares or multiples of thereafter.
12. Category not ticked
13. Application form not delivered by the Applicant within the time prescribed as per the Application form, issue opening date advertisement, and the Offer Document and as per the instruction in the Offer Document and the application forms.
14. Amount paid does not tally with amount payable for the value of Equity Shares applied for;
15. Application by minor
16. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
17. Application form for amounts greater than the maximum permissible amounts
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the applicants (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary account number;

### **PAYMENT OF REFUND**

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

1. **ECS** - Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories.



The payment of refunds through ECS is mandatory for applicants having a bank account at any of the above mentioned fifteen centers, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. **NEFT**- Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available 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 applicants have registered their nine digit MICR number and their bank account number 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 applicants through this method. The Process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency.
3. **Direct Credit** - Applicants having bank accounts with the Refund Banker as mentioned in the Application Form shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
4. **RTGS** - Applicants having a bank account at any of the above mentioned fifteen centers and whose refund amount exceeds Rs. 10 lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Application Form. In the event the same is not provided, refund shall be made through ECS.

Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the HDFC Bank Ltd. and payable at par at places where application forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the applicant.

Please note that only applicants having a bank account at any of the 15 centers where the clearing houses for the ECS are managed by the RBI are eligible to receive refunds through the modes stated above. For all the other applicants, including applicants who have not updated their bank particulars, along with the nine-digit MICR code, the refund orders shall be dispatched "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500

In case of those shareholders who have opted to receive their rights entitled shares in dematerialised form by using electronic credit under the depository system, an advice regarding the credit of the equity shares shall be given separately.

#### **Disposal of Applications and Application Money**

The Company reserves, in its own, absolute and uncontrolled discretion and without assigning any reason, the right to accept in whole or in part or reject any application. If an application is rejected in full, the entire application money received will be refunded to the applicant. If the application is rejected in part, excess of the application money received will be refunded to the applicant within 30 (thirty) days from the date of closure of the Issue. No interest will be payable on the application money so refunded.

The Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of finalization of allotment of Equity Shares.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 (seven) working days of finalization of the basis of allotment.

The Company shall ensure dispatch of refund orders by following mode.

- a) In case of applicants residing at Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram- refunds shall be credited through electronic transfer of funds by using ECS ( Electronic Clearing Services), Direct Credit , RTGS (Real Time Gross Settlement) or NEFT (National Electronic Fund Transfer),
- b) In case of applicants residing at places other than those specified in (a) above and where the value of refunds order is Rs 1500/- or more, refund orders will be dispatch to the applicants by registered post/speed post only at the sole risk of applicant.



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- c) In case of applicants residing at places other than those specified in (a) above and where the value of refund order less than Rs 1500/- refund orders will be dispatched under certificate of posting under the sole risk of the applicant.

The subscription received in respect of Public Issue will be kept in a separate bank account and the Company shall not have access to such funds unless approvals for dealing from all the Stock Exchanges, where listing has been proposed and approval of the Designated Stock Exchange for utilization has been obtained.

The Company has undertaken to make adequate funds available to the Registrar to the Issue for complying with the requirements of dispatch of Allotment Letters/Refund Orders by Registered Post/Speed Post.

### Impersonation

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

**“Any person who:**

- a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein,  
OR  
b) otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

### Interest in case of delay on allotment & dispatch

As far as possible, allotment of securities offered to the public shall be made within 30 days of the closure of this Issue.

In accordance with Companies Act, 1956 and the requirement of stock exchanges, the Company shall pay interest @ 15 percent per annum on the entire amount if the allotment of the Equity Shares has not been made within 30 days from the date of closure of the issue. This interest will be paid from the 31st day from the closure of the issue until the actual date of allotment.

Alternatively, in case refund orders have not been dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 30 days from the closure of the issue, interest @ 15 percent per annum, will be paid on the refund amount from the 31st day from the closure of the issue until the date of dispatch of the refund orders.

### Basis of Allotment

In the event of the Present Issue of Equity Shares being oversubscribed, allotment shall be made on a proportionate basis and the basis of allotment will be finalized in accordance with the SEBI Guidelines and in consultation with BSE (Designated Stock Exchange). The Executive Director/ Managing Director of BSE along with the Lead Manager and the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the following guidelines:

### Proportionate Allotment Procedure

Allotment will be made in consultation with Bombay Stock Exchange. Further the allotment for both public and rights components of the issue is proposed to be made simultaneously. The allotment will be done on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size of 150 shares subject to market lots as explained below:

- a) Applicants will be categorized according to the number of Shares applied for  
b) The total number of Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of applicants in the category x number of Shares applied for).  
c) The number of Shares to be allotted to the successful allottees will be arrived at on a proportionate basis (i.e. Total number of Shares applied for into the inverse of the oversubscription ratio).  
d) For applications where the proportionate allotment works out to less than 150 Shares the allotment will be made as follows:  
(i) each successful applicant shall be allotted 150 Shares; and

- (ii) the successful applicants out of the total applicants for that category shall be determined by the drawing of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- e) If the proportionate allotment to an applicant works out to a number that is not a multiple of 1, the applicant would be allotted Shares by rounding off to the nearest multiple of 1
- f) If the Shares allocated on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allotment shall be first adjusted against any category, where the allocated Shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares
- g) If the process of rounding off to the nearest multiple of 1 results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offering offer specified under point 13 of the Notes to the Capital Structure mentioned in the Offer Document.
- h) The above proportionate allotment of shares in an issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
  - (i) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
  - (ii) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for value more than Rs. 100,000.
  - (iii) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allotment to applicants in the other category, if so required.

'Retail individual investor' means an investor who applies for shares of value of not more than Rs. 100,000/- Investors may note that in case of over – subscription, allotment shall be on proportionate basis and will be finalized in consultation with BSE. The drawing of lots (where required) to finalize the basis of allotment shall be done in the presence of a public representative on the governing board of the BSE.

The Executive Director / Managing Director of the Designated Stock Exchange in addition to Lead Merchant Banker and Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI Guidelines.

## **ACCESS TO FUNDS**

The funds received against this Public cum Rights issue will be kept in separate bank accounts and the Company will not have any access to such funds received under the rights issue component unless it has received minimum subscription of 90% of the application money towards both the rights and public issue component and permission of the Designated Stock Exchange is obtained to use the amount of subscription. The company will obtain the permission of designated Stock Exchange by producing sufficient documentary evidence of subscription of 90% or more on the closure of the Issue to utilize the funds collected as per the present rules. The Company will not have access to the funds received against the public issue component until it has received approval for allotment from the Designated Stock Exchange and listing and trading permission is received from BSE.

## **MINIMUM SUBSCRIPTION**

### **For Non Underwritten Rights Issue:**

If the Company does not receive application money for at least 90% of the issued amount, the entire subscription will be refunded to the applicants within forty-two days from the date of closure of the issue. If there is a delay in the refund of application money by more than 8 days after the Company becomes liable to pay the amount (i.e. forty two days after the closure of the issue), the company will pay interest for the delayed period, at prescribed rates in sub-section (2) and (2A) of Section 73 of the Companies Act, 1956.

### **For Non Underwritten Public Issue:**

If the company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having been returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act.

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This being a composite issue, as per clause 6.13.1.7 (c) of SEBI (DIP) Guidelines, 2000 the following shall be ensured.

- The Lead Manager to the Issue shall ensure that the requirement of “Minimum Subscription” is satisfied both jointly and severally i.e. independently for both rights and public issue.
- If the company does not receive the minimum subscription in either of the issues the company shall refund the entire subscription received.

### Scope of Activities of the Registrars to the Issue

The Registrars to the offer shall also be the Share Transfer Agent and would also be responsible for all the post issue activities pertaining to this offer.

### Undertaking by the Company

The Board of Directors of the Company undertakes that: -

- a) That the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
- b) That 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 are taken within 7 working days of finalization of the basis of allotment;
- c) The Company shall apply in advance for the listing of equity shares;
- d) That the funds required for making the refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Company;
- e) That where refunds are made through the electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days of the closure of the Issue giving details of the bank where the refunds shall be credited along with the amount and expected date of electronic credit of refund;
- f) That the certificates of the equity shares/refund orders to non-resident Indian applicants shall be dispatched within specified time;
- g. That refund orders to non-resident Indian applicants shall be dispatched within specified time
- h. That the promoter's contribution in full, wherever required, shall be brought in advance before the issue open for public subscription.
- i. That no further issue of securities shall be made till the securities offered through this Offer Document are listed or till the application money are refunded on account of non listing, under subscription.

Disclosures made in this offer document are in compliance with the provisions of SEBI (DIP) Guidelines 2000

### UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

- a. all monies received against this issue shall be transferred to separate bank accounts in a schedule bank as referred to in sub-section (3) of section 73;
- b. details of all monies utilized out of the issue referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the purpose for which such monies had been utilized; and
- c. details of all unutilized monies out of the issue of shares, 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 unutilized monies have been invested.
- d. The Utilization of monies received under the promoters' contribution shall be disclosed under an appropriate head in the balance sheet of the company indicating the purpose for which such monies have been utilized.
- e. The details of all monies unutilized out of the funds received under promoters' contribution shall be disclosed under a separate head in the balance sheet of the company indicating the form in which the unutilized money has been invested.

The Company undertakes that it shall not access the money raised in the Issue till finalization of basis of allotment or completion of offer formalities.

**The funds raised through this Rights Issue of Equity Shares would be utilized only towards satisfactory fulfillment of the “Objects of the Issue” as mentioned on page no. 20 in this Offer Document.**

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### **Restriction on Foreign Ownership of Indian Securities**

Foreign Investment in Indian Securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the Conditions subject to which foreign investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy, FEMA regulates the precise manner in which investments may be made. Under the Industrial policy unless specifically restricted, foreign investor is required to follow certain prescribed procedures for making such investments. As per current foreign investments policies, foreign direct investment in Plastic Packaging Industry is permitted up to 100% under the automatic route.

The Equity shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the united states or to, of for the account or benefit of, "U.S. Persons"(as defined in Regulation under the securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, The Equity Shares are only being offered and sold) in the United States to "Qualified Institutional Buyers "as defined in Rule 144A of the Securities Act, and ii) outside the united states to certain persons in offshore transactions in compliances with regulations S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occurs.

## SECTION: IX

### DESCRIPTION OF EQUITY SHARES AND MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

#### A) RIGHTS OF MEMBERS

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 on a poll either 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 of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles.

#### B) DESCRIPTION OF EQUITY SHARES

The Authorized Share Capital of the Company is Rs.15,00,00,000/- (Rupees Fifteen Crores) only divided into 1,50,00,000 (One Crores Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each with the rights privileges and conditions attached thereto as are provided for by the regulations of the Company for the time being with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively preferential, deferred qualified or special rights, privileges or conditions as may be determined by the regulations of the company and to vary modify or abrogate in such manner for the time being be provided by the regulations of the company, and upon increase on capital the company may issue any new shares in priority to any new shares present and future with any preferential, deferred, qualified or special privileges, conditions as may be determined upon by the company in general meeting.

#### C) MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF MANJUSHREE EXTRUSIONS LIMITED

The main provisions of the Articles of Association of the company are given below:

The Articles of Association of the Company *inter alia* includes the following clauses:

#### SHARES

1. Subject to the provisions at the Act, and all other applicable provisions of the law for the time being in force, and subject to any amendments as may be made therein from time to time the company shall have power to purchase any of its own fully paid up shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase
2. The Authorized share capital of the company shall be such amount and with such amount and with such description as is stated in the company's Memorandum of association as amended from time to time, with such rights, privileges and condition as may be provided by any statutory enactment for the time being in force and/or provided by these Articles of Association or by resolution passed by the members at a General Meeting.
3. Subject to the provisions of these articles and of the Act, the company shall have power to issue preference shares carrying a right to redemption out of profits which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of such redemption, liable to be redeemed at the option of the company and the Board may subject to the provision of section 80 of the Act exercise such powers in such manner as it thinks fit.
4. Subject to provisions of the Act and all other applicable provision of the law, for the time being in force and subject to any amendments as may be made therein from time to time, the company may issue shares, either equity or of any other kind with non-voting rights and the resolution authorizing the issue shall prescribe the terms and condition of the issue
- 5 A. Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to earlier increase the subscribed capital of the company by allotment of further shares whether out of the unissued capital of the company by allotment of further shares whether out of the unissued capital or out of the increased share capital then.

- a) Such further shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at that date.
  - b) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) here of shall contain a statement of the right PROVIDED that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
  - c) After expiry of the time specified in the aforesaid notice or an receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion fit.
- B. Notwithstanding anything contained in clause (A) hereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in sub-clause (a) of clause (A) hereof) in any manner what so ever.
- a) If a special resolution to that effect is passed by the company in General Meeting or
  - b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General meeting (including the casting vote, if any of the chairman) by the members who being entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes if any cast against the proposal by members so entitled and voting and The Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial of the company
- C. Nothing in sub-clause (c) pf clause (A) hereof shall be deemed
- a) To extend the time within which the offer should be accepted or
  - b) To authorial any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation
- D. Noting in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the Debentures issued or loans raise by the company
- a) To convert such Debentures or loans into shares in the company or
  - b) To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise)
- PROVIDED that the terms of issue of such debentures or the terns of such Loans include a term providing for such option and such term.
- (i) Either has been approved by the Central Government before the issue of the debentures as the raising of the loans or is in conformity with the Rules if any made by that government in this behalf : and
  - (ii) In the case of debentures on loans or other than debentures issued to as loans obtained from government or any institution specified by the Central Government in the behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.
- 6.A. Subject to the provisions of section 81 of the Act and these Articles the shares in the capital of the company for the time being shall be under the control of the Director who may issued, allot or otherwise dispose of the same or any them to such person in such proportion abs on such terns and conditions and wither at a premium or at par or (subject to the compliances with the provision of section 79 of the Act) at a discount and at such time as they may from tine to time think fit and with the sanction of the company in the General Meeting to give to any person or person the option or rights to call for any shares either at par or at premium during such time and for such consideration as the directors thinks fit and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any service rendered to the company in the conduct of its business and any shares which, may so be allot may be issued as fully paid shares provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting
- B. In addition to but without restricting the powers conferred under theses articles, the company may provide for offering shares to its employees, promoters and their associate companied and affiliates, subject to the specified provisions of the act and rules framed their under, it may and/or the guidelines/regulation as may be notified by SEBI in this regards from time India.
- C. Notwithstanding any thing contained in section 79 of the act, the company may issue equity shares of class of shares already issued in accordance with and subject to the conditions rules prescribed in section 79A of the act.



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- D. In addition to but without restricting the powers conferred under these articles, the company may issue equity shares with differential right as to dividend, voting or otherwise in accordance with and subject to the conditions prescribed in section 89 of the act read with rules framed there under from time to time
7. As regards all allotments from time to time, the company shall duly comply with section 75 of the Act.
8. The company shall comply with section 69 of the Act in respect of any offer of its shares 75 of the Act.
9. The Directors shall have power, at their discretion to convert the unissued equity shares into redeemable preference shares and vice-versa and the company, may, subject to sanction of three fourths of the existing share holders issue any part of the unissued shares (either equity or preference carrying a right to redemption out of the profits or liable to be so redeemed at the option of company) upon such terms and conditions out of the profits or liable to be so redeemed at the option of company) upon such terms and conditions and with such rights and privileges annexed thereto as the directors at their discretion may think fit and proper, but subject to the provisions of 86,87 and 88 of the Act and in particular, the Directors may issue such shares with such preferential or qualifying rights to dividends and for the distribution of the assets of the company as the Directors may, subject to the aforesaid sections, determine from time to time.
10. The company may exercise the power of paying commission conferred by section 76 of the Act and in such case shall comply with the requirement of that section, such commission may be satisfied by the payment of cash or the allotment of fully or partly paid up shares or debentures or partly in one way and partly in the other. The company may also on any issue of shares or debentures pay such brokerages as may be lawful.
11. With the previous authority of the company in General Meeting and sanction of the Company Board as may be required by the Act, and upon otherwise complying with section 79 of the Act, the Board may issue at a discount shares of a class already issued.
12. If, by the conditions of allotment of any shares, the whole or part of the amount or issue price thereof shall be payable by installment shall when due to the company by the person who for the time being shall be registered holders of the shares or by his executed administrator or legal representative.
13. The joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.
14. Save as herein otherwise provided, the company shall be entitled to treat the registered holder any shares as the absolute owner thereof accordingly shall not, except as ordered by a court of competent jurisdiction, or as by statute required, be bound to recognize any equitable or other claim to or interest in such shares on part of any other person.
15. Shares may be registered in the name of any person, company or other body corporate. Not more than four persons shall be registered as joint holders of any share.

### **CERTIFICATE**

- 16.a) Every member shall be entitled, without payment to one or more certificate marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, subdivision, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the numbers and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of share to one of several joint holders shall be sufficient delivery to all such holders.
- b. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate. Every certificate under the Article shall be issued without payment of fees if the directors so decide or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charges for issue of new certificate in replacement of those which are old decrepit or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or Requirements of any stock exchange or the Rules made under the Act on the rules made under Securities Contracts (Regulation) Act,



1956 on any Act on the rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debenture of the company.

## DEMATERIALISATION

18A. Notwithstanding anything contained in these articles, where the shares or other securities or letter of allotment are dealt with in a depository in accordance with and subject to the provisions of the Depositories Act, the following provisions will apply:-

- a) No certificate of any share or securities shall be issued where the same are being held in an electronic and fungible form under provision of Depositories ACT.
- b) The Company shall intimate the details of allotment of shares or securities to the depository immediately on allotment of such share or securities.
- c) The Company or the investor may exercise an option to issue, deal in, held the securities (including shares) with the depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act.
- d) The company shall be entitled to dematerialize its existing shares and other securities and rematerialize all such shares and securities held by it with the Depository and / or offer its fresh shares and securities in dematerialized form pursuant to the Depositories Act & rules framed there under from time to time.
- e) All the shares and other securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in section 153, 153A, 153B, 187B, 187C and 372A of the Act shall be apply to a Depository in respect of the shares and other securities held by it on behalf of the beneficial owner.
- f) Every person subscribing to or holding securities of the company shall have the option to receive security certificates or to hold the securities with a Depository. A beneficial owner of any security can at any time opt out of a depository if permitted by law in the manner provided by the Depository Act, 1996 and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities. No stamp duty would be payable on shares and securities held in dematerialized form in any medium.
- g) Save as herein otherwise provided, the company shall be entitled to treat the person(s) whose name(s) appears on the register of Members / securities as the holder of any shares / securities in the record of the Company and / or in the records of the Depository as the absolute owner thereof and accordingly shall be (except as may be ordered by a court of competent jurisdiction or as may be required by law) be bound to recognize any benami trust of equitable, contingent, future or other claim or interest or partial interest in any such shares / securities on the part of any other person, or (except only as is by these articles otherwise expressly provided) any right in respect of a share other than absolute right thereto on the part of any other person whether or not it shall have express or implied notice thereof, but the Board shall be at liberty and at its sole discretion to decide to register any share / securities in the joint name of any two or more persons or the survivor or survivors of them.
- h)(i) Notwithstanding anything to the contrary contained in the Act or these articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of any share or securities on behalf of the beneficial owner.
- (ii) Save as otherwise provided in (i) above, the depository as the registered owner of the shares or securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (iii) Every person holding any share (s) of the company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be member of the company. The beneficial owner of the share (s) shall be entitled to all the rights and benefits and be subject to all the liabilities attached to such of his share (s) which are held by depository.
- i) The Company shall cause to be kept at its registered office or at such other place as may be decided, the register and index of members in accordance with section 150 and 151 and other applicable provisions of the Act and the Depositories Act with details of shares / securities held in physical and dematerialized form in any media as may be permitted by law including in any form of electronic media. The Company shall also be entitled to keep in any state or country outside India a Branch register of members resident in that state or country.
- j) The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be the Register and Index of Members and security holders as the case may be for the purposes of these articles.

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## NOMINATION

18B. Notwithstanding anything contained in these articles:

- (a) Every shareholder or debenture holder of the Company, may at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death. Where the shareholder or debentures of the Company are held by more than one person jointly, the joint shareholders may together nominate a person to whom all the rights in the share or debenture, as the case may be, shall vest in the event of death of all the joint holders, in such manner as may be prescribed under the Act.
- (b) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debenture holder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act or the rules framed thereunder.
- (c) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debenture of the Company in the manner prescribed under the Act, in the event of his death, during the minority.
- (d) A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either:
  - (i) To register himself as holder of share or debenture, as the case may be; or
  - (ii) To make such transfer of the share and / or debentures, as the deceased shareholder or debenture holder, as the case may be, could have made.

If the nominee shall elect to be registered as holder of shares or debentures himself, he shall deliver or send to the Company a notice in writing signed by him stating he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.

- (e) A nominee shall be entitled to the dividends/interest and other advantages to which he would be entitled if he were the registered holder of the shares or debentures, provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meetings of the Company, provided however that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all benefits in respect of the shares or debenture, until the requirement of the notice have been complied with.

## CALLS

- 19. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the provision of section 91 of the Act, make such calls as the board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board, A Call may be payable by installment and shall be deemed to have been made when the resolution of the board authorizing such call was passed.
- 20. (i) No call shall exceed one half of the nominal amount of shares, or be made payable within one month after the last preceding call was payable.
- (ii) Not less than thirty days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
- 21. (1) If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holders for the time being of the share in respect of which the call shall have been made or the installment shall be due, shall pay interest thereon, from the day appointed for the payment thereof to the time of the actual payment at such rate as the Board may determine.
- (2) The Board shall at liberty to waive the payment of any such interest either wholly or in part.
- 22. If by the terms of issue of any shares or other instrument any amount is made payable at any fixed time or by installment at fixed times, whether on account of the amount of the share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given and all the provisions herein contained in respect of call shall relate to such amount or installment accordingly.

23. On the trial or hearing of any action or suit brought by the Company against any share holder or his representatives to recover any debit or money claimed to be due to the company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose, on the Register as a holder, or one of the holders, of the number of shares in respect of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call nor that a quorum was present at the Board meeting at which any call was made nor that the meeting at which any call was duly convened or constituted, nor any others whatever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.
24. The Directors may, if they think fit, subject to the provisions of section 92 of the Act, agree to and receive, from any member willing to advance the same, whole or any part of moneys due upon the shares, held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made the company may pay interest at such rate, as the member paying such sum in advanced and the Directors agree upon provided that money paid in advance of call shall not confer a right to participate in profits or dividends. The directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the money so paid by him until the same would, but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the call on debentures of the company,

25. A call may be revoked or postponed at the discretion of the Board.

#### **FORFEITURE AND LIEN**

26. If any member fails to pay any call or installment on or before the day appointed for the payment of the same, the Board may at any time thereafter, during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued thereon and all expenses that may have been incurred by the company by reason of such non-payment.
27. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment at or before the time, and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited,
28. If the requirements of any such notice as aforesaid is not complied with, any shares in respect of which such notice has been given may, at any time there after, before payment of all calls or installment interest and expenses, due in respect thereof be forfeited by a resolution of the Board to that effect,
29. The forfeiture of a share shall involve the extinction, at the time of the forfeiture of all interest in and all claims and demands against the company in respect of the shares so forfeited and all other right incidental to the share, except only such of those rights as by these presents are expressly saved,
30. The Board of Director May, at any time before any shares so forfeited shall have been sold reallocated or otherwise disposed of, annual the forfeiture thereof upon such conditions as it thinks fit.
31. When any share has been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date there of shall forthwith be made in the register but no forfeiture shall be in any manner invalidated by any omission or neglect to give notice or make such entry as aforesaid,
32. Any share so forfeited shall be deemed to be property of the Company and the Board may sell re-allot or otherwise dispose of the forfeited shares upon such terms and in such manner as it think fit.
33. A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall notwithstanding such forfeiture, remain liable to pay and forthwith pay to the company all calls, installment, interest and expenses, owing upon or in respect of such share at the time of the forfeiture, together with interest thereon, from the time for forfeiture until payment at such rate as the board may determined and the Board may enforce the payment thereof or any part thereof, as it thinks fit.
34. A duly verified declaration in writing that the declaring is a Director, Manager or Secretary of the company and has been authorized by a board resolution to act as a declaring and that certain shares in the company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the company for the consideration, if any, given for the

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shares on the sale or disposition thereof shall constitute a good title to such share and the person to whom the shares are sold shall be registered as the holders of such shares and shall not be bound to see to the application of the purchase money, nor shall his title to such shares be affected by the irregularity or invalidity in the proceedings in reference to such forfeiture, sale or dispositions.

35. The provisions of Article 26 to 34 hereof shall apply in the case of non payment of any sum which, by the terms of issue of a share, become payable at a fixed time, whether on account of nominal value of a share or by way of premium as if the same had been payable by virtue of a call duly made and notified.
36. The company shall have a first and paramount lien upon all the shares, debentures (Other than fully paid –up shares/ debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/ debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures, Unless otherwise agrees the registration of a transfer of shares/debentures shall operate as a waiver of the company's Lien if any, On such shares/Debentures the Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.
37. For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as it thinks fit, but no sale shall be made until such item for payment as aforesaid shall have been arrived and until notice in writing of the intention to sell shall have been served on such member , his executors or administrators or his committee, curator bonis or other legal curator and default shall have been made by him or them in the payment of moneys called or payable at a fixed time in respect of such shares for seven days after the date of such notice.
38. The net proceeds of the sale shall be received by the company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue. If any, shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the person entitled to the share at the date of the sale.
39. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given , the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchasers name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the register in respect of such shares the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the company exclusively.
40. Where any share under the powers in that behalf herein contained are sold by the Board and the certificate in respect thereof has not been delivered to the company by the former holder of such share, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered.

### TRANSFER AND TRANSMISSION OF SHARES

41. (i) Board of Directors shall not register any transfer of shares unless a proper instrument of transfer duly stamped and executed by the transferor and the transferee has been delivered to the Company along with the certificate relating to shares and such other evidence as the company may require to prove the title of the transferor or his right to transfer, or his right to transfer the shares. Provided that where it is proved to the satisfaction of the Board of Directors that an instrument of transfer signed by the transferor and the transferee has been lost, the company, may if the board of directors think fit, on an application in writing made by the transferee and bearing the stamp required on an instrument of transfer, register the transfer on such terms as to indemnity, as the Board of Directors may think fit.
- (ii) The instrument of transfer of any shares in the company shall be executed both, by the transferor and transferee and the transferor shall be deemed to remain holder of the shares until the name of transferee is entered in the register of members in respect thereof, The instrument of transfer shall be in respect of only one class of shares and should be in the form prescribed under Section 108 of the Act.
- (iii) An applications for the registration of the transfer of any share of shares may be made either by the transferor or by the transferee, provided that where such application is made by the transferor no registration shall in the case of party paid up shares be effected unless the company gives notice of the application to the transferee and the company shall , unless objection is made, by the transferee, within two weeks from the date of receipt of the notice, enter in the register the name of the transferee in the same manner and subject the same conditions as if the application for registration was made by the transferee.

- (iv) For the purpose of sub-clause (iii) notice to the transferee shall be deemed to have been duly given if dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered in the ordinary course of post.
  - (v) Nothing in clause (IV) shall prejudice any power of the Board to register as a shareholder any person to whom the right to any share has been transmitted by operation of law.
  - (vi) Nothing in this Article shall prejudice the power of the Board of Directors to refuse to register the transfer of any shares to a transferee, whether a member of not,
- 42.(i) a) The instrument of transfer shall be in writing and all the provisions of section 108 of the companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
- b) No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.
- (ii) In the case of transferor transmission of shares of other marketable securities, where the company as not issued any certificates and such shares or securities are being held in any electronic and / or fungible form in a depository, the provisions of the depositories act shall apply to the exclusion of the provisions contained herein, to the extent applicable.
  - (iii) The company shall keep a "Register of Transfers" and shall have recorded therein fairly are distinctly particularly of every transfer or transmission of any share and debenture, whether or not held in material form.
  - (iv) Nothing contained in section 108 of the actor these articles shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered in the register main tainted under the depositories Act. 1996.
43. Subject to the provision of section 111 of Act, and section 22A of the securities Contract (Regulation) Act, 1956 the Directors may at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal shall not be affected by the circumstances that the proposed transferee is already a member of the company but in such cases. The directors shall, within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to the registrar such transfer provided that registration of transfer shall not be refused on the ground of the transfer as being either alone or jointly with any other person or persons indebted to the company on any account what so ever except when the company has a lien on the shares. Transfer of Shares/ Debentures in whatever lot shall not be refused.
44. The Board pf Directors may also decline to recognize any instrument of transfer unless.
- (i) The instrument of transfer is accompanied by the certificate of which it relates and such other evidence as the Board of Directors may reasonably require to show the right of transfer to make the transfer and,
  - (ii) The instrument of transfer is in respect of only one class of shares.
45. Every endorsement upon the certificate of any share in favor of any transferee shall be signed by the managing Director or by some other person for the time being duly authorized by the Managing director in this behalf, In case any transferee of a share applies for a new certificate in lieu of the old or existing has been applied for and upon his delivering to the company for cancellation every old or existing certificate which is to be replaced by a new one.
46. The company shall keep a book to be called the "Register of transfer" and therein shall be entered the particulars of every transfer or transmission of any shares and all other particulars of shares required by the Act to the entered in such register.
47. The instrument of transfer shall, after registration, remain in the custody of the Company, The Board may cause to be destroyed all transfer deeds lying with the Company for period for 6 years or more.
48. The executors or administrator s of a deceased member (not being one of several joint holders) shall be the only person recognized by the company as having any title to the shares registered in the name of such member and in case of the death of any one or more of the joint holders of any registered shares, the survivors shall alone be recognized by the company as having title to or interest in such shares but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person, Before recognizing any executor or administrator the board may require him to obtain a Grant of Probate or Letters of Administration or other legal representation , as the case may be, from a competent count in India, Provided nevertheless that in any case where the



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Board, in its absolute discretion, think fit it shall be lawful for the Board to dispense with the production of probate or letters of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board may deem just.

49. Any committee or guardian of a lunatic (Which term shall include one who is an idiot or non composmentis) or a minor member or any person becoming entitled to transfer shares is consequence of the death or bankruptcy or insolvency of any member , upon production such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the board (Which the Board shall not be bound to give), be registered as a member in respect of such shares or may, subject to regulations as to transfer hereinafter contained, transfer such shares, This Article is hereinafter referred to as the " Transmission Article".
50. (i) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the shares him self ,he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- (ii) If the person aforesaid shall elect to transfer the shares he shall testify his election by executing an instrument of transfer of the shares.
- (iii) All the limitations, restrictions and provision of these Articles relating to the right of transfer and registration of instruments of transfer, or shares shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
51. A person so becoming entitled under the Transmission Article on the death , lunacy , bankruptcy or insolvency of the holder shall , subject to the provisions of section 206 of the Act, be entitled to the same dividends and other advantages to which he entitled if he were the registered holder of the shares except hat no such person (other then a person becoming entitled under Transmission Article to the share of a lunatic) shall before being registered as a member in respect of the share, be entitled to exercise in respect of the share, be entitled to exercise is respect thereof any conferred by membership in relation to meetings of the Company.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the shares and if the notice is not complied within ninety days the board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares until the requirements of the notice have been complied with.

### INCREASE AND REDUCTION FO CAPITAL

52. The company, Pay from time to time, in General Meeting increase its capital by the creation of new shares of such amount as may be deemed expedient.
53. Subject to any special rights or privileges for time being attached to any shares in the capital of the company the issued, the new shares may be issued upon such terms and conditions and with such rights and privileges attached thereto as the General Meeting resolving upon the creation thereof shall direct and if no direction be given and in the case of Existing unissued shares as the Board shall determine, and particular in the case of preference shares such shares may be issued with a preferential or qualified rights to dividends and in the distribution of assets of the company and with rights of redemption.
54. Before the issue of any new shares, the company in General Meeting may make provisions as to the allotment and issue of new shares, and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium or subject to the provision of section 79 of the Act, at a discount,. In default of any such provisions, or as far as the same shall hot extend the new and installments, transfer and transmission, forfeiture, lien, surrender and otherwise.
56. Except so far as otherwise provided by the conditions of issue or by these present any capital raised by the creation of new shares shall be considered part of the then existing capital of the company and shall be subject to the provision herein contained with reference to the payment of dividends call and installment, transfer and transmission, forfeiture, lien, surrender and otherwise.
57. The Company may from time to time, by special resolution, reduce its capital and any capital Redemption Reserve Account or Share Premium Account in any manner and with subject to any incident authorized and consent required by law.
- 57A. Subject to and in accordance with the applicable provisions of the Act then prevailing, the company shall have power to purchase any of its fully paid shares on securities which purchase shall not deemed to be reduction of share capital contemplated by section 100 of the Act.

## **ALTERATION OF CAPITAL**

58. The Company in General Meeting by ordinary resolution may from time to time.

- a) Consolidate and divide all or any of its share capital into like shares of larger amount than existing shares.
- b) Sub-divide its existing shares of any of them into smaller amount than is fixed by the Memorandum so, however, that in the sub-division the proportion between the amount paid at the amount, if any, unpaid on each reduced share shall be the same as it was in the case shares from which the reduced share is derived.
- c) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be any person and diminish the amount of its share capital by the amount of the shares so cancelled.

## **PURCHASE OF OWN SECURITIES**

59. (a) Subject to the provisions of Section 100 to 105 inclusive of the Act, the board may accept from any member the surrender on such terms and conditions as shall be agreed of all or any of his shares.
- (b) Notwithstanding anything contained in these articles. The Company may purchase its own shares or other securities (herein after referred to as "buy back") out of.
  - (i) Its free reserves or
  - (ii) The securities premium account; or
  - (iii) The proceeds of any shares or other specified securities in accordance with the provisions of sections 77A, 77AA and 77B of the Companies Act, 1956 and the rules prescribed by the Central Government and /or by the Securities & Exchange Board of India in this behalf from time to time.

## **MODIFICATION OF RIGHTS**

60. Whenever the capital (by reason of the issue of Preference Shares or otherwise) is divided into different class of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, be modified, commuted, affected, abrogated, varied or dealt with by agreement between the Company and any persons purporting to contract on behalf of that class provided such agreement is (A) consented to in writing by the holders of at least three fourth of the issued shares of that class or (B) sanctioned by a resolution passed at a separate General Meeting shall mutates mutandis, apply to every such meeting, except that the quorum thereof shall be members holding or representing by proxy one fifth, of the nominal amount of the issued shares of the class. This Article is not by implication to curtail the power of modification which the Company would have if this Article were committed. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any agreement or resolution to the Registrar.

## **BORROWING POWERS**

61. The Board may from time to time, at its discretion subject to the provisions of Section 292, 293 and 370 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sums of money for the purpose of company, provided that the board shall not without the sanction of the company in General Meeting borrow any sum of money which together with moneys already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) will exceed the aggregate for the time being of the paid up capital of the company and its free reserves that is to say, reserves not set aside for any specific purpose.
62. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of the Bonds, perpetual or redeemable debentures or debenture stock, or any mortgage or other security on the undertaking of the whole or any part of the property of the company (both present and future) but shall not create a charge on its uncalled capital for the time being without the sanction of the company in General Meeting.
63. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemptions, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and other wise. Debentures with the consent of the company in the company in the General Meeting by a special Resolution.
64. The provisions contained in these Articles in regard to the issue, forfeiture, lien on, transfer and transmission of shares shall, so far they are in consonance with the provision of the Act, also be applicable to the issue forfeiture, lien on, transfer and transmission of debenture, if any, issued by the company.



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## GENERAL MEETING

65. In addition to any other meetings, General Meetings of the Company shall be held within such intervals as are specified in Section 166(1) of the Act, and subject to the provisions of section 166 (2) of the Act, at such times and places as may be determined by the Board. Each such General Meeting shall be called an "Annual General Meeting" and shall be specified as such in the notice convening the meeting. Any other meetings of the company shall be called an "Extra Ordinary General Meeting."
66. The Board may, whenever it thinks fit, or on the requisition of the members received in accordance with section 169 of the Act proceed to call an Extraordinary General Meeting. The requisitions may in default of the Board convening the same convene the Extraordinary General Meeting as provided by Section 169 of the Act.
67. The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolution and circulating statements on the requisition of members.
68. Save as provided in sub-section (2) of Section 172 of the Act, not less than twenty one days notice shall be given for every General Meeting of the company, Every notice of the meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat and there shall appear and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the company, where any such business consists of "Special business" as hereinafter defined, there shall be annexed to the notice a statement complying with Section 173 (2) and (3) of the Act.

Notice of every meeting of the company shall be given to every member of the Company and to person or persons entitled to a share in consequence of the death or insolvency of a member in any manner hereinafter authorized for the giving of notices to such persons. Provided that, where the notice of a General Meeting is given by advertising the same in a newspaper circulation in the neighborhood of the office under sub-section 173 (2) of the Act need not be annexed to the notice as required by that section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

The accidental omission to give any such notice to or its non receipt by any member or the person to whom it should be given shall not invalidate the proceedings of the meeting.

## PROCEEDINGS AT GENERAL MEETINGS

69. The ordinary business of an annual General Meeting shall be to receive and consider the profit and Loss Account, the Balance sheet and the Report of the Directors and the Auditors, to elect Director in the place of those retiring by rotation to appoint Auditors and to fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at any other General Meeting shall be deemed special business.
70. No business shall be transacted at any General Meeting unless a quorum of member is present and the time when the meeting proceeds to business. Save as herein otherwise provided, five members personally present shall be a quorum.
71. If within half –an-hour from the time appointed for holding the meeting a quorum is not present, the meeting, if convened upon the requisition of members as aforesaid shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such time and place as the Board may by notice appoint and if at such adjourned meeting a quorum is not present within half –an-hour from the time appointed for holding the meeting those member, who are present and not being less than two shall be a quorum and may transact the business for which the meeting was called.
72. Any Act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passes by the Company in General Meeting shall be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 189 (1) of the Act unless either the Act or these Articles specially require such act to be done or resolution passed by a special Resolution as defined in section 189 (2) of the Act.
73. The Chairman of the Board of directors or, in his absence, the Managing Director of the Company shall be entitled to take the chair at every General Meeting. If there are no such Chairman or Managing Director, or if in any meeting neither of them is present within fifteen minutes after the time appointed for holding such meeting or is not willing to act, the members present shall choose another director as Chairman and if no Director be present, or if all the directors present decline to take the Chair, then the members present shall, on a show of hands or on a poll if properly demanded, elect one of their number, being a member, entitled to vote, to be the Chairman for that particular meeting..

## POSTAL BALLOT

74. (a) Every question submitted to a meeting shall be decided, in the first instance by a show of hands, and in the case of an equality of votes the Chairman shall, both on a show of hands and on a poll, have a casting vote in addition to the vote or votes to which he may be entitled as a member.
- (b) Notwithstanding anything contained in these articles, in the case of resolution relating to such business as the Central Government may from time to time, by modification, declare to be conducted only by postal ballot, the Company shall get such resolution passed by means of a postal ballot or electronic mode in terms of Section 192A of the Act read with rules framed there under, if any, instead of transacting the business in General Meeting of the Company.
75. At any General Meeting unless a poll is (before on the declaration of the result of the show of hands) demanded either by the Chairman on his own notion, or by at least five members having the right to vote on the resolution in question and present in person or by proxy by a member or members present in person or by proxy and holding shares in the Company conferring a right to vote on such resolution, being shares on which an aggregate sum has been paid up which is not less than one tenth of the total sum paid up on all the shares conferring that right, a declaration by the chairman that the resolution has or has not been carried either unanimously, or by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favor of, or against the resolution.
76. (i) If a poll be demanded, as aforesaid, it shall be taken forthwith on a question of adjournment or election of a Chairman and in any other case in such manner and at such time, not being later than forty eight hours from the when the demand was made, and at such place as the Chairman of the meeting directs and subject as aforesaid, either at once or after an interval or adjournment or otherwise, and the results of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.
- (ii) The demand of a poll may be withdrawn at any time.
- (iii) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers, at least one of whom shall be a member (not being an officer or employee of the Company), presents at the meeting provided such a member is available and willing to be appointed, to scrutinize the votes given on the poll and report to him thereon.
- (iv) On a poll a member entitled to more than one vote, or other person entitled to vote for him, as the case may be, need not. If he votes, use all his votes or cast in the same way all votes he uses.
- (v) The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
77. (i) The chairman of a General Meeting may adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (ii) When a meeting is adjourned it shall not be necessary to give any notice of adjournment or of the business to be transacted at an adjourned meeting.
78. (i) Save as hereinafter provided on a show of hands every member present in person and being a holder of an Equity share shall have one vote and every person present either as a proxy on behalf of a holder of an equity shares or as a representative of a body corporate (in accordance with Article 79) being a holder of an Equity Shares, if he is not entitled to vote in his own right, shall have one vote.
- (ii) Save as hereinafter provided, on a poll the voting rights of a holder of Equity Share shall be as specified in Section 87 of the Act.
- (iii) The holders of preference Shares shall have right to vote on a resolution placed before the Company which directly affects the rights attached to such preference shares and subject as aforesaid the holders of preference shares shall in respect of such capital be entitled to vote on every resolution placed before the Company at a meeting of the dividend due on such capital or any part of such dividend remains unpaid in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting and where the holders of any preference shares have a right to vote and on a poll his voting right in respect of such preference shares shall be in proportion to the total of the capital paid up on such shares.
79. (i) Where a company or a body corporate (herein after called "member Company") is a member of the company a person duly appointed by resolution in accordance with the provisions of section 187 of Act to represent such member company at a meeting of the company shall by reason of such appointment, be deemed to be a proxy and the lodging

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with the company at the office or production at the meeting of a copy of such resolution duly signed by one Director of such member Company and certified by him as being a true copy of the resolution shall, on production at the meeting, be accepted by the company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and power, including the right to vote by proxy on behalf of the member Company, which he represents, as the member company could exercise if it were an individual member.

- (ii) Where the president of India or the Governor of a State is a member of the Company, the President or, as the case may be, the Governor may appoint such person as he thinks fit to act as, his representative at any meeting of the company or at any meetings of any class of members of the Company or at any meeting of any class of members of the Company and such a person shall be deemed to be a member of the company and shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the president or as the case may be, the Governor could exercise as a member of the Company.

- 80. Any person entitled under the Transmission Article to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares provided that forty eight hours at least before the time of holding the meeting or adjourned meeting as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, or not compos mentis, he may vote whether on a show of hand or at a poll by his committee. Curator bonis or others legal regulator and such last mentioned person may give their votes by proxy.
- 81. Where there are joint registered holders of any share; any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands first on the Register in respect of share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall, for the purposes of this article, be deemed joint holders thereof.
- 82. Votes may be given either personally, or in the case of a body corporate by a representative duly authorized as aforesaid, or by proxy.
- 83. Instrument appointing proxy shall be in writing under the hand of the appointer or of his Attorney duly authorized in writing if such appointer is a body corporate be under its common seal or the hand of its officer or attorney duly authorized. A proxy who is appointed for a specified meeting only shall be called Special Proxy. Any other proxy shall be called general proxy.
- 84. The instrument appointing a proxy and the power of Attorney or other authority (if any) under which it is signed, or a materially certified copy of that power of authority, shall be deposited at the office not less than forty-eight hours before the time for holding the meeting, at which the person named in the instrument purports to vote in respect thereof and in default the instrument of proxy shall not be treated as valid.
- 85. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, revocation or transfer of the share shall have been received by the company at the office before the vote is given provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has been revoked.
- 86. Every instrument appointing a special proxy shall be retained by the company and shall as nearly as circumstances will admit, be in any form set out in schedule IX of the Act or as near thereto as possible.
- 87. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has exercised any right of lien but the directors may by a resolution passed at the meeting of the board, waive the operation of the Article.
- 88. Any objection as to the admission or rejection of a vote, either on a show of hands or on a poll, made in due time shall be referred to the Chairman who shall forthwith determine the same and such determination made in good faith shall be final and conclusive.
- 89. No objection shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

## DIRECTORS

90. The number of directors of the Company shall not be less than 3 and more than 12 excluding the Nominee Director and Special Director, if any. The Company may increase the number of Directors subject to provisions of law.
91. Any person whether a member of the Company or not may be appointed as a director and shall not be required to hold qualification Shares.
92. Whenever Directors enter into a contract with any Government – Central, State or Local , any bank or financial institution or any person or persons (hereinafter referred to as the appointer) for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for providing any guarantee or enter into any arrangement whatsoever the Directors shall have subject to the provision of Section 255 of the Act the power to agree that such appointer shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors herein referred to as the Nominee Director on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Directors or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Directors may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill in any vacancy, which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under the Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including payment of remuneration and traveling expenses to such Director or Directors as may be agreed by the Company with the appointer.
93. If it is provided by the Trust Deed, securing or otherwise in connection with, any issue of debentures of the company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A director (Debenture) may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A debenture Director shall not be bound to hold any qualification shares.
94. In connection with any collaboration arrangement with any company of Corporation or firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorize such Company, Corporation, firm or person (Hereinafter in this clause referred to as collaborator) to nominate from time to time any person or persons as a director on the Board of Directors of the Company (hereinafter referred to as Special Director) and may agree that such Special Director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director, so however that such Special Director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such Collaborator under Collaboration arrangements or at any time thereafter.
- The Collaborator may at any time and from time to time remove any such special Director nominated by it and may at the time of such removal and also in the case of death or resignation of the person so nominated, at any time, nominate any other person as a Special Director in his place and such nomination or removal shall be made in writing signed by such Company or Corporation or any partner or such person and shall be delivered to the Company at its registered office.
- It is clarified that every Collaborator entitled to nominate a Director under this Article may nominate one or more such persons as a Director (s) and so that more than one Collaborator is so entitled, there may be at any time as many Special Directors as the Collaborators eligible to make the nomination, nominate.
95. The company in General Meeting may from time to time increase or reduce the number of Directors within the limits fixed by Article 90.
96. Subject to the provision of these Articles not less than two thirds of total number of Directors shall be persons whose period of office is liable to determination by retirement by rotation and not less than two thirds of the total number of the Directors shall be persons who have been appointed in terms of Section 255, 256, 257 and 260 of the Companies Act, 1956.
97. The following persons shall be the first Directors of the Company.
1. MR.. VIMAL KEDIA
  2. MR.. SURENDRA KEDIA.
  3. SMT. SAVITA KEDIA.
  4. SMT. SHASHI KEDIA.

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98. The Board may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director ") during his absence for a period of not less than three months from the State in which the Meetings of the Board are ordinarily held.

The Alternate Director appointed under this Article shall vacate office as and when the original Director returns to such State.

99. The continuing Directors may at, notwithstanding any vacancy in their body, but so that if the number falls below the minimum above fixed, the continuing Director (s) as the case may be, shall not, except for the purpose of filling of vacancies or for summoning a General Meeting of the Company, act as long as the number is below the minimum.

### DISQUALIFICATION OF DIRECTORS

- 100 (a) The office of the Director shall ipso facto become vacant if at any time he commits any of the default set out in Section 283 of the Act.

- (b) A person shall not be capable of being appointed a Director of the Company if he is Disqualified under the provisions of Section 274 for the time being in force and any other Provision contained in the Companies Act, 1956.

101. Any Director or other person referred to in Section 314 of the Act may be appointed to or hold any office or place of profit under the Company or under any subsidiary of the Company in accordance with the provisions of Section 314 of the Act.

102. Subject to the provisions of Section 297 of the Act, a Director shall not be disqualified from contracting with the Company either as a vendor, purchaser or other wise for goods, material or services or for underwriting the subscription of any shares in or debentures of the company nor shall any such contract or arrangement entered into by or on behalf of the company with a relative of such Director or a firm in which such Director or relative is a partner or with any other pattern in such firm or with a private company of which such director is a member or Director be avoided nor shall any Director to contracting or being such member or so interested be liable to account to the company for any profit realized by any such contract or arrangement by reason to such Director holding office or of the fiduciary thereby established.

103. The Board shall have the power, at any time and from time to time to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for election.

104. Unless otherwise determined by the Company in General Meeting each Director shall be entitled to receive out of the funds of the Company for his services in attending meetings of the Board or a committee of the Board such sum may be prescribed by the Act or the Central Government from time to time for each meeting of the Board or a Committee thereof attended by him. The Directors may subject to the sanction of the Central Government (if any required) be paid such further remuneration as the Company in General Meeting shall, from time to time be divided among the Directors in such proportion and manner as the Board may from time to time determine; and in default of such determination shall be divided among the Directors equally.

105. Subject to the provisions of Act, if any Director being willing, shall be called upon to perform extra services (which expression shall include work done by the Directors as a member of any committee formed by the Director or in relation to signing share certificates) or to make special exertions in going or residing out of his usual place of residence or otherwise for any of the purposes of the company, the company shall remunerate the Directors so doing either by a fixed sum or otherwise as may be determined by the Director, and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

106. A Director of this Company may or become Director of any other Company promoted by this Company or in which he may be interested as a vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such Company.

107. Every Director who is in anyway, whether directly or indirectly, concerned or interested in a contract or arrangement, entered into, or to be entered into, by or on behalf of the Company being a contract or arrangement entered into or to be entered into between the Company and any other Company where any of the Directors of the Company or two or more of them together holds or hold more than two percent of the paid up share capital in the other company shall disclose the nature of his concern or interest at meeting of the Board as required by Section 299 of the Act. A general notice, renewable in last month of each financial year of the company, that a Director, is a Director or a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate of firm shall be sufficient disclosure of concern or interest in relation to any contract or arrangement so made and, after such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement which such body corporate or firm, provided such general notice is given at a meeting of the Board, that the Director concerned takes responsible steps to secure that it brought up and read at the first meeting of the Board after it is given. Every



Director shall be bound to give and from time to time renew a general notice as aforesaid in respect of all bodies corporate of which he is a Director or member and of all firms of which he is a member.

108. No Director shall, as a Director, take any part in the discussion of or vote on any contract or arrangement in which he is anyway whether directly or indirectly concerned or interested nor shall his presence count for the purposes of forming a quorum at a time of such discussion or vote. This prohibition shall not apply to:

- a) Any contract to indemnify against any loss which the Director or any of them may suffer by reason of becoming or being sureties or surety for the company; or
- b) Any contract or arrangement entered into by the Company with public company, or with a private company, which is subsidiary of a public company, in which the interest of the Director consists solely in his being as Director of such Company and the holder of shares not exceeding a number of value as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company holding not more than two percent of the paid up share capital of that company.

#### **ROTATION OF THE DIRECTORS**

109 (a) At each Annual General Meeting of the company one third of such of the Director for time being are liable to retire by rotation or if number is not three or a multiple of three, then the number nearest to one third shall retire from office. A managing Director shall not be liable to retire by rotation within the meaning of this Article and he shall not be reckoned as a Director for the purpose of determining the retirement by rotation of Directors.

(b) The Directors to retire by rotation at Every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who have become Directors on the same day those retire shall, in default on and subject to any agreement among themselves, be determined by lot.

(c) Save as permitted by Section 263 of the Act, every resolution of General Meeting for appointment of a Director shall relate to one named individual only.

110. The Company may remove any Director before the expiration of this period of his period of office in accordance with the provisions of Section 284 of the Act any may subject to the provisions of the said Section appoint another person in his stead if the Director so removed was appointed by the Company in General Meeting or by the Board under Article 111.

111. If any director appointed by the Company in General meeting vacates office as a Director before his term of office expires in the normal course, the resulting causal vacancy may be filled up by the Board but any person so appointed shall retain his office so long as the Managing Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of director under Article 110.

112. The eligibility and appointment of a person other than a retiring Director to the office of Director shall be governed by the provisions of Sections 257 of the Act.

#### **PROCEEDINGS OF BOARD MEETING**

113. The board shall meet together at least once in every three months for the dispatch of business and may adjourn and otherwise regulate its meeting and proceeding as it thinks fit and at least four such meetings shall be held in such calendar year. Notice in writing of every meeting of the board shall be given to every director for the time being in India and at his usual address in India to every other director.

114. A Director may, at any time, and the Manager or Secretary shall upon the request of a Director made at any item convene a meeting of the Board.

115 (a) The Board of Directors may elect one amongst them to be the chairman of the board of the directors of the company and determine the period for which he has to hold office and shall have right to remove such Chairman and reappoint another person. Such Chairman shall have a casting vote in addition to his own vote.

(b) If at any meeting of the Board the Chairman is not present within 30 minutes of the time appointed for holding the same, the Directors present may choose one of their members to be Chairman of the Meeting.

116. The Quorum for a meeting of the board shall be 1/3 of the total number of the directors or two whichever is more. If quorum shall not be present within 15 minutes of time appointed for holding a meeting of the board it shall be adjourned until such date and time as the Chairman of the board shall appoint.

117. A meeting of the board at which quorum be present shall be competent to exercise all or any of the authorities, powers and discretions by or under these articles or the act for the time being vested in or exercisable by the Board.

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118. Subject to the provision of Section 316, 372(5) and 386 of the Act questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote.
119. The board may subject to the provision of the Act, time to time and at any time delegate any of its powers consisting of such directors as it thinks fit, and may from time to time revoke such delegations, any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by the board.
120. The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under the last preceding article.
121. Acts done by a person as a Director shall be valid notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the Act or in these Articles. Provided that nothing in these Articles shall be deemed to give validity to acts done by a director if his appointment has been shown to the company to be invalid or to have terminated.
122. Save in those cases where a resolution is required by Section 262, 292, 297, 316, 372 (5) and 386 of the Act to be passed at a meeting of the board, a resolution shall be valid and effective as if it had been passed at a meeting of the board or committee of the Board, as the case may be duly called and constituted if a draft thereof in writing is circulated together within the necessary papers, if any, to all the directors or to all the members of the committee of the board as the case may be then in India (not being lesser number than the quorum fixed for a meeting of the board or committee as the case may be) and to all other directors or members of the committee at their usual address in India, and has been approved by such of them in India or by a majority of such of them as are entitled to vote on the resolution.

### MINUTES

123. (i) The board shall be in accordance with provision of Section 193 of the Act cause minutes to be kept of every General Meeting of the Company and of every meeting of the board or of every committee of the board.
- (ii) Any such minutes of any meeting of the Board or of any committee of the board or of the company in General Meeting if kept in accordance with provisions of section 193 of the Act shall be evidence of the matters stated in such minutes. The Minute books of general meetings of the company shall be kept at the registered office and shall be open to inspection by members during the hours of 10 a.m. and 4 p.m. on such business days as the Act requires them to be open for inspection.

### POWERS OF THE BOARD

124. Subject to the provisions of the Act, the control of the company shall be vested in the Board who shall be entitled to exercise and do. Provided that the board shall not exercise any power or do such Acts and things as the Company is authorized to exercise and do. Proceed that the board shall not exercise any power or do any act or things which directed or required whether by the Act or any other statute to be done by the Memorandum of the company or by these Articles or otherwise to be exercised or done by the company in the General Meeting. Provided further that in exercising any such power or doing any such act or thing the board shall be subject to the provision in that behalf contained in the Act or another statute or in the Memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulation made by the company in General Meeting shall invalidate any prior Act of the Board which would have been valid if that regulation had not been made.
125. Subject to the provisions of the Act the Board may from time to time, as it may think fit delegate all or any of the powers hereby conferred upon the board other than the power to make calls on members in respect of money unpaid on their shares and issue debentures and other such powers which are required to be exercised at a board Meeting only, to any person/committee, as is not in contravention of the Act.
126. (i) Subject to the provisions of the Act and of these Articles the Board may from time to time appoint one or more of its members as Managing Director or whole time Director of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the company and may from time to time subject to the provisions of any contract between him or them and the provisions of any contract between him or them and the company remove or dismiss him or them from office and appoint another or others in his or their place or places.
- (ii) The Managing Director shall not be required to hold any qualification shares.
127. The remuneration of the Managing Director or Whole time Directors shall, subject to Section 309 and other applicable provisions of the Act and these Articles and of any contract between him and the company, be fixed by the Directors, from time to time, and may be by way of fixed salary and/or perquisites or commission on profits, or by fee for each meeting of the Board or any committee thereof or by one or more of all these modes or any other mode not expressly prohibited by the Act.



128. Subject to the superintendence, control and direction of the Board, the day to day management of the Company shall be in the hands of the Managing Director(s) and the whole time Director(s) appointed under these Articles with power to the Board to distribute such day to day management functions among such Director(s) in any manner as deemed fit by the Board and subject to the provision c. the Act and these Articles; the Board by an resolution vest in any such Managing or Whole time Director or Director such of the power hereby vested in the Board generally as it thinks fit and such power may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as the Board may determine and the Board may, subject to the provisions of the Act and these Articles, confer such powers either collaterally with or to the exclusion of all or any of the powers of the Board in that behalf; and may from time to time revoke, withdraw, after or vary all or any of such powers.

## **MANAGEMENT**

129. The Board of Directors may in accordance with the provisions of the Act appoint a Manager to manage its affairs. A Director may be appointed as a Manager. The terms and conditions and the appointment of paid Directors shall be subject to the provisions of the Companies Act, 1956 and to the consent of the General Meeting of the Company, whenever required.

130. Subject to the provisions of the Act the following regulations shall have effected.

- (i) The Board may from time to time provide for the Management of the affairs of the Company outside India (or in any specified locality in India) in such manner as it shall think fit and the provisions contained in the four next following paragraphs shall be without prejudice to the general powers conferred by this paragraph.
- (ii) Subject to the provision of the Act. the Board may at any time establish any local Directorate for managing any of the affairs of the Company outside India, and may appoint any persons to be members of any such local Directorate or any Manager and may fix their remuneration and save as provided in Section 292 of the Act, the Board may at any time delegate to any persons so appointed any of the powers, authorities and discretions for the time being of any such local Directorate or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such, appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may at any time remove any person so appointed and may annual or vary such delegations.
- (iii) The Board may, at any time and from time to time by power of Attorney under Seal appoint any person to be the Attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those which may be delegated by the Board under the Act) and for such period and subject to such conditions as the Board may. if the Board thinks fit, be made in favor of the members, directors, nominees or officers of the Company or firm or in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board, and any such Power of Attorney may contain such provisions for the protection or convenience of persons dealing with such Attorneys as the Board thinks fit.
- (iv) Any such delegates or Attorney as aforesaid may be authorized by the Board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him.
- (v) The Company may exercise the power conferred by Section 50 of the Act with regard to having an Official seal for use abroad, and such powers shall be vested in the Board, and the Company may cause to be kept in any State country outside India, as may be permitted by the Act, a Foreign Register of Member or Debenture holders residents in any such State or Country and the Board may, from time to time, make such regulations not being inconsistent with the provisions of Section 157 and 158 of the Act; and the Board may. from time to time, make such provisions as it may think fit relating thereto and may comply with the requirements of any local law and shall in any case comply with the provisions of sections 157 and 158 of the Act.

## **SECRETARY**

131. The Board shall have power to appoint as the Secretary a person possessing the prescribed qualifications and fit in their opinion for the said office, for such period and on such terms and conditions as regards remuneration and otherwise as they may determine. The Secretary shall have such powers and duties as may, from time to time, be delegated or entrusted to him by the Directors.

## **AUTHENTICATION OF DOCUMENTS**

132. Any Director or the Secretary or any officer appointed by the Board for the purpose shall have owner to authenticate any documents affecting the constitution of the Company and any books, records, documents and accounts relating to the business of the Company and to certify copies thereof or extracts there from as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the office, the local Manager or other officer of the Company having the custody thereof, shall be deemed to be a person appointed by the Board as aforesaid.

## **Manjushree Extrusions Limited**

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133. A document purporting to be a copy of resolution of the Board or an extract from the minutes of meeting of the Board which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors.

### **THE SEAL**

134. The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Board shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Directors or a Committee of Directors previously given and every deed or to the instrument to which the Seal of the Company is required to be fixed shall, be affixed in the presence of at least one Director or the Manager or the Secretary or such other person as the Board/Committee of the Board may appoint for the purpose, who shall sign every instrument to which the seal is so affixed in his presence; provided that the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the Companies (Issue of Share Certificate) Rules 1960 or any statutory modification thereof for the time being in force".

### **ANNUAL RETURNS**

135. The Company shall comply with the provisions of Section 159 and 161 of the Act as to the making and filing the Annual Returns

### **RESERVES**

136. Board subject to Section 205 (2A) of the time to before recommending any dividend, set apart any and such portion of the profits of the Company as it thinks fit as Reserves to be meant for contingencies or for the liquidation of any debentures debts or other liabilities of the Company, for equalization of dividends or for repairing , improving or maintaining and of the property of the company and for such other purposes of the Company as the Board in its absolute discretion thinks conclusive to the interests of the company, and may, subject to the provisions of Section 372 of the Act, invest the several sums so set aside in such investments (other than shares of Company) as it may think fit, and from time to time deal with it and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the Reserve into such special funds as the Board think fit, with full power to employ the Reserves or any parts thereof in the business of the Company, and that without being bound to keep the same separate from other assets.
137. All moneys carried to reserve shall nevertheless remain and be profits of the Company applicable, subject to due provisions being made for actual loss or depreciation, for the payment of dividends and such moneys and all the other moneys of the Company not immediately required for the purposes of the Company may subject to the provisions of Section 370 and 372 of the Act, be invested by the Board in or such investment or securities as it may select or may be used as working capital or may be kept at any Bank on deposit or otherwise as the Board may from time to time think proper.

### **CAPITALISATION OF RESERVES**

138. Any General Meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of the reserves or any Capital Redemption reserve Account or in the hands of the Company and available for dividend or representing premiums and available for dividend or representing premiums received on the issue of share and standing to the credit of the Share Premium Account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full and unmissed shares of the company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares and such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum. Provided that any sum standing to the credit of a share Premium Account or a Capital Redemption Reserve Account may, from the purpose of this Articles, only be applied in paying up unmissed share to be issued to share holders of the company as fully paid bonus shares
139. A General Meeting may resolve that any surplus money arising from the realization of any capital assets of the Company or any investments representing the same, or other undistributed profits of the Company not subject to charge for income tax, be distributed amongst the members on the footing that they receive the same as capital.
140. For the purpose of giving effect of any resolution under the last two preceding Articles the Board may settle any difficulty which may arise in regards to the distribution as it thinks expedient and in particular, may issue fractional certificates and may determine that payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash on specific assets in trustees upon such trusts for the persons entitled to the

dividend or capitalized fund as the persons entitled to the dividend or capitalized fund as may seem expedient to the Board. Where required a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the person entitled to the dividend or capitalizes fund and such appointment shall be effective.

## **DIVIDENDS**

141. The Company in General Meeting may declare a dividend to be paid to be members according to their rights and interest in the profits and may subject to the provisions of Section 207 of the Act, fix the time for payment. No target dividend shall be declared than is recommended by the Board but the Company in General Meeting may declare a smaller dividend.
142. Subject to the provisions of Section 205 of the Act no dividend shall be payable except out of the profits of the company or moneys provided by the Central or statement Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.
143. Subject the special rights of holders of preference shares if any, for the time being, the profits of the Company distributed as dividends or bonus shall be distributed among the members in proportion to the amounts paid or credited as paid on the shares held by them respectively, but no amount paid on share in advance of calls shall while carrying interest be treated for the purpose of this Article as paid on the share. All dividends shall be apportioned and paid prorata according to the amount paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, about if any share is issued on terms providing that it shall rank for dividend as from particular, date, such share shall rank for dividend accordingly.
144. The declaration of the Board as to the amount of the net profits of the Company shall be conclusive. The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.
145. The Board may retain any dividends on which the Company has lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
146. Any General Meeting declaring a dividend may make a call on the members of such amounts as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend and the dividend may be set off against the call.
147. No dividend shall be payable except in cash; provided that nothing in the foregoing shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully, paid up bonus shares or paying up any amount for the time being on the shares held by the members of the Company.
148. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer of the company.
149. The directors may retain the dividends payable upon shares in respect of which any person is under the Transmission Article (Articles 49) entitled to become a member or which any person under that Article is entitled to transfer, until such person shall become a member in respect of such shares or duly transfer the same.
150. The company may pay interest on capital for the construction of works or buildings when and so far as it shall be authorized to do by and subject to Section 208 of the Act.
151. No dividend shall be paid in respect of any share except to the registered holder of such share or to his bankers, but nothing contained in this Article shall be deemed to require the bankers of a registered shareholder to make a separate application to the company for the payment of dividend. Nothing in this Article shall be deemed to effect in any manner the operation of Article 148.
152. Any one of several persons who are registered as the joint holders of any share may give effectual receipts for all dividends and other payments in respect of such share.
153. Notice of any dividend, whether interim or otherwise shall be given to the persons entitled to share therein in the manner hereinafter provided.
154. All dividends and other dues to members shall be deemed to be payable at the Registered office of the Company, Unless otherwise directed, any dividend interest of other moneys payable in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the holder or in the case of joint holders who is the first named in the Register in respect of the joint holding or to such person and at such address as the holder or joint holders, as the case may be direct and every cheque or warrant so sent shall be made payable at part to the order of the person to whom it is sent.

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## TRANSFER OF UNPAID/UNCLAIMED DIVIDENDS

155. (a) Where the company has declared a dividend but which has not been paid or the dividend warrant in respect whereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the company shall, within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Manjushree Extrusions Limited " and transfer to the said account, the total amount of dividend which remain unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the company, which remains unpaid or unclaimed for a period of three years from the date of such transfer shall be transferred by the company to General Revenue Account of the Central Government. A claim to any money so transferred to the General Revenue Account Government by the share holder to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the Board.

- 155.(b) Any money transferred to Un paid dividend account of the company in pursuance of section 205A of the Act, which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company of the fund established under Sub-Section (1) of Section 205C.

## BOOKS OF ACCOUNTS AND BALANCE SHEET

156. The Board shall cause proper books of accounts to be kept in accordance with Section 209 of the Act.
157. The Books of accounts shall be kept at Registered Office or at such other place in India as the Board may decide and when the Board so decides the company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.
- 158.(a) The Books of Accounts shall be open to inspection by any Director during business hours.
- (b) The Board shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations or regulations, the books of Account and books documents of the Company, other than those referred to in Article 120(i) and (ii) and 171 of any of them shall be open to inspection of the members not being Directors and no member (not being a Director ) shall have any right of inspecting any Books of accounts or books or documents of the Company except as conferred by law or authorized by the Board or by the Company in General Meeting.

## COMPLIANCE WITH ACCOUNTING STANDARDS

159. (a) At every Annual General Meeting , the Board shall lay before the Company a Balance sheet and Profit and Loss Account made up in accordance with the provisions of Section 210 of the Act and such Balance Sheet and Profit and Loss Account shall comply with the requirements, of Section 210, 211, 212, 215 and 216 and of Schedule VI to the Act so far as they are applicable to the Company but save as aforesaid the Board shall not be found to disclose greater details of the result or extent of trading and transactions of the Company that it may deem expedient.
- (b) Every Profit & Profit & Loss Account and Balance Sheet of the Company in shall comply with the Accounting Standards recommended by the Institute of Chartered Accountants of India and / or as may be prescribed by the Central Government.
- (c) Where the Profit & Loss Account and the Balance Sheet of the Company do not comply with the said accounting standards, the Company would disclose the following separately in its profit & Loss Account and Balance sheet, namely.
- i. The deviation from accounting standards
  - ii. The reasons for such deviation and
  - iii. The financial effect, if any arising due to such deviation.
160. There shall be attached to every Balance sheet laid before the Company a report by the Board complying with section 217 of the Act.
161. A copy of every Balance Sheet (including the Profit and Loss Accounts, the Auditors Report and every document required by law to be annexed to the Balance sheet) shall as provided by Section 219 of the Act, not less than twenty one days before the meeting, be sent to every such member, debenture holder, trustee and other person to whom the same is required to be sent by the said section.

162. The Company shall comply with Section 220 of the Act as to filling copies of the Balance Sheet and Profit and Loss Account and documents required to be annexed or attached thereto with the Registrar.

#### **AUDITORS**

163. Once at least in every year the Books of the Company shall be audited by one or more Auditor or Auditors or firm of Auditors.

164. The Appointment, powers, rights, remuneration and duties of Auditors shall be regulated by Section 224 to 231 of the Act.

#### **SERVICE OF NOTICES AND OTHER DOCUMENTS**

165. (a) A notice or other document may be given by the Company to its members in accordance with Section 53 and 172 of the Act.

(b) Where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the company by means of electronic made or by delivery of floppies or disks.

166. Every person who by operation of Law, transfer or other means whatsoever, shall become entitled to any share shall be bound by every notice in respect of such share, which previously to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.

167. Subject to the provisions of Article 165 any notice or documents delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such member be then deceased and whether or not the Company have notice of this demise, be deemed to have duly served in respect of any registered shares whether held solely or jointly with other person be registered in his stead as the holder or joint holders thereof and such services shall for the purposes of these presents be deemed a sufficient service of such notice or documents on his heirs executors or administrators and all person if any, jointly interested with him in any such share.

168. Subject to the provisions of sections 497 and 509 of the Act in the event of winding up of the Company, every member of the Company who is not for the time being in the place where the office of Company is situated shall be bound, within eight weeks after the passing of an effective resolution to wind up the company voluntarily or the making of an order for the winding up of the company to serve notice in writing on the company appointing some householder residing in the neighborhood of the office upon whom all summons, notices, process, orders and judgments in relation to or under the winding up of the company may be served and in default of such nomination, the liquidator of the company shall be at liberty, on behalf of such member, to appoint some such person and service upon any such appointee whether appointed by the member or the liquidator shall be deemed to be good personal service on such member for all purposes, and where the liquidator makes any such appointment, he shall, with all convenient speed, give notice thereof to such member by advertisement in some daily newspaper circulating in the neighborhood of the office or by a registered letter sent by post and addressed to such member at his address as registered in the Register and such notice shall be deemed to be served on the day on which the advertisement appears or the letter would be delivered in the ordinary course of the post. The provision of this article does not prejudice the right of the liquidator of the company to serve any notice or other document in any other manner prescribed by these Articles.

#### **KEEPING OF REGISTERS AND INSPECTION**

169. The company shall duly keep and maintain at the Registered Office, Registers in accordance with Sections 49(7), 58(a), 143, 150, 151, 152(2), 301, 303, 307, 358, 359, 360, 370 and 372 of the Act and Rule 7(2) of the Companies (Issued of Share Certificates) Rules 1960.

170. The company shall comply with the provisions of the Act as to the supplying of copies of the Registers, Deeds, documents, Instruments, returns, certificates, and books herein mentioned to the persons therein specified when so required by such person on payment of charges, if any prescribed by the said sections.

171. Where under any provisions of the Act, any person whether a member of the Company or not, is entitled to inspect any register, return, certificate, deed, instrument or document required to be kept or maintained by the Company the person so entitled to inspection shall be permitted to inspect the same during the hours of 10 am and 4 p.m on such business days as the Act requires them to be open for inspection. Further provided that in the event of the company borrowing any money from any financial institution(s) or Bank(s) any representative of such financial institution/Bank, duly authorized in writing to do so shall be entitled to inspection of books, accounts and such records of the company as may be required, during working hours on any working day/ days authorized in writing to do so shall be entitled to inspection of books, accounts and such records of the company as may be required, during working hours on any working day/ days.

172. The Company, after giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office is situated, close the Register of members or the Register of Debenture holders,



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as the case may be, for any period or periods not exceeding in the aggregate forty-five days in each year but not exceeding thirty days at any one time.

### RECONSTRUCTION

173. On any sale of the undertaking of the company the Board or the liquidators on a winding up may, it authorized by a special Resolution, accept fully paid or partly paid –up shares, debentures or securities of any other company whether incorporated in India or not, either then existing or to be formed for the purchase in whole or in part of the property of the property of the company and the board (if the profits of the company permits) or the liquidators (in a winding up) may distribute such share or securities or any other property of the company amongst the members without realization or vest the same in trustees for them and any Special Result ion may provide for the distribution or appropriation of the cash. shares or other securities, benefit or property otherwise then in accordance with strict legal rights of the members or contributories of the company and for the valuation of any such securities of property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorized and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under section 494 of the act as are incapable of being varied or excluded by these Articles.

### WINDING UP

174. If the Company shall be wound up and the assets available for distribution amongst the members shall be insufficient to repay the whole of the paid up equity capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution among he members shall be more that sufficient to repay the whole of the capital paid up at the commencement of the winding up paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders issued upon special terms and conditions and preference shareholders shall have prior rights to repayment of capital and dividends due.

175. If the Company shall be wound-up, whether voluntarily or otherwise, the Liquidators may with the sanction of special resolution, divide among the contributories in specie or king, any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories any them, as the Liquidators, with the like sanction, shall think fit.

### SECRECY

176. Every, Director, Manager, Secretary, Trustees for Company, its members or debenture- holders, member of a Committee, officer, servant, agent, accountant, or other person employed in or about the business of the Company shall, if so required by the Board before entering upon hi duties sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the company with its customers and the state of accounts with individuals and in matters relating thereto shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any general Meeting or by a court o flaw and except so far as may be necessary in order to comply with any of the provisions of these Articles contained.

177. No shareholder or other person (not being a Director) shall be entitled to enter the property of the company or to inspect or examine the Company's premises or properties without the permission of the Board or, subject to Article 158(b) require discovery of or any information respecting any details of the trading of the Company or any matter which is or may be in the nature of trade secret, mystery of trade, or secret process, or of any matter whatsoever which any relate to the conduct of the business of the company and which in the opinion of the Board will be inexpedient in the interest of the company to communicate.

### INDEMNITY

178. Subject to the provisions of section 201 of the Act, every Director, Manager, Auditor Secretary and other officer or servant or the company (all of whom are hereinafter referred to as officer or servant) shall be indemnified by the Company, and it shall be the duty of the company to pay all costs, losses and expense which such officers or servants may incur or become liable to pay reason of any contract entered into or act or thing done or omitted by him faithfully and reasonably as such officer or servant or in any way in the discharge of his duties and in particular and so as not to limit the generality of the foregoing provisions against any liabilities incurred by such officer or ending any proceedings whether civil or criminal in which a judgment is given in his favor or in which he is acquitted or discharges or in connection with application under Section 633 of the Act in which relief is granted to him by the court. The amount for which such indemnity is provided shall immediately attach a charge on the property of the company.

## SECTION X: OTHER INFORMATION

The following contracts and agreements (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before the date of this Offer Document) which are/or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred to below, all of which have been attached to the copy of the Offer Document and which have been delivered to the Registrar of Companies of Karnataka, Bangalore at Kendriya Sadan, Koramangala, Bangalore may be inspected at the Registered Office of the Company between 11.00 a.m. and 4.00 p.m. on any working day from the date of the Offer Document until the date of closing of subscription list.

### 1. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

#### MATERIAL CONTRACTS

1. Memorandum of Understanding dated 02<sup>nd</sup> June, 2007 between the Company and the Lead Manager, Centrum Capital Limited.
2. Memorandum of Understanding dated 07<sup>th</sup> May, 2007, between the Company and the Registrar, Alpha Systems Private Limited.
3. Copy of tripartite agreement dated 21<sup>st</sup> March, 2006 entered into between CDSL, the Company and the Registrar, Alpha Systems Private Limited.
4. Copy of tripartite agreement dated 07<sup>th</sup> March, 2006 entered into between NSDL, the Company and the Registrar Alpha Systems Private Limited.
5. Resolutions Passed at the EGM of the Company held on 16<sup>th</sup> March, 2007 for reappointment and refixing the remuneration of Mr. Vimal Kedia, Managing Director and Mr. Surendra Kedia, Executive Director of the Company.

#### MATERIAL DOCUMENTS

1. Memorandum of Association and Articles of Association of the Manjushree Extrusions Limited as amended from time to time.
2. Copy of Certificate of Incorporation dated 13<sup>th</sup> November, 1987 issued by Registrar of Companies, Assam, Shillong as amended on 26<sup>th</sup> December 1994 consequent to conversion of Private Company to Public Limited Company.
3. Copies of all Insurance policies as mentioned under the heading "Insurance" in the Offer Document.
4. Copies of all Government Approvals as mentioned under the heading "Government Approvals" in the Offer Document.
5. Certified true Copy of Board Resolution dated 14<sup>th</sup> April, 2007 for authorising the Composite Issue and copy of Board resolutions dated 05<sup>th</sup> December, 2007 for fixing the Record date and ratio for the Rights Issue, Size of the Rights Issue and Public Issue and Issue prices for both the Issues.
6. Certified true copy of resolution passed under Sec 81 and Sec 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting of the Company held on 16<sup>th</sup> March, 2007 for authorising the Composite Issue.
7. Certified true copy of resolution passed under section 293 (1) (d) of Companies Act, 1956 at the Extra Ordinary General Meeting of the Company held on 16<sup>th</sup> March, 2007 for borrowing powers.
8. Certified true Copy of the Board Resolution dated 16<sup>th</sup> March, 2007 regarding appointment of the Company Secretary and Compliance officer.
9. Certified true Copy of Resolutions passed in the Meeting of the Board of Directors held on 14<sup>th</sup> Aug, 2006 and 14<sup>th</sup> April, 2007 for the formation of the Company's Audit Committee, Remuneration Committee and Shareholders'/Investors' Grievances Committee.
10. Certificate dated 05<sup>th</sup> December, 2007 from the Auditors of the Company M/s A.Kedia & Associates; Chartered Accountants along with the Company restated financial information as incorporated in the Offer Document.
11. Certificate dated 05<sup>th</sup> December, 2007 from the Auditors of the Company M/s A Kedia & Associates, Chartered Accountants regarding the fund deployed by the Company in the project upto 31<sup>st</sup> October, 2007 and their sources.
12. Statement of Tax Benefit dated 01<sup>st</sup> June, 2007 as certified by the Auditors of the Company, M/s A.Kedia & Associates Chartered Accountants.



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13. Compliance certificate dated 14<sup>th</sup> April, 2007 and certificate dated 06<sup>th</sup> December, 2007 from Auditors of the Company M/s. A.Kedia & Associates, Chartered Accountants, regarding the Compliance of Corporate Governance clause of listing agreement.
14. Consent letter dated 05<sup>th</sup> December, 2007 from M/s. A. Kedia & Associates, Chartered Accountants, for inclusion of their report on restated financial information, funds deployment and tax benefits in the form and context in which they appear in the Offer Document.
15. Letter dated 07<sup>th</sup> December, 2007 from the Legal Advisors for vetting of the Offer Document.
16. Consent letters from the Promoters and Directors of the Company, Lead Manager to the Issue, Bankers to the Issue, Bankers to the Company, Legal Advisors to the Issue, Registrar to the Issue, Statutory Auditors of the Company, Company Secretary and Compliance Officer to act in their respective capacities and for inclusion of their names in the Offer Document.
17. Power of Attorney(s) executed by the Directors for signing and making correction in the Offer Document on their behalf in favour of Mr. Vimal Kedia and Mr. Naresh Kumar Sharma
18. Copies of Annual Reports of the Company of the last five accounting periods, i.e., FYs 2002-2003, 2003-2004, 2004-2005, 2005-06 and 2006-2007 and Audited Accounts for the half year ended 30<sup>th</sup> September, 2007.
19. Copies of title deed of all the immovable properties owned / Leased by the Company as mentioned under the heading "Properties" in the Offer Document.
20. Copies of all quotations/ estimates/ invoices received relating to "building and Civil Works", "Plant and Machinery" and Utility Installations mentioned in the Offer Document.
21. Copy of Prospectus issued at the time of Initial Public Offer of the Company in the year 1995.
22. Copy of Sanction Letters dated 23<sup>rd</sup> May, 2007 from State Bank of India, Bangalore sanctioning the term loan of Rs 1800 Lacs to part finance the project.
23. Certified true Copy of Board of Directors resolution dated 31<sup>st</sup> July, 2007 approving the draft Offer Document and Board resolution dated 18<sup>th</sup> December, 2007 approving the Offer Document .
24. No Objection certificate dated 31<sup>st</sup> May, 2007 received from State Bank of India, Bangalore for raising capital through Composite Issue.
25. Copies of Annual Report of Group / Associate Companies as mentioned in the Offer Document.
26. Listing permission of existing shares with Ahmedabad Stock Exchange, Gauhati Stock Exchange and Calcutta Stock Exchange.
27. Letters from Bombay Stock Exchange Limited (Designated Stock Exchange), Mumbai (BSE) vide its letter no. DCS/IPO/PS/IPO-IP/1033/2007-08 dated 28<sup>th</sup> September, 2007 for the Public Issue and the letter no. DCS/PREF/SM/IP-RT/1720/07-08 dated 01<sup>st</sup> October, 2007 for the Rights Issue, Ahmedabad Stock Exchange Limited (ASE) vide its letter no. REF/ASEL/891/07 dated 12<sup>th</sup> September, 2007 for the Public and Rights Issue, Calcutta Stock Exchange Association Limited(CSE) vide its letter no. CSEA/LD/571/2007 dated 12<sup>th</sup> October, 2007 for the Public Issue and the letter no. CSEA/LD/572/2007 dated 12<sup>th</sup> October, 2007 for the Rights Issue and Gauhati Stock Exchange Limited(GSE) vide its letter no. GSE/L/770/2008/378 dated 18<sup>th</sup> August, 2007 for the Public and Rights issue for granting the 'in-principle' approval to the Listing of Shares.
28. Due diligence certificate dated 06<sup>th</sup> August, 2007 issued by Lead Manager to the Issue, Centrum Capital Limited.
29. SEBI observation letter No CFD/DIL/ISSUES/NB/EB/108356/2007 Dated 08<sup>th</sup> November, 2007 and reply to SEBI observation letter dated 07<sup>th</sup> December, 2007 and 17<sup>th</sup> December, 2007.

Any of the Contracts or documents mentioned in this Offer Document may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliances of the provisions contained in the Companies Act and other relevant statutes

## 2. DECLARATION

This is to confirm that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in this Offer Document is contrary to the provisions of the Companies Act, 1956 and rules made there under. All the legal requirements connected with this said offer as also the guidelines, instructions etc., issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We the Directors of Manjushree Extrusions Limited and the Issuer(s), declare and confirm that no information/material likely to have a bearing on the decision of the investor in respect of the equity shares offered in terms of this Offer Document have been suppressed/withheld and/or incorporated in a manner that would amount to misstatement/misrepresentation and in the event of it transpiring at any point of time till Allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to misstatement/misrepresentation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of Section 63 of the Act.

Since the date of last financial statement disclosed in this Offer Document, there have been no circumstances that materially and adversely affects or is likely to affect the profitability of the Company or the value of its assets or its ability to pay off its liabilities within a period of next twelve months.

The Directors of the Company certify that all disclosures made in the Offer Document are true and correct.

### **Signed by all the Directors**

(sd/-)

Mr. Vimal Kedia,  
Managing Director

(sd/-)

Mr. Surendra Kedia  
Executive Director

(sd/-)

Mrs. Savita Kedia  
Director

(sd/-)

Mrs. Sashi Kedia  
Director

(sd/-)

Mr. Jayant Kumar Singhania  
Director

(sd/-)

Mr. Narendra Kumar Sarawgi  
Director

(sd/-)

Mr. G. Vamanacharya  
Director

(sd/-)

Mr. Radheshyam Phoolchand Agarwal  
Director

### **Signed by Company Secretary and Compliance Officer**

Sd/-

Mr. Naresh Kumar Sharma

**Place: Bangalore**

**Date: 18<sup>th</sup> December, 2007**

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